



SMS Lifesciences India Limited

**ANNUAL REPORT
2020-21**



Indian Bulk Drugs Award 2020



The coveted and prestigious title was conferred to Mr. Praveen V Talluri, Executive Director of the Company, by Mr. D.V. Sadananda Gowda, Hon'ble Minister (Chemicals & fertilizers) and Mr. Vijay Ramniklal Rupani, Hon'ble Chief Minister of Gujarat,

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. TVVSN Murthy	Managing Director
Mr. P. Ramesh Babu	Non- Executive Director (<i>upto 18.06.2021</i>)
Mr. TV Praveen	Executive Director (<i>w.e.f. 21.08.2020</i>)
Mr. P Sarath Kumar	Independent Director
Mr. Venkatasubbarao Potluri	(Independent Director
Dr. (Mrs.) T. Neelaveni	Independent Director (<i>upto 02.09.2021</i>)
Mr. Shravan Kudaravalli	Independent Director
Mrs. Sudeepthi Gopineedi	Executive Director (<i>w.e.f. 02.09.2021</i>)

CHIEF FINANCIAL OFFICER
Mr. N. Rajendra Prasad

COMPANY SECRETARY & COMPLIANCE OFFICER
Mr. Rupti Ranjan Mohanty

STATUTORY AUDITORS
M/s Rambabu & Co.
6-3-1090/1/A, Pancom Chambers,
Raj Bhavan Road, Somajiguda
Hyderabad – 500082, Telangana.

SECRETARIAL AUDITOR
M/s SVVS & Associates
Company Secretaries LLP
307, Babukhan Estate,
Basheerbagh
Hyderabad - 500001 Telangana.

COST AUDITORS
Mr. KSN Sarma
216, Rangadhamamu,
HMT Satavahana Nagar, Kukatpally,
Hyderabad – 500072, Telangana.

INTERNAL AUDITORS
M/s Adusumilli & Associates
Flat. no. 302, Sri Sai
Residency, Balkampet Main Road,
Hyderabad 500038, Telangana.

BANKERS
EXIM BANK
RBL Bank Limited

REGISTRAR AND SHARE TRANSFER AGENT

M/s Aarathi Consultants Private Limited
Gagan Mahal, Street No 7, Aravindra Nagar,
Domalguda, Himayatnagar, Hyderabad – 500029
Email: info@aarthicconsultants.com | Contact: 040 2763 8111

REGISTERED OFFICE

Plot No.19-III, Road No.71, Jubilee Hills,
Opp. Bharatiya Vidya Bhavan Public School, Hyderabad – 500096
CIN: L74930TG2006PLC050223
Website: www.smslife.in | Email: info@smslife.in
Contact no: 040-66288888 | Fax: 040-23551401

MANUFACTURING FACILITY LOCATION

UNIT 1

Sy. No. 180/2, Kazipally (V)
Jinnaram Mandal,
Sanga Reddy Dist - 502319,
Contact no: 08458277067 / 68
Email: admin_unit1@smslife.in

UNIT 4

Phase-1, Plot No.66/B-2
IDA Jeedimetla,
Medchal Malkajgiri District,
Hyderabad-500 090,
Phone: 040-23095233
Email : warehouse_unit4@smslife.in

RESEARCH AND DEVELOPMENT CENTER

C-23, Industrial Estate, Sanathnagar, Hyderabad, Telangana-500018.

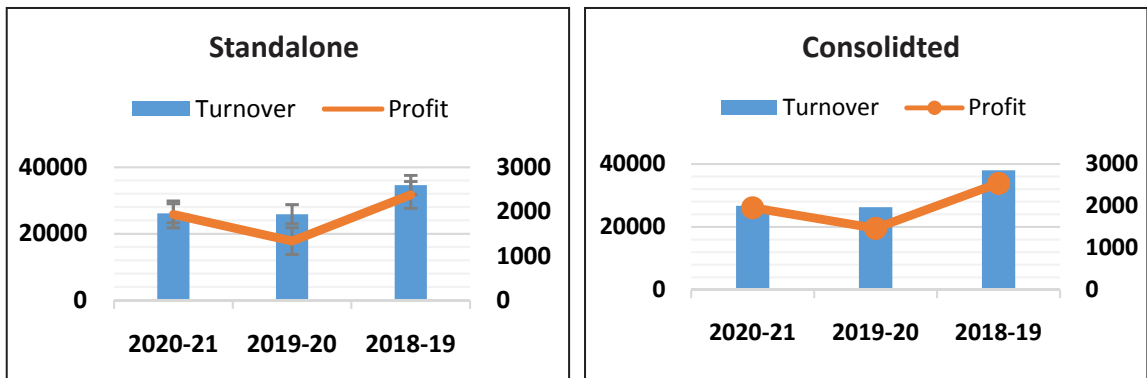
CIN: L74930TG2006PLC050223

Website: www.smslife.in

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Financial Highlights



AGM NOTICE:

Notice is hereby given that the 15th Annual General Meeting (AGM) of the members of **SMS Lifesciences India Limited** (CIN: L74930TG2006PLC050223) to be held on **Thursday, 30th September, 2021 at 3.00 pm** through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”), to transact the following business:

ORDINARY BUSINESS:

1. ADOPTION OF FINANCIAL STATEMENTS.

To consider and adopt the audited (Standalone and Consolidated) financial statements of the Company for the year ended 31st March, 2021 and the reports of the Board of Directors and the Auditors thereon.

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

“RESOLVED THAT the audited standalone and consolidated financial statements of the Company for the year ended 31st March, 2021 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

2. RE-APPOINTMENT OF MR. TALLURI VENKATA PRAVEEN, RETIRING BY ROTATION, AS DIRECTOR OF THE COMPANY.

To re-appoint Mr. Talluri Venkata Praveen (DIN: 08772030), who retires by rotation, at this Annual General Meeting and being eligible, seeks re-appointment.

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

“RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, approval of the Shareholders of the Company be and is hereby accorded to the re-appointment of Mr. Talluri Venkata Praveen (DIN: 08772030), as Director of the Company, who shall be liable to retire by rotation.”

3. DECLARING DIVIDEND FOR THE YEAR 2020-21.

To declare Dividend on Equity Shares ₹ 1.50/- per Equity Share of face value of ₹ 10/- each (15%), for the year 2020-21.

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

“RESOLVED THAT a dividend of ₹ 1.50/- per equity share of ₹ 10/- each (15%) as recommended by the Board for the year 2020-21 out of the profits for the year, be and is hereby approved and declared.”

4. RE-APPOINTMENT OF STATUTORY AUDITORS AND TO FIX THEIR REMUNERATION.

To re-appoint M/s. Rambabu & Co., Chartered Accountants as the Statutory Auditors of the Company for second term of 5 (five) years from the conclusion of the 15th Annual General Meeting (AGM) until the conclusion of the 20th AGM.

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

“RESOLVED THAT pursuant to the provisions of Section 139, 142 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, and based on the recommendations of the Audit Committee and Board of Directors of the Company, M/s. Rambabu & Co., Chartered Accountants, Hyderabad (firm registration no. 002976S), be and are hereby reappointed as the Statutory Auditors of the Company, to hold office for a second term of 5 (five) consecutive years from the conclusion of the 15th Annual General Meeting (AGM) until the conclusion of the 20th AGM, at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

SPECIAL BUSINESS:

5. APPOINTMENT OF MRS. SUDEEPHI GOPINEEDI AS DIRECTOR.

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

“RESOLVED THAT Mrs. Sudeepthi Gopineedi (DIN 09102540) was appointed by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, as an Additional Director, effective from 2nd September, 2021 and she holds office up to the date of this Annual General Meeting in terms of Section 161 and other applicable provisions, if any, of the Companies Act, 2013, including any modification(s) or re-enactment thereof and she is eligible for appointment and has consented to act as a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be deemed necessary, proper or expedient to give effect to this resolution.”

6. APPROVAL OF APPOINTMENT OF MRS. SUDEEPHI GOPINEEDI AS WHOLE-TIME DIRECTOR, IN EXECUTIVE CATEGORY AND REMUNERATION PAYABLE THEREOF.

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee, Audit Committee and approval of the Board of Directors of the Company, and in accordance with the provisions of Section 152, 188, 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof) read with Schedule V of the Companies Act, 2013, approval of the members be and is hereby accorded to appoint Mrs. Sudeepthi Gopineedi (DIN: 09102540), as Whole-time Director of the Company, in Executive category, for a period of 5 (five) consecutive years commencing from

2nd September, 2021 on such terms and conditions, including minimum remuneration in the event of absence or inadequacy of profits, as set out in the explanatory statement relating to this resolution.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification(s) or relaxation(s) pursuant to Schedule V of the Companies Act, 2013, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances etc., within such prescribed limit or ceiling as amended without any further reference to the members of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution.”

7. RE-APPOINTMENT OF MR. VENKATASUBBARAO POTLURI (DIN 00099066) AS AN INDEPENDENT DIRECTOR FOR THE SECOND TERM.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, Mr. Venkatasubbarao Potluri (DIN 00099066), being eligible for re-appointment and meets the criteria for Independence as provided under section 149 (6) of the Companies Act, 2013 along with rules framed thereunder and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and has submitted a declaration to that effect and the Company has received a recommendation from the Nomination and Remuneration Committee proposing his candidature for the office of Independent Director, be and is hereby re-appointed as an “Independent Director” of the Company, not liable to retire by rotation, for a further period of 5 (five) consecutive years with effect from 1st April, 2021 to 31st March, 2026.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

8. APPROVAL OF REMUNERATION PAYABLE TO THE COST AUDITOR FOR THE YEAR 2021-22.

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

“**RESOLVED THAT** pursuant to the provisions of Section 148 (3) and other applicable provisions of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactments thereof, the members of the Company approve the remuneration of ₹ 75,000/- (Rupees Seventy-Five Thousand only) plus out of pocket expenses, at actuals and applicable taxes, to Mr. K.S.N. Sarma, Cost Accountant (Membership No. 6875 and CP No. 3748), appointed by the Board of Directors of the Company as Cost Auditor for the year ending 31st March, 2022.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

9. RATIFY / APPROVE THE RELATED PARTY CONTRACTS / ARRANGEMENTS / TRANSACTIONS OF THE COMPANY.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended from time to time), the approval / ratification of the members of the Company, be and is hereby, accorded to all the arrangements / transactions entered into by the Company with Related Parties in the year 2020-21 or earlier year, whether by way of continuation / extension / renewal / modification

of earlier arrangements / transactions or otherwise, and entering into further contracts / arrangements / transactions with ‘Related Parties’ as defined under Section 2(76) of the Companies Act, 2013, within the prescribed limits of Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, whether material or not, for the year ended 31st March, 2021, as set out in the Explanatory Statement.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby, authorized to do, all such acts, matters, deeds and things, settle any queries / delegate such authority as may be deemed necessary and execute such addendum contracts / arrangements / transactions as may be considered necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental there to in the best interest of the Company.”

10. RECLASSIFICATION OF “PROMOTER CATEGORY” TO “PUBLIC CATEGORY”.

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

“**RESOLVED THAT** pursuant to Regulation 31A and all other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment(s) or modification(s) made thereto from time to time and any other laws and regulations as may be applicable from time to time, and subject to the necessary approvals of the Stock Exchanges and other appropriate statutory authorities as may be necessary, the consent of the members of the Company be and is hereby accorded for re-classification of following persons from “Promoter/Promoter group category” to “Public category”, since the persons are neither involved in the management of the Company nor exercise control over the affairs of the Company directly or indirectly and hold not more than 10% of the total voting rights in the Company and nor they have entered into any shareholder’s or other agreement with the Company nor they have any special rights as to voting power or control of the Company:

Sl. No.	Name of the Persons seeking reclassification	No. of Shares	%age
1.	Mr. Suresh Babu Potluri	2,539	0.08
2.	Mr. Hari Kishore Potluri	10,359	0.34

RESOLVED FURTHER THAT pursuant to Regulation 31A(3)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby confirmed that, the aforesaid person(s) seeking reclassification along with persons related thereto as defined under Regulation 2(1)(pp) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018:

- i) do not hold more than 10% of the total voting rights in the Company;
- ii) do not exercise control over the affairs of the Company directly or indirectly;
- iii) do not have any special rights with respect to the Company through formal or informal arrangements including through any shareholder agreements;
- iv) shall not be appointed on the Board of Directors (including not having a nominee director) of the Company;

- v) Shall not act as a key managerial person in the Company;
- vi) are not a 'willful defaulters' as per the Reserve Bank of India guidelines;
- vii) are not a fugitive economic offender.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution for Re-classification of Promoter/ Promoter Group to Public Shareholding, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulties or doubts that may arise in this regard and to submit all the requisite applications, representations, filings etc. with the Stock Exchanges and other regulatory authorities as may be required in this regard without requiring the Board to secure any further consent or approval of the members of the Company".

By Order of the Board
For SMS Lifesciences India Limited

Date: 02.09.2021
Place: Hyderabad

Trupti Ranjan Mohanty
Company Secretary

NOTES TO E-AGM NOTICE:

- 1) The statement pursuant to Section 102(1) of the Companies Act, 2013 and the Rules made thereunder in respect of the special business set out in the notice, Secretarial Standard on General Meetings (“SS-2”), wherever applicable, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, wherever applicable, is annexed hereto. The Board of Directors of the Company at its meeting held on 2nd September, 2021, concluded that the special businesses under item number 5 to 10, are critical and considered unavoidable, and hence need to be transacted at the 15th AGM of the Company.
- 2) In view of the continuing Covid19 pandemic, for maintaining social distancing norms and pursuant to General Circular nos. 14/2020, 17/2020, 20/2020, and 02/2021 dated 8th April, 2020, 13th April, 2020, 5th May, 2020 and 13th January, 2021, respectively, issued by the Ministry of Corporate Affairs (MCA) and Circular nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 12th May, 2020, and 15th January, 2021, respectively issued by the SEBI (collectively referred to as “the Circulars”), companies are permitted to hold the AGM through VC/OAVM, without the physical presence of the members at a common venue.

In terms of the aforesaid circulars, the 15th AGM of the members will be convened through VC/OAVM. Hence, members can attend and participate in the AGM through VC/OAVM only.
 - **The deemed venue for the 15th AGM shall be the Registered Office of the Company i.e., Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad – 500096.**
 - **Company is providing VC/OAVM facility to its members to attend the 15th AGM through Central Depository Services limited (CDSL).**
- 3) The facility for attending the AGM virtually will be made available for 1,000 shareholders on first come first served basis. This will not include large members (i.e., members with 2% or more shareholding, promoters, institutional investors, Directors, key managerial personnel, the chairpersons of the Audit Committee, Nomination

& Remuneration Committee and Stakeholders’ Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

[The detailed instructions for e-voting and attending the AGM through VC/OAVM is mentioned in note no. 22.]

- 4) The VC/OAVM facility for shareholders to join the meeting, shall be kept open 30 minutes before the start of the AGM (i.e., 2.30 pm) and shall remain open during the proceedings of the meeting.
- 5) In line with the aforesaid Circulars, the Notice of AGM along with Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories as on **Friday, 3rd September, 2021 (“First Cutoff Date”)**. Members may note that Notice and Annual Report 2020-21 can also be accessed from the websites of the Company at www.smslife.in, websites of the Stock Exchange(s) www.bseindia.com and www.nseindia.com, website of CDSL (agency for providing the remote / venue e-voting facility) www.evotingindia.com.

Accordingly, members who have not registered their e-mail address may register their e-mail address by sending an email to Company (cs@smslife.in) / RTA (info@aarthiconsultants.com), along with their folio no./DP ID client ID and valid e-mail address for registration

No physical copy of the notice of the 15th AGM and the Annual Report for the year 2020-21, has been sent to any members. However, members will be entitled to a physical copy of the Annual Report for the year 2020-21 free of cost, upon sending a request to the Company Secretary at the registered office of the Company.

- 6) Pursuant to the MCA Circular No. 14/2020 dated 8th April, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. Hence, the proxy form and attendance slip are not annexed to this notice. However, the Body Corporates are entitled to appoint authorised representatives by sending representation at cs@smslife.in to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.

- 7) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- 8) The statutory registers maintained under the Companies Act, 2013, including register of directors and key managerial personnel and their shareholding, the register of contracts or arrangements in which directors are interested and all other documents referred to in the notice will be available for inspection on the website of the Company (<https://www.smslife.in/shareholding-information.php>). Members who wish to inspect such documents are requested to write to the company by sending an e-mail to cs@smslife.in
- 9) Members seeking any information with regard to accounts or any other information are requested to write to the Company at least 10 (ten) days before the meeting so as to enable the management to keep the information ready.
- 10) A brief resume of the Director proposed to be appointed / re-appointed at this AGM, nature of their expertise in specific functional areas, names of companies in which they hold directorship and membership / chairmanships of Board Committees, shareholding and relationship between directors inter-se as stipulated under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and other requisite information as per Clause 1.2.5 of Secretarial Standard-2 on General Meetings, are provided in this notice.
- 11) The annual accounts of the Wholly-owned subsidiary (i.e., Mahi Drugs Private Limited) is made available on the website of the Company at <https://www.smslife.in/financials.php>.
- 12) Members holding the shares in physical mode are requested to notify immediately the change of their address and bank particulars to the RTA of the Company. In case shares are held in dematerialized form, the information regarding change of address and bank particulars should be given to their respective Depository Participant.
- Further, as per Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, securities of listed companies can only be transferred in demat form with effect from 1st April, 2019, except in case of request for transmission or transposition of securities. In view of this, Members holding shares in physical form are requested to consider converting their holding to demat form, for their own benefit, Members can contact Company / RTA for assistance in this regard.
- 13) In terms of Section 72 of the Companies Act, 2013, nomination facility is available to individual Members holding shares in the physical mode. Members, who are desirous of availing this facility, may kindly write to Company at cs@smslife.in for nomination form by quoting their folio number.
- 14) SEBI has mandated the submission of permanent account number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form should submit their PAN to the Company or its RTA.
- 15) Shareholders holding shares in more than one folio in the same name(s) are requested to send the details of their folios along with share certificates so as to enable the Company to consolidate their holding into one folio.
- 16) **The register of members and share transfer books of the Company will remain closed from Wednesday, 22nd September, 2021 to Thursday, 30th September, 2021 (both days inclusive).**
- 17) The Board of Directors of the Company at its meeting held on 18th June, 2021, have recommended a dividend of ₹ 1.50/- per equity share of face value of ₹ 10/- each for the year 2020-21 (15%). Dividend, if declared, at the 15th AGM, will be paid within 30 days by way of credit to the respective Bank accounts of the members from the date of approval by the Shareholders, subject to deduction of tax at source, to those members whose names appear on the register of members of the Company as of end of **Tuesday, 21st September, 2021 ("Record Date")**. However, dispatch of physical warrants / instruments will be subject to normalization of situation.

- 18) In terms of Schedule I of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed companies are required to use the Reserve Bank of India's approved electronic mode of payment such as electronic clearance service (ECS), LECS (Local ECS)/RECS (Regional ECS)/NECS (National ECS), direct credit, real time gross settlement, national electronic fund transfer (NEFT), etc. for making payments like dividend etc. to the members.

Accordingly, members holding securities in demat mode are requested to update their bank details with their depository participants. Members holding securities in physical form should send a request to update their bank details, to the Company's RTA.

In compliance with the Circulars, the Company shall dispatch by post the dividend warrants/demand drafts to only those members who have not registered their bank mandate with Company.

- 19) Pursuant to the changes introduced in the Income Tax Act, 1961 ("the IT Act") as amended by the Finance Act, 2020, dividend income will be taxable in the hands of the members and the Company is required to deduct tax at source (TDS) at the time of making the payment of dividend to members at the prescribed rates.

However, no tax shall be deducted on the dividend payable to a resident individual member, if the total dividend to be received by him/her during the year 2021-22 does not exceed ₹ 5,000/- and also in cases where members provide form 15G (applicable to any person other than HUF or a company or a firm)/form 15H (applicable to an individual who is 60 years and older) subject to such conditions specified in the IT Act. Members may also submit any other document as prescribed under the IT Act, to claim a lower/nil withholding tax. PAN is mandatory for members providing form 15G/form 15H or any other documents as mentioned above.

Details procedure and the formats of form 15G/ form 15H are available on the website of our Company (Weblink: <https://www.smslife.in/shareholding-information.php>).

The Company will arrange to e-mail the soft copy of TDS certificate to Shareholders on its registered email ID in due course, post payment of the said Dividend.

- 20) The last date for claiming unclaimed and unpaid dividends declared by the Company for the year ended 31st March, 2019 is as under:

Amount	Date of declaration of Dividend	Last date for claiming unpaid/unclaimed dividend
₹ 38,185	30.09.2019	07.11.2026

Further it is informed to the members that pursuant to the provisions of Section 124 of the Companies Act, 2013 read with the relevant Rules made thereunder, shares on which dividend has not been paid or claimed for seven (7) consecutive years or more shall be transferred to the Investor Education and Protection Fund ("IEPF") Authority.

Members who have not encashed their dividend warrants and the sale consideration against fractional shares issued pursuant to demerger, are requested to make their claims to RTA (info@aarthiconsultants.com) or the Company (cs@smslife.in).

(Detailed list unclaimed dividend and unclaimed fractional share amount as on 31st March, 2021 is uploaded in the website of the Company (Weblink - <https://www.smslife.in/shareholding-information.php>)

21) Process and manner for members opting for voting through Electronic means:

- a) In compliance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020, Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), the Company is providing facility of remote e-voting to its members in respect of the business to be transacted at the 15th AGM to be held on Thursday, 30th September, 2021, at 3.00 pm, Company has appointed Central Depository Services (India) Limited (“CDSL”) as the authorised e-Voting agency for facilitating voting through electronic means. The facility of casting votes by members using remote e-voting as well as e-voting system on the date of the AGM will be provided by CDSL.
- b) Members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on **Tuesday, 21st September, 2021 (“Second Cut-off Date”)**, shall be entitled to avail the facility of remote e-voting as well as e-voting system on the date of the AGM. Any recipient of this Notice, who has no voting rights as on the “Second Cut-off date”, shall treat this Notice as intimation only.
- c) A person who has acquired the shares and has become a member of the Company after “First cut-off date” (i.e., after dispatch of the Notice of the AGM) and prior to “Second Cut-off date” (i.e., entitled to participate in AGM), shall be entitled to exercise his/her vote electronically i.e., remote e-voting or e-voting system on the date of the AGM.
- d) **The remote e-voting will commence on Monday, 27th September, 2021 at 9.00 a.m. and will end on Wednesday, 29th September, 2021 at 5.00 p.m.**
- e) Once the vote on a resolution is casted by the member, he/she shall not be allowed to change it subsequently or cast the vote again.

- f) The voting rights of the members shall be in proportion to their share in the paid up equity share capital of the Company as on the “Second Cut-off date”.

22) Instructions for shareholders for remote E-voting are as under:

- a) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders’ resolutions. However, it has been observed that the participation by the public non-institutional shareholder’s/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- b) In terms of aforesaid SEBI circular, e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for e-Voting and joining virtual meetings (Individual) is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e., CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e., your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

HELPDESK FOR INDIVIDUAL SHAREHOLDERS HOLDING SECURITIES IN DEMAT MODE FOR ANY TECHNICAL ISSUES RELATED TO LOGIN THROUGH DEPOSITORY I.e., CDSL AND NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

- c) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders holding in demat form & physical shareholders.**
- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
 - 2) Click on “Shareholders” module.
 - 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
 - 4) Next enter the Image Verification as displayed and Click on Login.
 - 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
 - 6) If you are a first-time user follow the steps given below:

For Shareholders holding shares in Demat Form other than individual and Physical Form	
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.

For Shareholders holding shares in Demat Form other than individual and Physical Form	
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- d) After entering these details appropriately, click on **“SUBMIT”** tab.
- e) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- f) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- g) Click on the **EVS**N for the Company.
- h) On the voting page, you will see **“RESOLUTION DESCRIPTION”** and against the same the option **“YES/NO”** for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- i) Click on the **“RESOLUTIONS FILE LINK”** if you wish to view the entire Resolution details.
- j) After selecting the resolution, you have decided to vote on, click on **“SUBMIT”**. A confirmation box will be displayed. If you wish to confirm your vote, click on **“OK”**, else to change your vote, click on **“CANCEL”** and accordingly modify your vote.
- k) Once you **“CONFIRM”** your vote on the resolution, you will not be allowed to modify your vote.
- l) You can also take a print of the votes cast by clicking on **“Click here to print”** option on the Voting page.
- m) If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on **Forgot Password &** enter the details as prompted by the system.

23) Note for Non – Individual Shareholders and Custodians

- a) Non-Individual shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- b) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- c) After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- d) The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- e) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- f) Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the Scrutinizer and to the Company, if voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

24) Instruction for members for attending the AGM through VC/OAVM are as under:

- a) Members will be provided with a facility to attend the AGM through VC/OAVM by CDSL. Members may access the same at www.evotingindia.com under shareholders'/ members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- b) Members may to join the Meeting through Laptops, smartphones, Tablets and ipads for better experience.
- c) Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- d) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- e) For ease of conduct, members who would like to express their views or ask questions during the AGM may **register themselves as a speaker by sending request from their registered email address mentioning their questions in atleast 5 (Five) days advance before AGM (i.e., 25th September, 2021)** mentioning their name, demat account number (along with DP ID) / folio number, PAN, email id, mobile number at cs@smslife.in.

Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. However, considering the limitation of time, No. of speakers will be subject to the discretion of the Chairman.

25) Instructions for shareholders voting on the day of the AGM on e-voting system are as under:

- a) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- b) Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available in the AGM.
- c) If any Votes are casted by the members through the e-voting available during the AGM and if the same members have not participated in the meeting through VC/OAVM facility, then the votes casted by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members participating in the meeting.
- d) Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

26) Process for those shareholders whose email/mobile no. are not registered with the Company/depositories.

- a) For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to cs@smslife.in and info@arthiconsultants.com.

- b) For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP).
- c) For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

Detail procedure is laid down in <https://www.smslife.in/investors/procedure-for-attending-agm-through-vc-e-voting-email-registration.pdf>

- 27) If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

- 28) The Company has appointed Mr. C. Sudhir Babu, Practicing Company Secretary, Proprietor, CSB Associates to act as the Scrutinizer for conducting the remote e-voting process as well as the e-voting system on the date of the AGM, in a fair and transparent manner.

The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.smslife.in and on the website of CDSL i.e., www.cdslindia.com within 48 hours of the passing of the Resolutions at the 15th AGM of the Company and shall also be communicated to the Stock Exchange(s).

- 29) Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

CONTACT DETAILS:

Company	SMS Lifesciences India Limited Phone: 40-6628 8888 / 9861129909 Email: info@smslife.in / cs@smslife.in
Registrar and Transfer Agent	Aarathi Consultants Private Limited Phone: 040-27638777/ 27642217 / 27634445 Email: info@aarthiconsultants.com
Virtual Meeting / e-Voting Agency	Central Depository Services (India) Limited E-mail: helpdesk.evoting@cdslindia.com Phone : +91-22-22723333/8588
Scrutinizer	Mr. C. Sudhir Babu Practicing Company Secretary Phone: 7981191458/ 9493676368 Email : csbassociates27@gmail.com

ANNEXURE TO NOTICE:

Explanatory statement pursuant to Section 102 of the Companies Act, 2013

ITEM# 04

M/s. Rambabu & Co., Chartered Accountants (Firm registration no. 002976S) were appointed as Statutory Auditors of the Company at the 11th AGM, commencing from the conclusion of 11th AGM till the conclusion of the 15th AGM. Consequently, M/s. Rambabu & Co., Chartered Accountants, will complete their first term as the Statutory Auditors of the Company at the conclusion of the ensuing AGM.

Pursuant to Section 139(2) of the Companies Act, 2013, the Company can appoint an auditors firm for a second term of 5 (five) consecutive years. Accordingly, M/s. Rambabu & Co., Chartered Accountants, are proposed to be re-appointed as Statutory Auditors of the Company for a second term of 5 (five) consecutive years commencing from the conclusion of 15th AGM till the conclusion of the 20th AGM of the Company.

M/s. Rambabu & Co., have consented to the said re-appointment, and confirmed that their re-appointment, if made, would be within the limits specified under Section 141(3)(g) of the Companies Act, 2013. They have further confirmed that they are not disqualified to be reappointed as Statutory Auditors, in terms of the provisions of the Sections 139(1), 141(2) and 141(3) of the Companies Act, 2013, and the provisions of the Companies (Audit and Auditors) Rules, 2014, as amended from time to time.

None of the directors/key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item no. 4 of the notice.

The Board, on the recommendation of the Audit Committee, recommends the resolution set forth in item no. 4 of the notice for approval of the members by passing an **Ordinary Resolution**.

ITEM# 05

Based on the recommendation of the Nomination and Remuneration Committee, the Board appointed

Mrs. Sudeepthi Gopineedi as an Additional Director of the Company, effective from 2nd September, 2021, pursuant to the provisions of Section 161 of the Companies Act, 2013, Mrs. Sudeepthi Gopineedi will hold office up to the date of the ensuing Annual General Meeting and is eligible to be appointed as a Director of the Company.

The Company has, in terms of Section 160(1) of the Companies Act, 2013, received a notice in writing from a member, proposing her candidature for the office of Director. The Company has received the following from Mrs. Sudeepthi:

- a) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014;
- b) Intimation in Form DIR-8 in terms of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164(2) of the Companies Act, 2013 and
- c) Declaration pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated 20th June, 2018, that she has not been debarred from holding office of a Director by virtue of any Order passed by SEBI or any other such authority.

The profile and specific areas of expertise of Mrs. Sudeepthi is provided in **Annexure I** to the Director's Report.

Mr. TVVSN Murthy, Mr. T.V. Praveen and Mrs. Sudeepthi Gopineedi are interested in the resolution set out at Item No. 5 of the Notice with regard to her re-appointment.

Save and except the above, none of the other Directors/ key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item no. 5 of the notice.

The Board recommends the resolution set forth in item no. 5 of the notice for approval of the members by passing as **Ordinary Resolution**.

ITEM# 06

The Board on the recommendation of the Nomination & Remuneration Committee and Audit Committee in its meeting held on 2nd September, 2021 approved the appointment of Mrs. Sudeepthi Gopineedi (DIN: 09102540) as the Whole-time Director (WTD), designated in Executive category of the Company for a period of 5 (five) consecutive years effective from 2nd September, 2021, subject to the approval of the Members.

Brief profile:

Mrs. Sudeepthi Gopineedi is a post graduate from BITS-Pilani campus, with a Masters in Chemistry and Bachelors in Computer Science Engineering. Apart from securing multiple awards and distinction in academics, she has held various leadership positions in various social and cultural events at college and community level and received many accolades.

Before joining SMS Lifesciences, she has gained varied experience working in multinational technology companies like Amazon and Oracle in India. During her 7 (seven) year stay in USA, to increase her international exposure in business she has worked in multiple international organisations such as The World Bank, an international financial institution in Washington D.C, that provides loans and grants to the other countries and the Blue Cross Blue Shield Association, a health insurance conglomerate in Chicago, that provides health insurance to more than 106 million people in US and also has operations in 170+ countries.

During her 3+ years' tenure at SMS Lifesciences, as General Manager (operations), she has pioneered many new initiatives to improve the overall Quality Management Systems and oversee the daily business operations, unit-1 of the Company, during her term has successfully completed its first ever US-FDA audit and many other customer audits, all of which have been instrumental for Company's growth.

Currently, she is drawing a monthly remuneration of ₹ 1,35,000 (Rupees One Lakh Thirty five thousand only) as General Manager (operations), which is within the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013.

The provisions of Section 188(1) of the Companies Act, 2013 read with Rule 15(3)(b) require a Company to obtain prior approval of the Audit Committee in case any related party holds an office or place of profit of the Company. Accordingly, Audit Committee in its meeting held on 2nd September, 2021, has approved and submitted its recommendation.

Considering the rich experience of Mrs. Sudeepthi, the Nomination & Remuneration Committee along with the Board recommends her appointment as Whole-time Director, so that the Company can benefit from her insights and global perspective, in terms of Sections 197, 198, Schedule V and any other applicable provisions of the Companies Act, 2013, at the terms and conditions as set out below:

Period of Appointment: Appointed for a period of 5 (five) years w.e.f., 2nd September, 2021 and subject to retirement by rotation.

Remuneration / Salary : ₹ 2,00,000/- (Rupees Two Lakhs only) per month.

Perquisites & Allowances: In addition to the salary payable, she shall also be entitled to perquisites and allowances like house rent allowance; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, air-conditioning and repairs, all of which may be hired or owned; medical reimbursement; club fees, foreign travel and leave travel concession for herself and her family; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors; all such perquisites and allowances will be subject to a maximum of her annual salary.

Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any year during her tenure of Directorship, the Company has no profits or its profits are inadequate, the Company shall pay minimum remuneration by way of salary, perquisites and allowances as specified above.

Commission: In addition to the salary, perquisites and allowances payable, She shall also be entitled to a Commission, as percentage of profits or a fixed amount, as may be decided by the Board of Directors from time to time.

Annual Bonus: In addition to the salary, perquisites and allowances, commission payable, she shall also be entitled for an Annual Bonus based on the performance of the Company and subject to the approval of the Board of Directors. All the payments made to her shall be within the overall ceilings stipulated in Sections 196, 197 and Schedule V of the Companies Act, 2013.

Other Terms & Conditions: She is entitled for travelling in India or aboard, boarding and lodging including attendants during business trips and provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

- Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent that these either singularly or together are not taxable under the Income Tax Act. She is also entitled for Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure. All these shall not be included in the computation of perquisites for the purpose of calculating the ceilings aforesaid.
- The terms and conditions of the said appointment may be altered and varied from time to time by the Board and NRC as it may, in its discretion, deem fit, as long as the remuneration payable is within the limits allowed in accordance with Schedule V to the Companies Act, 2013 or any amendments thereto made hereinafter in this regard, as may be agreed by the Board.
- She is entitled for one foreign travel per year during the tenure of her appointment and the cost of foreign travel shall not form part of the perquisites.
- If at any time Mrs. Sudeepthi ceases to be a Director of the Company for any reason whatsoever, she shall also cease to be Whole-time Director of the Company.

Explanation:

1. Perquisites shall be evaluated as per Income-tax Rules, wherever applicable and in the absence of any such rule, Perquisites shall be evaluated at actual costs.

2. Family mentioned above means the spouse, dependent parents and dependent children of the Whole-time Director as mentioned in the applicable rules or schemes.

Further, pursuant to the provisions of Sections 197 and Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013, the said terms & conditions of remuneration shall be placed for the approval of the Shareholders in the Annual General Meeting.

[information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in **Annexure I** forming part of this report]

Mr. TVVSN Murthy, Mr. T.V. Praveen and Mrs. Sudeepthi Gopineedi are interested in the resolution set out at Item No. 6 of the Notice with regard to her appointment.

Save and except the above, none of the other Directors/ key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item no. 6 of the notice.

The Board recommends the resolution set forth in item no. 6 of the notice for approval of the members by passing as **Special Resolution**.

ITEM# 07

Mr. Venkatasubbarao Potluri was appointed as an Independent Director on the Board of the Company to hold office upto 31st March, 2021 ("first term"). The Board of Directors, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee, considered his professional background, expertise and experience and contributions made by him towards the Company during his tenure and found that the continued association of Mr. Venkatasubbarao Potluri would be beneficial to the Company. Hence, it is desirable to re-appoint him in order to avail his services as an Independent Director without any disruption. Accordingly, it is proposed to approve and ratify the re-appointment of Mr. Venkatasubbarao Potluri as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from 1st April, 2021 upto 31st March, 2026.

He is having over 45 years of professional experience in the pharma industry. He had worked in organization like Fluka AG, Switzerland. Ranbaxy Laboratories & Nicholas Pharmaceuticals (India) Limited. He is having association with various global pharmaceutical companies as a consultant.

Mr. Venkatasubbarao Potluri is not disqualified from being appointed as an Independent Director in terms of Section 164 of the Companies Act, 2013 nor debarred from holding the office of director by virtue of any SEBI order or any other such authority from being appointed as an Independent Director and has given his consent to act as a Director. The Company has also received a declaration from Mr. Venkatasubbarao Potluri that he meets the criteria of independence as prescribed in Section 149(6) of the Companies Act, 2013 and under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

[information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in **Annexure I** forming part of this report]

The terms and conditions of his appointment is available on the website of the Company (www.smslife.in/pdf/Terms%20&%20Conditions%20for%20Appointment%20of%20Independent%20Director.pdf) and will also be kept open at the venue of the AGM.

Mr. Venkatasubbarao Potluri is interested in the resolution set out at Item No. 7 of the Notice with regard to his re-appointment.

Save and except the above, none of the other Directors/ key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item no. 7 of the notice.

The Board, on the recommendation of the Nomination and Remuneration Committee, recommends the resolution set forth in item no. 7 of the notice for approval of the members by passing a **Special Resolution**.

ITEM# 08

The Board, on the recommendation of the Audit Committee, has approved the re-appointment of Mr. K.S.N. Sarma, Cost Accountants, as Cost Auditor at a remuneration of ₹75,000/- (Rupees Seventy-Five Thousand only) per annum plus out of pocket expenses, at actuals and applicable taxes, to conduct the audit of the cost records of the Company for the year ending 31st March, 2022.

In accordance with the provisions of the Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be approved by the members of the Company.

None of the Directors/key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item no. 8 of the notice.

The Board, on the recommendation of the Audit Committee, recommends the resolution set forth in item no. 8 of the notice for approval of the members by passing an **Ordinary Resolution**.

ITEM# 09

Pursuant to the provisions of Section 188 of the Companies Act, 2013 read with rules made there under and in terms of applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, consent of members is required for ratification/ approval of related party transactions entered into by the Company with related parties.

Detailed description of transactions with related parties during the year ended 31st March, 2021, as per Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188 of the Companies Act, 2013 is provided in note no. 46 of the Standalone financial statement and also set out in form AOC -2 of this Annual Report.

As per Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, all the material related Party Transactions has to be ratified / approved by the Shareholders by passing a Special resolution.

Material significant Related Party Transactions entered into by the Company during the year under review as mentioned below:

[₹ in Crores]

Name of related party	Nature of Transactions	Threshold Limit*	Transaction Amount
SMS Pharmaceuticals Limited	Sales	26.30	51.18

***10% of consolidated turnover of the Company for the year 2019-20.**

As per Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all related parties of the Company shall abstain from voting on the said resolution.

Mr. TVVSN Murthy, Mr. T.V. Praveen and Mrs. Sudeepthi Gopineedi are interested in the resolution set out at Item No. 9 of the Notice with regard to approval/ratification of related Party transactions for the year 2020-21.

Save and except the above, none of the other Directors/ key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item no. 9 of the notice.

The Board recommends the resolution set forth in item no. 9 of the notice for approval of the members by passing a **Special Resolution**.

ITEM# 10

The Company had received letter from the following persons falling under the category of Promoter/ Promoter Group of the Company, requesting the Company for reclassification of their Shareholding from the category of "Promoter/Promoter Group" to "Public category":

Sl. No.	Name of the Persons seeking reclassification	No. of Shares	%age
1.	Mr. Suresh Babu Potluri	2,539	0.08
2.	Mr. Hari Kishore Potluri	10,359	0.34

The aforesaid persons seeking reclassification are Immediate Relatives of Mr. Ramesh Babu Potluri, Promoter of the Company and hold equity shares in the Company as mentioned in the table given above. However, they are leading their respective lives and occupations independently and are not connected, directly or indirectly, whatsoever, with any activity of the Company. Further, they do not even have any control over the affairs (directly or indirectly) or the decision making process in the Company.

They have also never held at any time; any position of Key Managerial Personnel in the Company. They also do not have any special rights through formal or informal arrangements with the Company or Promoters or any person in the Promoter Group. They are also never privy to any price sensitive information of the Company.

The aforesaid persons seeking reclassification have confirmed that from the date of such reclassification, they **shall all time continue** to comply with the following conditions pursuant to sub-clauses (i), (ii) and (iii) of Regulation 31A(3)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- they will not hold more than 10% of the total voting rights in the Company.
- they will not exercise control over the affairs of the Company directly or indirectly.
- they will have no special rights with respect to the Company through formal or informal arrangements including through any shareholder agreements.

Further, the persons seeking reclassification have also confirmed that they shall also comply with the following conditions for a **period of not less than 3 (three) years** from the date of reclassification, pursuant to sub-clauses (iv) and (v) of Regulation 31A(3)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- they will not be represented on the Board of Directors (including not having a nominee director) of the Company.
- they will not act as Key Managerial Person in the Company.

Failing to comply with the aforesaid condition, the persons seeking reclassification shall automatically be reclassified as “Promoter/Promoter Group”.

Based on the aforesaid facts and the request letter(s) dated 7th August, 2021 received from the aforesaid persons, pursuant to the provisions of Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and on satisfaction of the conditions (i) to (vii) specified in 31A(3)(b) and compliance of Regulation 31A(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors at their meeting held on 13th August, 2021, considered and approved the application for reclassification of aforesaid persons from Promoter/Promoter Group Category to Public Category subject to approval of the Members of the Company at the Annual General Meeting of the Company and also subject to the approval of the Stock Exchanges. **The persons seeking reclassification along with the persons related to them shall abstain from voting on the said resolution.**

None of the other Directors/ Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item no. 10 of the notice.

The Board recommends the resolution set forth in item no. 10 of the notice for approval of the members by passing an **Ordinary Resolution**.

By Order of the Board
For SMS Lifesciences India Limited

Date: 02.09.2021
Place: Hyderabad

Trupti Ranjan Mohanty
Company Secretary

DIRECTORS REPORT:

[For the year ended 31st March 2021]

TO THE MEMBERS,

The Directors of your Company have pleasure in presenting this 15th (Fifteenth) Directors' Report along with the Audited Financial Statements (consolidated and standalone) for the year ended 31st March, 2021.

1. HIGHLIGHTS OF FINANCIAL PERFORMANCE

As per the requirements of Section 134 of the Companies Act, 2013 read with Rule 8(5) (i) of Companies (Accounts) Rules, 2014, your Company's financial performance during the year 2020-21, as compared to that of the previous year 2019-20, is summarized below: -

(₹ in Lakhs)

PARTICULARS	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Gross Sales	27,874.93	27,845.11	28,700.92	28,637.53
Net Sales	25,212.16	25,276.90	25,745.79	25,662.61
Other operating income	813.39	415.51	813.39	415.51
Net Revenue from operations	26,025.55	25,692.42	26,559.18	26,078.12
Other income	133.28	188.31	178.10	228.08
EBIDTA	3,106.79	2,567.04	3,195.83	2,766.67
Finance Cost	450.02	508.88	452.93	513.72
Depreciation	721.33	724.39	786.15	786.15
Profit before Tax (PBT)	1,935.44	1,333.77	1,956.75	1,466.80
Taxation	618.61	419.04	601.09	448.49
Profit after Tax (PAT)	1,316.83	914.73	1,355.66	1,018.31
EPS (Basic and Diluted) in ₹	43.56	30.26	44.84	33.68

Consolidated Financial Statements: The Consolidated Financial Statements of the Company are prepared in accordance with relevant Accounting Standards, form part of this Annual Report. This statement has been prepared on the basis of Audited Financial Statements received from Mahi Drugs Private Limited (Wholly-owned subsidiary) as approved by its Board of Directors on 18th June, 2021.

2. REVIEW OF OPERATIONS / STATE OF AFFAIRS OF THE COMPANY AND ITS SUBSIDIARIES

STANDALONE:

Company is in the business of manufacturing of Active Pharmaceutical Ingredients (API's) and its intermediates and sells its products in India as well as exports. Your Company continued to maintain a strong performance during the year 2020-21, with Revenue from Operations of ₹ 260.25 crores during the year as compared to ₹ 256.92 crores in the previous year and Profit Before Tax (PBT) has grown strongly by 45.11%.

CONSOLIDATED:

Your Company has only 1 (one) Subsidiary i.e., Mahi Drugs Private Limited (Wholly-owned Subsidiary). During the period under review, Consolidated net Income of the Company was ₹ 265.59 crores during the year as compared to ₹ 260.78 crores in the previous year. Profit after tax grew by 33.13% as compared to previous year, as a result, EPS has also increased to the same extend.

Mahi Drugs Private Limited had total Income of ₹ 17.69 crores during the year as compared to ₹ 22.99 crores in the previous year and reported Profit Before Tax (PBT) of ₹ 8.65 lakhs during the period under review as compared to ₹ 158.40 lakhs during the previous year 2019-20.

3. IMPACT OF COVID19 PANDEMIC

The global outbreak of the pandemic has significantly impacted the economy. The management of your Company has considered internal and certain external sources of information and has used the principles of prudence in applying judgments, estimates and assumptions regarding the probable impact of the pandemic.

Your Company geared up and took charge of the situation from the start of the year, which helped in strong delivery. Going forward, your Company will stay on the growth path and will focus on growing existing business with continued focus on developing both export and domestic markets and will enhance its manufacturing capabilities to take advantage of the new emerging opportunities in the industry, your Company will continue to add new products for ensuring sustained business growth. Management has taken following steps during the year to ensure smooth functioning of the operations of the Company:

- Management in order to mitigate the covid risk has been providing a hygienic environment at working facilities i.e., providing Sanitizer, Mask and also sanitizing the facilities frequently.
- Taken health insurance against Covid19 under “Corona Kavach policy” for all the employees of the Company.
- Arranged vaccination drive for the employees of the Company and their relatives.

4. CHANGE IN THE NATURE OF BUSINESS

As per the requirements of Rule 8 (5) (ii) of Companies (Accounts) Rules, 2014, we would like to inform that there has been no change in the nature of business of your Company during the year under review.

5. DIVIDEND

As per the requirements of Section 134(3)(k) of the Companies Act, 2013, your Directors have recommended a dividend of 15% (Fifteen per cent) on the Equity Share Capital of your Company, i.e., ₹ 1.50/- (Rupee One and Fifty Paise Only) per Equity Share of Face Value of ₹ 10/- (Rupees Ten Only) each for the year ended 31st March, 2021, subject to approval of the Shareholders at the ensuing 15th (Fifteenth) Annual General Meeting of the Company.

The Dividend will be paid to the Shareholders whose names appear in the Register of Members of the Company as on Tuesday, 21st September, 2021 and in respect of shares held in dematerialized form, it will be paid to Shareholders, whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The Shareholders of your Company are requested to note that the Income Tax Act, 1961, as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company after 1st April, 2020 shall be taxable in the hands of the Shareholders. The Company shall, therefore, be required to deduct Tax at Source (TDS) at the time of making payment of the dividend. In order to enable your Company to determine and

deduct the appropriate TDS as applicable, the Shareholders are requested to read the instructions given in the Note no. 19 to the Notice convening the 15th (Fifteenth) Annual General Meeting of the Company, forming a part of this Annual Report.

Note: Dividend Distribution Policy pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to the Company.

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the requirements of Rule 8(5)(iii) of Companies (Account) Rules, 2014, your Company is maintaining an optimum combination of Independent and Executive Directors in the Board, who have vast experience in Pharma and other relevant fields. (Details of the Board Members are provided in the Corporate Governance Report).

A. RETIREMENT BY ROTATION

In accordance with the provisions of Section 152(6) of the Companies Act, 2013 read with the Articles of Association of the Company, at least 2/3rd of the total number of Directors of a public company shall be liable to retire by rotation and 1/3rd of such Directors shall retire by rotation at every AGM, However, "Independent Directors" are out of the ambit of retiring by rotation.

Further, as Mr. Veeravenkata Satyanarayana Murthy Talluri was appointed by rotation in the 14th AGM, so Board has proposed Mr. Talluri Venkata Praveen as the Director to "Retire by rotation" in the 15th AGM.

Detailed information as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, provided in **Annexure I** forming part of this Report.

B. APPOINTMENT AND CESSATION

During the year under review and until the approval of this Directors Report, there was following changes in Board composition:

Appointment / re-appointment:			
Name	Category	DIN	Event date
Mr. Talluri Venkata Praveen	Executive Director	08772030	21.08.2020
Mr. Venkatasubbarao Potluri**	Independent Director	00099066	12.02.2021
Mrs. Sudeepthi Gopineedi	Executive Director	09102540	02.09.2021

****Appointed for the Second term of 5 (five) years as "Independent Director" w.e.f. 1st April, 2021.**

Resignation:			
Name	Category	DIN	Event date
Mr. P. Ramesh Babu	Non-Executive Director	00166381	18.06.2021
Dr. (Mrs.) T Neelaveni	Independent Director	00065571	02.09.2021

Note: Appropriate resolutions for re-appointment of Mr. Venkatasubbarao Potluri for the second term as "Independent Director" and appointment of Mrs. Sudeepthi Gopineedi as "Executive Director" are being moved at the ensuing 15th (Fifteenth) AGM, which the Board of Directors recommends for your approval.

Your Company has obtained a certificate from Mr. C. Sudhir Babu, Company Secretary in Practice, Hyderabad (ICSI Membership no. 2724 and C.P. No. 7666) pursuant to the provisions of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided as **Annexure II**, certifying that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India (SEBI) or by the Ministry of Corporate Affairs (MCA) or by any such statutory authority.

C. EVALUATION OF THE BOARD'S PERFORMANCE

The Board of Directors has carried out an Annual Performance Evaluation of its own performance, the Directors individually as well as the evaluation of its sub-committees.

A structured questionnaire was prepared after taking into consideration various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance. The performance evaluation of the "Executive Directors" were carried out by the Independent Directors. The confidential questionnaire was responded to by all the Directors and vital feedback was received from them on how the Board currently operates and how it might improve its effectiveness.

The Directors are overall satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

D. DECLARATION BY INDEPENDENT DIRECTORS

In accordance with Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, each Independent Director has confirmed to the Company that they meet the criteria of independence as laid down in aforesaid provisions, and the same have been taken on record by the Board after undertaking due assessment of the veracity of the same.

Independent Directors have registered themselves with the Independent Directors databank maintained by the Indian Institute of Corporate Affairs (IICA), in terms of the provisions of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2019 and the Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019.

Further, Dr. (Mrs.) Neelaveni Thummala, Mr. Venkatasubbarao Potluri and Mr. P. Sarath Kumar, Independent Directors of the Company have served on the Board of Listed entities for more than 3 (three) years, Hence, are exempted from passing the online proficiency self-assessment test pursuant to first proviso of sub-rule 4 of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2019.

All Independent Directors maintained their limits of directorships as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The criteria for determining qualifications, terms of Appointment, roles, duties and responsibilities of Independent Directors are provided in the "Terms and Conditions of appointment of Independent Directors" which is available at the website of the Company (Weblink - (<https://www.smslife.in/pdf/Terms%20&%20Conditions%20for%20Appointment%20of%20Independent%20Director.pdf>) and remuneration criteria of Non-executive Directors is provided in the website of the Company (Weblink - <https://www.smslife.in/pdf/criteria-for-making-payment-to-non-executive-director.pdf>).

All the Independent Directors of the Company have complied with the Code for Independent Directors as prescribed in Schedule IV to the Companies Act, 2013. The Company has put in place a system to familiarize its Independent Directors with the Company, their roles, rights & responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The details of such familiarization programmes policy are provided on the website of the Company and can be accessed at <https://www.smslife.in/pdf/familiarisation-program-forindependednt-directors-policy.pdf>.

Meeting of the Independent Directors without the presence of Non- Independent Directors and members of management was duly held on 12th February, 2021, where the Independent Directors inter alia evaluated the performance of Non-Independent Directors and Board of Directors as a whole and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, Management and Board.

E. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- in preparation of the financial statements for the year ended 31st March, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies as notified and modified by ICAI and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors of the Company, have developed an effective mechanism for internal financial controls, which has been followed by Company consistently and that such internal financial controls are adequate and were operating effectively; and
- the directors of the Company have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, forms part of the Annual Report as **Annexure III**.

8. SHARE CAPITAL AND LISTING

Authorized Share capital	₹ 3,50,00,000 divided into 35,00,000/- Equity shares of ₹ 10/- each
Subscribed, Issued and Paid-up Share capital	₹ 3,02,32,870 divided into 30,23,287 Equity shares of ₹ 10/- each

[as on 31st March, 2021]

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

Listing of shares: Equity shares of the Company are listed in National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) with effect from 17th August, 2017. [Listing fees has been paid for the year 2021-22 to both the Exchanges].

9. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Company has 1 (one) wholly-owned subsidiary i.e., Mahi Drugs Private Limited (CIN: U24233AP2012PTC084875) and no joint venture or Associate Companies as on 31st March, 2021 and Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the said subsidiary in the prescribed Form AOC-1 forms part of the Annual Report as **Annexure IV**.

Company has separately placed audited financial statements of wholly-owned subsidiary on the website of the Company (Weblink - <https://www.smslife.in/financials.php>) as per provisions of Section 136 of the Companies Act, 2013 and a copy of the same will be provided to the shareholders at their request. Policy for determining material subsidiaries in line with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has no relevance as Company has only one wholly-owned subsidiary.

No company has ceased to be a subsidiary/ associate/ joint venture of the Company during the year.

10. MARKET CAPITALIZATION [RANKING]

National Stock Exchange of India Limited and BSE Limited has released a list of ranking of the Companies as on 31st March, 2021 based on the market capitalization; ranking of your Company is as under:

Stock Exchange	Rank as per Market Capitalization
National Stock Exchange of India Limited	1220
BSE Limited	1466

Note: Based on the aforesaid ranking, constitution of Risk Management Committee, adopting Dividend Distribution Policy and appointment of Women Independent Director, is not applicable to your Company.

11. RECOGNITION OF IN-HOUSE RESEARCH & DEVELOPMENT

Department of Scientific and Industrial Research (DSIR) of Government of India, Ministry of Science and Technology, New Delhi has accorded its recognition to in-house Research and development (R&D) unit of the Company located at Plot no. C-23, Industrial Estate, Sanathnagar, Hyderabad, Telangana. The said recognition will entitle R&D Unit of the Company to avail Customs / GST duty exemption on the purchase / import of equipment, instruments, and spares thereof, consumables etc., used for R&D activities.

12. INTER-SE TRANSFER(S)

During the period under review, the Promoter/ Promoter group have executed 2 (two) inter-se transfers pursuant to the exemption granted under Regulation 10 (1)(a)(ii) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2015.

Details of inter-se transfer:

Date: 08.12.2020 (Tranche 1)

Sl. No.	Name of Promoter / Promoter group	Pre-holding		Change			Post-holding	
		No of shares	%age	Event	No of shares	%age	No of shares	%age
1	Annapurna Talluri	306,797	10.15%	Buy	428787	14.18%	735,584	24.33%
2	TVVSN Murthy	293,821	9.72%	Buy	87071	2.88%	380,892	12.60%
3	Hima Bindu Potluri	291,905	9.66%	Sale	208572	6.90%	83,333	2.76%
4	Potluri Infra Projects LLP	194,213	6.42%	Sale	87071	2.88%	107,142	3.54%
5	Ramesh Babu Potluri	460,405	15.23%	Sale	220215	7.28%	240,190	7.94%

Date: 31.12.2020 (Tranche 2)

Sl. No.	Name of Promoter / Promoter group	Pre-holding		Change			Post-holding	
		No of shares	%age	Event	No of shares	%age	No of shares	%age
1	TVVSN Murthy	380,892	12.60%	Buy	99,142	3.28%	4,80,034	15.88%
2	Potluri Infra Projects LLP	107,142	3.54%	Sale	99,142	3.28%	8,000	0.26%

The details of Promoter/ promoter group shareholding as at 31st March, 2021, is as mentioned below:

Name of Promoter / Promoter Group	Number of Shares	% age
Promoter:		
1) TVVSN Murthy	4,80,034	15.88%
2) Ramesh Babu Potluri	2,40,190	7.94%
3) TVVSN Murthy [HUF]	2,27,190	7.51%
Promoter Group:		
4) Suresh Babu Potluri	5,151	0.17%
5) Hima Bindu Potluri	83,333	2.76%
6) Talluri Annapurna	7,35,584	24.33%
7) Rajeswara Rao Gopineedi	37	-
8) Venkata Praveen Talluri	46,262	1.53%
9) Hari Kishore Potluri	15,859	0.52%
10) Gopineedi Sudeepthi	62,500	2.07%
11) Sukumari Koneru	714	0.02%
12) Vamsi Krishna Potluri	73,234	2.42%
13) Trilok Potluri	78,141	2.58%
14) Satyavani Potluri (Lt)	-	-
15) M/s Potluri Laboratories Private Limited	-	-
16) M/s Potluri Infra Projects LLP	8,000	0.26%
17) M/s Pixalot Labs Private Limited	7,412	0.25%
Total	20,63,641	68.26%

List of top 10 shareholders of the Company as on 31st March, 2021 is provided separately in **Annexure V**.

13. RECLASSIFICATION OF PROMOTER / PROMOTER GROUP

Your Company has received request from some members of the Promoter / promoter group seeking reclassification into “Public” category vide their letter dated 7th August, 2021 pursuant to Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the disclosure regarding the same is available in the website of the Company (Weblink - <https://www.smslife.in/investors/Reclassification%20of%20Promoters%20-%20request%20letter.pdf>)

The Board of Directors in its meeting held on 13th August, 2021 considered the aforesaid request and subject to approval of Shareholders in the ensuing Annual General Meeting, Stock Exchanges and such other approval as may be required, based on the reasons and confirmations provided therein, has approved the reclassification of the following persons:

SI No.	Name of the persons	No of Shares (%age)
1.	Mr. Suresh Babu Potluri	2,539 (0.08%)
2.	Mr. Hari Kishore Potluri	10,359 (0.34%)

Note: Appropriate resolutions for reclassification of the above mentioned persons into “Public category” are being moved at the ensuing 15th (Fifteenth) AGM, which the Board of Directors recommends for your approval.

14. TRANSFER TO RESERVES

During the period under review, your Board of Directors in its meeting held on 18th June, 2021 has approved to transfer ₹ 100 lakhs to the general reserve. With such transfer the General Reserve of the Company stood at ₹ 66.12 Crores as on 31st March, 2021.

15. DEPOSITS

The Company has not accepted any deposits falling under the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder during the year under review. Accordingly, no disclosure or reporting is required in respect of details relating to deposits.

16. CODE OF CONDUCT AND PREVENTION OF INSIDER TRADING

All Members of the Board and Senior Management personnel have affirmed the compliance with the Code as on 31st March, 2021 in compliance with Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Company has framed and adopted Code of Conduct for Directors and Senior Management. The Code provides guidance on ethical conduct of business and compliance of law. The said code is available in the website of the Company (Weblink - <https://www.smslife.in/pdf/code-of-conduct-for-board-and-senior-management.pdf>).

The Board has formulated code of conduct for regulating, monitoring and reporting of trading of shares by Insiders. This code lays down guidelines, procedures to be followed and disclosures to be made by the insiders while dealing with shares of the Company and cautioning them on consequences of non-compliances. The said code is available in the website of the Company (Weblink - <https://www.smslife.in/pdf/code-for-regulation-and-prohibition-of-insider-trading.pdf>).

The Board has formulated a policy for determining practices and procedures for fair disclosure of Unpublished Price Sensitive Information for fair disclosure of events and occurrences that could impact price discovery in the market for the Company’s securities and to maintain the uniformity, transparency and fairness in dealings with all stakeholders and ensure adherence to applicable laws and regulations. The said code is available in the website of the Company (Weblink - <https://www.smslife.in/pdf/policy-for-determine-of-legitimate-purpose.pdf>).

Board in its meeting dated 27th July, 2020 has authorized Mr. Trupti Ranjan Mohanty, Company Secretary of the Company to act as the Compliance Officer for setting forth the procedures and implementation of the aforesaid codes.

17. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

The Board of Directors have reconstituted Corporate Social Responsibility (CSR) Committee in its meeting held on 18th June, 2021, in compliance with the requirements of Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, The details of the CSR Committee composition, meetings and the attendance of the Members at the meetings along with other details appear in the Report on Corporate Governance which forms part of this Annual Report.

The Annual Report on CSR initiatives undertaken during the year ended 31st March, 2021, in the prescribed format pursuant to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 dated 22nd January, 2021, is provided as **Annexure VI** to this Report.

The new CSR Policy as per the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 dated 22nd January, 2021, is available on the website of the Company (Weblink - <https://www.smslife.in/pdf/Corporate%20Social%20Responsibility%20Policy.pdf>)

18. NUMBER OF BOARD MEETING AND ATTENDANCE

As per the requirements Section 134 (3) (b) of the Companies Act, 2013, we want to inform you that, the Board of Directors met 4 [four] times during this year under review.

Sl. No.	Date and time	No. of Directors present
1.	27 th July, 2020 [12.30 pm]	06
2.	21 st August, 2020 [12.30 pm]	07
3.	13 th November, 2020 [12.30 pm]	07
4.	12 th February, 2021 [05.00 pm]	06

- Mr. Talluri Venkata Praveen was inducted on Board as “Additional Director” w.e.f. 21st August, 2020 and “Executive Director” w.e.f. 1st September, 2020.
- Mr. Shravan Kudaravalli was granted leave of absence on 12th February, 2021.
- The details of Board Meetings, Committee meetings and the attendance of the Directors thereat, are provided in the Corporate Governance Report.
- The Maximum interval between 2 [two] meetings did not exceed 120 days, as prescribed under Companies Act, 2013, except for the meeting held on 27th July, 2020 (previous meeting held on 14th February, 2020), in lieu of the extension granted by SEBI vide circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/106 dated 24th June, 2020, due to the continuing impact of the Covid19 pandemic.

Sub-committees: Details of various committees constituted by the Board of Directors as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, are given in the Corporate Governance Report which forms part of this report.

19. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy for Vigil Mechanism for Directors and Employees to report to the Management instances of unethical behavior, fraud or violation of Company’s code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee.

CONTACT DETAILS:

Mr. P. Sarath Kumar
Chairman of Audit Committee
Email: sarat9@gmail.com

Mr. N. Rajendra Prasad
Chief Financial Officer
Email: rajendra@smslife.in

During the year under review, the Company has not received any instances of genuine concerns from Directors or employees under this mechanism. The Company also hosted the Whistle Blower Policy in-line with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on the website of the Company (Weblink - <https://www.smslife.in/pdf/whistle-blower-protection-policy-vigil-mechanism.pdf>).

20. AUDITORS & AUDITORS' REPORT

A. STATUTORY AUDITORS:

M/s. Rambabu & Co. (Firm Registration No. 002976S) were appointed as Statutory Auditors of your Company in the 11th Annual General Meeting (AGM) and will complete their present term at the end of the ensuing 15th AGM of the Company. The Auditor's Report for the year ended 31st March, 2021, on the financial statements of the Company is provided along with financial statements forming part of this Report.

The Auditor's Report for the year ended 31st March, 2021, does not contain any qualification, adverse remark, reservation or disclaimer and therefore, does not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

The Board of Directors, on the recommendation of the Audit Committee, in their meeting held on 18th June, 2021, have re-appointed M/s. Rambabu & Co. Chartered Accountant, Hyderabad, (Firm's Registration No. 002976S), as the Statutory Auditors of the Company for a further period of 5 (five) consecutive years, subject to approval of the Shareholders at the ensuing Annual General Meeting. They have confirmed their eligibility and qualification required under section 139, 141 and other applicable provisions of the Companies Act, 2013 (including any statutory modification (s) or re-enactment(s) thereof for the time being in force).

B. COST AUDITOR:

The cost records are required to be maintained by your Company and the same are required to be audited, pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014. Your Company accordingly maintains the required cost accounts and records as per the requirements of Section 148 of the Companies Act, 2013.

The Board of Directors had, on recommendation of the Audit Committee, at its Meeting held on 27th July, 2020, appointed Mr. KSN Sarma, Cost Accountant, Hyderabad (Registration No. 102145 and Membership no. 6875), as the "Cost Auditor" of the Company for the year 2020-21. In respect to that the Cost Auditor has submitted the report to the Company as specified under Section 148 (5) and the same shall be reported to the Central Government by the Company pursuant to Section 148(6) of the Companies Act, 2013.

The Board has, on the recommendations made by the Audit Committee in their meeting held on 18th June, 2021, re-appointed Mr. KSN Sarma, Cost Accountant, Hyderabad (Registration No. 102145 and Membership no. 6875), as Cost Auditor of the Company for conducting the cost audit for the year 2021-22, subject to approval of their remuneration at the ensuing 15th (Fifteenth) Annual General Meeting.

C. SECRETARIAL AUDITOR:

The Board of Directors had, upon recommendation of the Audit Committee, at its Meeting held on 27th July, 2020, appointed M/s. SVVS & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of your Company for the year 2020-21 pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report issued by M/s. SVVS & Associates, Secretarial Auditors for the year ended 31st March, 2021, which is an unqualified report, is annexed herewith as **Annexure VII**.

The Board of Directors has, upon recommendation of the Audit Committee, at its Meeting held on 18th June, 2021, re-appointed M/s. SVVS & Associates, Company Secretaries LLP, as the "Secretarial Auditors" of your Company for the year 2021-22. Further, Company has received consent from M/s SVVS & Associates, Company Secretaries LLP to act as the auditor for conducting audit of the secretarial records for the year ending 31st March, 2022.

➤ **Annual Secretarial Compliance report:**

Company has obtained Annual Secretarial Compliance Report from Mr. C. Sudhir Babu, Practicing Company Secretary (Proprietor, CSB Associates) on 18th June, 2021, pursuant to SEBI circular no. CIR/CFD/CMD1/27/2019 dated 8th February, 2019; forms part of this Report as **Annexure VIII** and the same was also submitted to the Stock Exchange(s) on 24th June, 2021.

The aforesaid Report do not contain any qualification, reservation or adverse remarks.

21. RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the year under review were in the ordinary course of business and are at arm's length basis and were in compliance with the applicable provisions of the Companies Act, 2013 read with rules made there under. Material significant Related Party Transactions entered into by the Company during the year under review, were as mentioned below:

(₹ in Crores)

Name of related party	Nature of Transactions	Threshold Limit*	Transaction Amount
SMS Pharmaceuticals Limited	Sales	26.30	51.18

***10% of consolidated turnover of the Company for the year 2019-20.**

The Board of Directors in the meeting held on 18th June, 2021 has approved the same, subject to ratification of the Shareholders in the ensuing Annual General Meeting.

Policy on Related Party Transactions as reviewed and modified by the Board of Directors in its meeting held on 13th November, 2020, is uploaded on the Company's website (Weblink - <https://www.smslife.in/pdf/Policy%20on%20materiality%20of%20Related%20Party%20Transactions%20and%20dealing%20with%20Related%20Party%20Transactions.pdf>) and the particulars of contracts or arrangements entered by the Company with related parties referred to in Section 188(1) are furnished under Form AOC-2 as **Annexure IX**.

All related party transactions are placed before the Audit Committee for prior approval of the Audit Committee, which are repetitive in nature and a statement of all Related Party Transactions is placed before the Audit committee for its review, on quarterly basis.

Your Directors draw attention of the members to Notes No. 46 to the standalone financial statements, forming part of the Annual Report, which sets out related party disclosures.

22. CREDIT RATING

Company has received Credit rating from CARE Ratings Limited (CARE) vide letter no. CARE/HRO/RL/2020-21/2061 dated 24th February, 2021. CARE has assigned the following Credit rating in respect of Bank facilities:

(₹ in Crores)

Facilities/Instruments	Amount	Ratings
Long Term Bank Facilities	19.25 <i>(Reduced from 20.00)</i>	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)
Long Term / Short Term Bank Facilities**	30.00	CARE BBB+; Stable / CARE A2 (Triple B Plus; Outlook: Stable/ A Two)
Short Term Bank Facilities	0.32	CARE A2 (A Two)
Total Bank Facilities	49.57	

****Term Loan availed from EXIM Bank has been paid-off and E-form CHG-4 for Charge Satisfaction has been filed by the Company with MCA.**

23. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of Loans, Investments and Guarantees covered under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, is provided in Note no. 7 to the standalone financial statements.

24. MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES

The information required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in separate annexure forming part of this report as **Annexure X**. It is hereby confirmed that the remuneration paid to Directors, Key Managerial Personnel and other employees of the Company during the year 2020-21 was in conformity with the Nomination and Remuneration Policy of the Company.

The disclosure as per Section 197(12) of the Companies Act, 2013 read with Rule 5 (2) and Rule 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, forms part of this report as **Annexure XA**.

25. INTERNAL FINANCIAL CONTROL SYSTEMS

The Company has in place adequate internal financial controls in order to ensure that the financial statements of the Company depict a true and fair position of the business of the Company. The Company continuously monitors and looks for possible gaps in its processes and it devices and adopts improved controls wherever necessary.

26. HUMAN RESOURCE/INDUSTRIAL RELATIONS

Company continues to have amicable employee relations at all units (i.e., corporate office, manufacturing units and R&D unit) and would like to place on record its sincere appreciation for the unstinted support it continues to receive from all its employees especially during this ongoing pandemic times; Company drives interventions to enhance the workforce productivity in the business and also makes concrete efforts to improve the employee engagement and connect.

The Company is committed to building and maintaining a safe and healthy workplace. There are several policies formulated for the benefit of employees, which promote equal opportunity, prevention of sexual harassment, safety and health of employees and ensures that all the employees are aware of personnel policies. Your Company constantly makes concerted efforts towards creating learning and development opportunities on a non-discriminatory basis, that continually enhance the employee value in line with the organizational objectives. Besides all these, the Company places highest emphasis on professional etiquette required of every employee.

27. SEXUAL HARASSMENT AT WORKPLACE

The Company is committed for creating and maintaining an atmosphere in which employees can work together without fear of sexual harassment, exploitation or intimidation. The Board of Directors of the Company has constituted an Internal Complaints Committee (ICC) for redressal of complaints related to sexual harassment as per Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder, comprising of the following Members as on 31st March, 2021:

Name of Committee Member	Designation
Corporate Office	
Mrs. G. Sudeepthi	Presiding Officer
Mrs. T. Naga Deepthi	Member
Mrs. Sardhar Nagamani	Member
Mrs. K. Naveena	Member
Unit-I Kazipally	
Mrs. G. Sudeepthi	Presiding Officer
Mrs. T. Naga Deepthi	Member
Mrs. P D Varna	Member
Mrs. P Pushpanjali	Member
Unit-4 Jeedimetla	
Mrs. G. Sudeepthi	Presiding Officer
Mrs. T. Naga Deepthi	Member
Mrs. V. Sunitha Lakshmi	Member
Mrs. S. Bujji	Member
R&D Sanath Nagar	
Mrs. G. Sudeepthi	Presiding Officer
Mrs. T. Naga Deepthi	Member
Mrs. Y. Amrutha Bindu	Member
Mrs. V Sreedevi	Member

Contact No. & Email Address of the members of the ICC has been internally circulated with all the respective departments.

The Company has formulated and circulated to all the employees, a Policy on Prevention of Sexual Harassment at Workplace, which provides for a proper mechanism for redressal of complaints of sexual harassment and the same can be accessed at the website of the Company (Weblink - <https://www.smslife.in/pdf/policy-on-prevention-of-sexual-harrasment.pdf>).

The details of complaints with the ICC during the year 2020-21 are as follows:

Complaints outstanding at the beginning of the year	Complaints received during the year	Complaints resolved during the Year	Complaints outstanding at the closure of the year
Nil	Nil	Nil	Nil

28. POLICIES OF THE COMPANY

The Companies Act, 2013, the Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, have mandated the formulation of certain policies for all listed companies. All our Corporate Governance Policies are available on the Company's website (Weblink - <https://www.smslife.in/policies.php>), The Policies are reviewed periodically by the Board and its Committees and are updated based on the need and new compliance requirement.

Key policies that have been adopted by the Company are as follows:

- | | |
|--|--|
| <ul style="list-style-type: none"> ▪ Documents Preservation Policy ▪ Criteria For Making Payment To Non-Executive Director ▪ Corporate Social Responsibility Policy ▪ Code of Conduct For Board and Senior Management ▪ Code for Regulation and Prohibition of Insider Trading ▪ Code of Business Conduct And Ethics For Other Stake Holders ▪ Policy to determine of legitimate purpose. ▪ Working policy during covid19 ▪ Staff advance policy ▪ Policy on leakage of UPSI | <ul style="list-style-type: none"> ▪ Familiarization Program For Independent Directors Policy ▪ Policy for evaluation of the performance of the Board of Directors ▪ Policy on materiality of Related Party Transactions and dealing with Related Party Transactions ▪ Policy on Disclosure of Material Events Information ▪ Policy on Prevention of Sexual Harassment ▪ Whistle Blower Protection Policy Vigil Mechanism ▪ Terms & Conditions for Appointment of Independent Directors |
|--|--|

29. CORPORATE GOVERNANCE REPORT

A detailed Report on Corporate Governance is included in the Annual Report as stipulated under provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, is separately given and forms part of this Annual Report as **Annexure XI**. M/s. Rambabu & Co., Statutory Auditors have certified the said report in compliance with the requirements of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and the Compliance Certificate is annexed to the Corporate Governance Report as **Annexure XIA**.

30. COMPLIANCE CERTIFICATION

A certificate of the Managing Director and Chief Financial Officer of the Company on financial statements and applicable internal controls as stipulated under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is enclosed as **Annexure XII** to this report.

31. CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as **Annexure XIII**.

32. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the year 2020-21 to which the financial statements relate and the date of the Directors' Report (i.e., from 1st April, 2021 up to 2nd September, 2021).

33. SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

34. ANNUAL RETURN AND EXTRACT THEREOF

The Annual Return for the year ended 31st March, 2021 in form MGT 7, is placed on the website of the Company (Weblink- <https://www.smslife.in/financials.php>) pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013 as amended by Companies (Amendment) Act, 2017 w.e.f. 28th August 2020.

35. GENERAL DISCLOSURE

Your Directors state that no disclosure or reporting is required in respect of the following matters under the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, either on account of absence of any transaction or the inapplicability of the provisions:

- a) No material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.
- b) There have been no instances of frauds reported by the Auditors under Section 143(12) of the Companies Act, 2013 and the Rules framed thereunder, either to the Company or to the Central Government
- c) There are no instances where the Board has not accepted the recommendation of Audit Committee/ Nomination and remuneration Committee.
- d) No receipt of any remuneration or commission from the Wholly-owned Subsidiary Company by the Managing Director or the Whole-time Directors of the Company, as per section 197(14) of the Companies Act, 2013.
- e) No transactions, with person(s) or entity(ies) belonging to the Promoter / Promoter Group which hold(s) 10% or more shareholding in the Company, as per Schedule V (2A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the period under review.
- f) The Business Responsibility Reporting as required by Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is not applicable to your Company for the year ending 31st March, 2021.

The additional information required to be given under the Companies Act, 2013 and the Rules made thereunder, has been laid out in the Notes attached to and forming part of the Financial Statements.

36. APPRECIATION

Your Directors wish to place on record their sincere appreciation for the continued cooperation, guidance, support and assistance extended during the year under report by the Company's bankers, customers, suppliers, shareholders and the Government agencies. The Board of Directors wishes to express its appreciation for the valuable contribution made by the employees and workmen at all levels during the year under report.

By Order of the Board
For SMS Lifesciences India Limited

Date: 02.09.2021
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT:

[Pursuant to Regulation 36(3) of SEBI (Listing Obligation and Disclose Requirement) Regulations, 2015 read along with Secretarial Standard -2 issued by ICSI]

Sl.No.	01
Name of the Director	Mr. T. V. Praveen
Director Identification Number (DIN)	08772030
Date of Birth	6 th September, 1983 [37 years]
Nationality	Indian
Date of first appointment on Board	21 st August, 2020
Qualification	<ul style="list-style-type: none"> ▪ Post graduate in management from Indian Institute of Management (IIM), Kozhikode ▪ Engineering degree from BITS, Pilani.
Experience	<p>SMS Pharma Limited - Vice President Marketing (9 years), Deloitte - Healthcare Consultant, Cognizant - Business analyst.</p> <p>He is currently associated with the Company as Executive Director and Sr. Vice President (Marketing) and overseeing the overall operations.</p>
Names of listed entities in which the person also holds the Directorship and the membership of Committees of the Board	Nil
Directorships /chairmanship held in other public Companies	Mahi Drugs Private Limited (deemed public company)
Relationship between Directors Inter-se	Son of Mr. TVVSN Murthy, Managing Director and Brother of Mrs. Sudeepthi Gopineedi, Additional Director appointed on 02.09.2021.
Shareholding	46,262 (1.53%)
Terms and conditions of appointment / Re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person.	Terms and conditions of re-appointment are as per the policy of the Company as displayed on the Company's website.

Sl.No.	02
Name of the Director	Mrs. Sudeepthi Gopineedi
Director Identification Number (DIN)	09102540
Date of Birth	2 nd March, 1987 [34 years]
Nationality	Indian
Date of first appointment on Board	2 nd September, 2021

Sl.No.	02
Qualification	<ul style="list-style-type: none"> ▪ Post graduate from BITS-Pilani campus, with a Masters in Chemistry ▪ Bachelors in Computer Science Engineering
Experience	<p>Before joining the Company as GM – Operations, in 2018, she has gained varied experience working in multinational technology companies like Amazon and Oracle in India. During her 7 year stay in USA, to increase her international exposure in business she has worked in multiple international organisations such as The World Bank, an international financial institution in Washington D.C, that provides loans and grants to the other countries and the Blue Cross Blue Shield Association, a health insurance conglomerate in Chicago, that provides health insurance to more than 106 million people in US and also has operations in 170+ countries.</p> <p>After joining the Company, she has pioneered many new initiatives to improve the overall Quality Management Systems and oversee the daily business operations. Unit-1 of the Company, during her term has successfully completed its first ever US-FDA audit and many other customer audits all of which have been instrumental for company’s growth.”</p>
Names of listed entities in which the person also holds the Directorship and the membership of Committees of the Board	Nil
Directorships /chairmanship held in other public Companies	Nil
Relationship between Directors Inter-se	Daughter of Mr. TVVSN Murthy, Managing Director and Sister of Mr. T. V. Praveen, Executive Director
Shareholding	62,500 (2.07%)
Terms and conditions of appointment / Re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person.	Terms and conditions of appointment are as per the Explanatory Statement provided in Notice.

Sl. No.	03
Name of the Director	Mr. Venkatasubbarao Potluri
Director Identification Number (DIN)	00099066
Date of Birth	18 th August, 1949 [71 years]
Nationality	Indian
Date of first appointment on Board	1 st April, 2016
Qualification	Bachelor of Mass Media and Bachelor of Science

Sl. No.	03
Experience	He is having over 45 years of professional experience in the pharma industry. He had worked in organization like Fluka AG, Switzerland. Ranbaxy Laboratories & Nicholas Pharmaceuticals (India) Limited. He is having association with various global pharmaceutical companies as a consultant.
Names of listed entities in which the person also holds the Directorship and the membership of Committees of the Board	Nil
Directorships /chairmanship held in other public Companies	Nil
Relationship between Directors Inter-se	None
Shareholding	Nil
Terms and conditions of appointment / Re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person.	Terms and conditions of re-appointment are as per the Nomination and Remuneration Policy of the Company as displayed on the Company's website,

Notes:

- The Directorships, Committee memberships and Chairmanships do not include Private Companies, position as an advisory Board Member and position in Companies incorporated under Section 8 of Companies Act, 2013.***
- Information pertaining to the remuneration paid to the directors who are being appointed / re-appointed and the number of Board Meetings attended by them during the year 2020-21 has been provided in the Corporate Governance Report forming part of the Annual Report.***

By Order of the Board
For SMS Lifesciences India Limited

TVVSN Murthy
DIN: 00465198
Managing Director

Date: 02.09.2021
Place: Hyderabad

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C Clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members,
SMS Lifesciences India Limited,
Plot No. 19-III, Road No. 71,
Opp. Bharatiya Vidya Bhavan Public School,
Jubilee Hills, Hyderabad – 500096.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SMS Lifesciences India Limited** having CIN: **L74930TG2006PLC050223** and having Registered Office at Plot No. 19-III, Road No. 71, Opp. Bharatiya Vidya Bhavan Public School, Jubilee Hills, Hyderabad, (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub Clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verification (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the year ended on 31st March, 2021, have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA) or any such other Statutory Authority:

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	TVVSN Murthy	00465198	01-04-2016
2.	Ramesh Babu Potluri*	00166381	01-04-2016
3.	Venkatasubbarao Potluri	00099066	01-04-2016
4.	Dr. Neelaveni Thummala**	00065571	25-05-2017
5.	Sarath Kumar Pakalapati	01456746	25-05-2017
6.	Shravan Kudaravalli	06905851	28-05-2018
7.	TV Praveen	08772030	21-08-2020
8.	Sudeepthi Gopineedi***	09102540	02-09-2021

**resigned w.e.f. 18th June, 2021 as Non-Executive Director of the Company*
***resigned w.e.f. 2nd September, 2021 as Independent Director of the Company*
****appointed as an Additional Director in Executive Category w.e.f. 02-09-2021.*

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad
Date: 02.09.2021

Signature:
Name: **C. Sudhir Babu,**
Membership No.: 2724, C.P. No.: 7666,
UDIN: F002724C000884132

MANAGEMENT DISCUSSION AND ANALYSIS

[Pursuant to part B of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) 2015]

The Management and Discussion Analysis Report sets out developments in the business, environment and company's performance since our last report.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Covid19 and the Global Economy

World Health Organization (WHO) declared Covid19 as a pandemic on 11th March, 2020, and public health crisis that quickly spiralled into a tragic situation that catastrophically disrupted countries, economies, industries, and financial markets around the world. The infection and disease mitigation measures that were adopted and implemented in many countries have resulted in decreased incomes; increased unemployment; and a slowdown, or even shutting down of transportation, services, and manufacturing activities across sectors. According to the International Monetary Fund (IMF), estimations the global economy shrunk by 4.4% in 2020, and describes the decline as the worst since the Great Depression of the 1930s. Clearly, most governments in the world underestimated the rapid spread of the coronavirus and were largely reactive in their crisis response. The mounting human toll one year after the pandemic continues to raise concerns, even as increasing vaccine coverage improves sentiment. The global economic outlook is clouded by high uncertainty, owing primarily to the pandemic's course. Much work needs to be done to beat back the pandemic and avoid divergence in income per capita across economies and continued rises in inequality within countries. After an estimated contraction of -3.3% in year 2020, the global economy is projected to grow at 6% in the year 2021, moderating to 4.4% in the year 2022.

More than a year into the arrival of the pandemic, the world's population is gradually being vaccinated, thanks to the discovery and production ingenuity of the global scientific community. Notwithstanding the resurgence of second and third waves, coupled with more infectious variants of the corona virus, the steady progress in gradual immunisation is expected to lessen the need for social restrictions and power recoveries in many countries during the latter half of the year 2021. Despite

reduced mobility, economies continue to adapt to new ways of working, leading to a stronger-than-anticipated rebound across regions.

The global growth forecast is still uncertain due to factors that are difficult to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, supply disruptions, the repercussions of the dramatic tightening in global financial market conditions and shift in spending patterns. Moreover, although recent vaccination drives have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus could cause a reassessment of this outlook. The IMF also highlights that the strength of the recovery projected may vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spill overs, and structural characteristics entering the crisis.

Covid19 and the Indian Economy

India had become the world's 5th largest economy as per the IMF, when ranked by nominal GDP, the country had leapfrogged both France and the UK. However, the year 2020 saw unprecedented disruptions to lives and livelihood across the country due to the pandemic and caused a detrimental impact on the economy as well. The pandemic induced challenges into industries and businesses and the country had to shift into low gear, if not standstill. Hence, economic impact of the Covid19 pandemic in India has been largely disruptive.

India's growth in the 4th quarter of the year 2019-20 went down to 3.1% according to the Ministry of Statistics. The World Bank and other rating agencies had initially revised India's growth for the year 2021 with the lowest figures India has seen in three decades since India's economic liberalization in the 1990s. In May 2020, CRISIL announced that this will perhaps be India's worst recession since independence. In September 2020, the Ministry of Statistics released the GDP figures for Q1F21, which showed a contraction of 24% as compared to the same period the year before.

Road to Recovery:

Indian economy which has been estimated to have degrown by 8% in the year 2020-21 is expected to rebound sharply in the year 2021-22. Among the major economies India is projected to grow at the fastest pace of 12.5% in the year 2021-22.

However, India has been witnessing an eruption of a second wave of infections due to which most states have imposed restrictions and micro-lockdowns which is disrupting demand and supply and if prolonged, it could derail the economic recovery expected in the year 2021-22. According to S&P Rating report published on May 2021 India's second Covid wave could knock off as much as 2.8% points from GDP growth in the year 2021-22. The Government is responding to the latest outbreak with a series of localized lockdowns, while avoiding a nationwide lockdown.

The huge and sustained vaccination drive; phased lifting of the lock-down; and the financial stimulus measures announced by the government have paved the way for an economic recovery and resurgence to pre-Covid levels. The Economic Survey of India for 2021, tabled during the Budget Session of the Parliament on 31st January, 2020, stated that "starting July 2020, a resilient V-shaped recovery is underway". This conclusion was based on indicators such as E-Way Bills, GST revenue statistics, commercial paper, steel demand and recovery in GDP growth. It further stated that, "the 'V-shaped' recovery being seen in the domestic economy is being supported by the 'mega' Covid19 vaccination drive in the country." "Together, prospects for robust growth in consumption and investment have been rekindled, with estimated real GDP growth for FY 2021-22 pegged at 11 per cent," the survey noted.

To fight pandemic in India, the Government introduced an aggressive calling for kick-starting its Atmanirbhar Bharat Abhiyaan (Self-reliant India campaign). The government is also planning to take several bold makeovers through measures. The Union Budget 2021-22 was also designed to focus on being socially inclusive and growth-augmenting. Higher Government spending and supportive policies announced in this budget are expected to help sustain corporate recovery and improve long-term prospects.

Overview of Pharmaceutical Sector

The pharmaceutical industry is one of the world's fastest growing industries and among the biggest contributors to the world economy. It plays a unique role in improving the lives of patients. Its role has become far more critical amidst the fight against Covid19 pandemic. The share of "Made in India" medicines in Indian Pharma market is now at 80% in 2020. Most importantly, during the same period, the country has also established leading position in the global generic pharmaceuticals landscape.

Indian pharmaceutical sector is regarded as the "Pharmacy to the world" as it supplies over 62% of global demand for various vaccines, 33% of generic demand in the US and 25% of all medicine in the UK.

The Indian Government along with the local State Government of Telangana has taken many steps to reduce costs and bring down healthcare expenses in order to cater the scarcity of critical APIs & High-end Medical devices indigenously. The Centre had announced product-linked incentive schemes with an objective to decrease API dependency on China. Now, even Formulations are given incentives.

In addition, Hyderabad (India's largest Lifesciences hub), continues to lead the country in the Bulk Drugs sector. Statistics show that five of the top 10 Pharma companies in India that achieved highest bulk drug sales in the year 2021 are from the city. Ever since pandemic struck, Hyderabad based bulk drugs manufacturers have seen gains in both volumes and demand and witnessed higher bulk drug prices and new enquiries from customers.

Your Company is into manufacturing of Bulk drugs (also called an Active Pharmaceutical Ingredient (API), a key ingredient of a medicine, which lends it the desired therapeutic effect or produces the intended pharmacological activity. It's believed that the API Industry will gain significantly, who have been growing steadily despite Chinese competition. Industry has also taken up backward integration to reduce dependence on Chinese raw material imports.

BULK DRUGS (API) INDUSTRY:

Global Market	India Market
<p>Three segments - Branded Prescription drugs, Over-the-Counter (OTC) drugs and Generic Prescription drugs account for a majority of global bulk drug consumption.</p> <p>The total global bulk drug consumption is expected to reach USD 215 billion by 2022 at a CAGR 6.5% during the forecast period out of which 80% is used for Branded Prescription drugs, 10% for OTC drugs and 10% for Generic Prescription drugs.</p>	<p>India is expected to be the 3rd largest global markets for Bulk Drugs with a 7.5% increase in market share. There are 1150 bulk drug units producing about 350 important Bulk Drugs. The market analyst forecast the API markets in India to grow at a CAGR of 11% over the period of 2021-2025.</p>

Elaborating on the boom in the industry, Pharmaceuticals Exports Promotion Council of India DG Mr. Ravi Uday Bhaskar said Pharma exports had increased by 15% in 2020-21, as compared to 2019-20.

Opportunities, Threats and Outlook

The Company is engaged in only one segment viz. Bulk Drugs / API's

The domestic API industry has been expanding in a secular manner over several years and the outlook remains positive in view of the expansion in the economy, increased spending on healthcare and improving lifestyles in the country.

Your Company will be able to place itself in a strong position by expanding strategically, increasing its manufacturing capacities and enhancing capacities across the organization. We are looking at different opportunities in untapped markets and also across a value chain. Further, we are also planning to set up alliances with business associates in the global market, in order to boost the selective existing products like Famotidine, New APIs/ intermediates, Contract manufacturing and manufacturing collaborations.

We are fully conscious of our responsibility towards our customers and our efforts are directed towards the fulfillment of customer satisfaction through the quality of products. As the consolidation of this industry

gains momentum along with need for reliable API / intermediate manufacturers as alternative to Chinese manufacturing, the company is focused on sustainable processes with impetus on EHS, quality and regulatory requirements

The Company is focused on efficiency through new technology and cost improvement initiatives to create value for stakeholders and we will continue to focus on training and motivation of manpower so as to develop teams of qualified and skilled personnel to effectively discharge their responsibilities in a number of projects and activities.

Production Linked Incentive (PLI) scheme:

The pandemic has aroused renewed interest for the 'China+1' strategy to enhance supply chain resilience, by diversifying manufacturing activities into other countries. Global companies stepped up efforts to implement the 'China+1' strategy, of diversifying and de-risking their supply chains in the wake of the Covid19-induced disruptions and US-China trade tensions.

This provides a unique opportunity for India to emerge as a global pharma manufacturing hub.

India stands out as an attractive option due to its strategic location, a large domestic market, skilled labour and low labour cost, among others. On top of these arguments the policy offer, 'Production-Linked Incentive Scheme', announced in April 2020, is proving to be attractive to many manufacturers, more importantly to pharmaceuticals manufacturers. After the pandemic, Global Pharma majors are securing supply chains and reducing dependence on China. China's huge economies of scale account for the 25-30% cost difference between Chinese and Indian APIs and intermediates.

India imports 68% of its requirements from China. The government has launched a ₹ 3,000 crores scheme for setting up bulk drug parks. It has also announced a production-linked incentive scheme of ₹ 6,940 crores, targeting domestic manufacturing of 53 APIs with high dependence on imports. Additionally, in February 2021, the cabinet also approved a production linked incentive scheme for Pharma sector, entailing an outlay of ₹ 15,000 crores. The China+1 policy coupled with the Government of India's PLI scheme, is likely to improve the competitiveness of Indian Pharmaceuticals Manufacturers in the long run.

Your Company through its Wholly-owned Subsidiary (Mahi Drugs) is in the process of making an application for availing the benefit of the aforesaid PLI scheme.

Ranitidine update:

Ranitidine HCL occupies major contribution in aspect of both volumes as well as value for the Company. The said molecule is being manufactured since inception i.e., 1990 (pre-demerger) and being sold to various markets except highly regulated markets like USA.

Your Company is one of the pioneers in manufacturing and exporting Ranitidine HCL. However, in a discovery in September, 2019 released by one of the scientific laboratory in the US stating that Ranitidine HCL may contain NDMA (N-Nitrosodimethylamine) impurity at low level, which leads to carcinogenic effect on prolonged use of the dosage form.

On 13th September, 2019, USFDA informed that they are evaluating the presence of this impurity and the impact thereof (if any) on patients. However, in a fresh news release dated 1st April, 2020, USFDA has advised all manufacturers to withdraw all Rx and OTC Ranitidine drugs from the US market immediately as the impurities in some ranitidine products increases over time, when stored at higher than room temperatures and may result in consumer exposure to unacceptable levels of impurity.

USFDA has made an official announcement as reproduced hereunder:

“We didn’t observe unacceptable levels of NDMA in many of the samples that we tested. However, since we don’t know how or for how long the product might have been stored, we decided that it should not be available to consumers and patients unless its quality can be assured”.

Currently, your Company does not have any Ranitidine API sales to US market either directly or indirectly. We are confident of providing a safe product with continuous improvement as per requirements and shall communicate accordingly with various stake holders. However, we need to wait for the guidance of health authorities of ROW / domestic markets. In view of the above, usage of Ranitidine tablets could reduce.

Risks & Concerns

Company faces risks and uncertainties that are typical to that faced by players within the global pharmaceuticals

industry. These along with few other issues as mentioned below are some of the major risks / potential pitfalls in the immediate future:

- Impending waves of Covid19 pandemic, further lock downs, *if any* and the hiccups in the vaccination drives;
- Impact of changes in regulatory guidelines related to Ranitidine HCL product;
- Exchange rate fluctuations risk and Global Supply chain disruptions.

These are determined via robust assessment considering our risk context by the Board of Directors with inputs from the executive management. The Board is satisfied that these risks are being managed appropriately and consistently.

Note: Risk Management Committee is not applicable to the Company pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Financial performance with respect to Operational Performance

The revenue from operations for the year ended 31st March, 2021 amounted to ₹ 260.25 Crores as against ₹ 256.92 Crores for the previous year. Thus the income from operations of the Company has marginally improved by about 1.29% as compared to last year’s revenue from operations.

(Detailed report on financials form part of the Directors’ Report.)

Human Resources

Every organization which values and appreciates its Human Resource succeeds in its goals and receives positive results. Company’s Human Resource policy aims to make SMS Group a preferred place to work. This is being achieved through various initiatives including skill development, personality enhancement and employee engagement through internal communications to foster happiness at work.

During the year under review, the industrial relations with Employees/workers at all the Company’s locations continued to be harmonious and positive. The total employee strength of the Company as on 31st March, 2021 stood at 523.

Details of significant changes in key Financial Ratios and Net-worth

Particular	31.03.2021	31.03.2020	%Change	Reason
Debtors Turnover Ratio	9.29	12.64	26.48	As the operations were improved in the second half year outstanding receivable have increased by the year end. Hence there is significant change.
Days	39.27	28.87	36.02	
Inventory Turnover Ratio	4.17	3.75	11.20	-
(Days)	87.45	97.41	10.24	-
Interest Coverage Ratio	6.90	5.04	36.90	As the PBITD has improved significantly the interest coverage ratio has also improved
Current Ratio	1.30	1.27	2.36	-
Debt Equity Ratio	0.17	0.21	19.05	-
Operating Profit Margin	11.88%	9.92%	19.76	-
Net Profit Margin	5.03%	3.53%	42.49	As the net profit has improved significantly these ratio has also improved.
Return on Net worth	10.42%	8.08%	28.96	

Internal Control Systems & their adequacy

The Company has a strong and adequate internal control system suitable to its size and nature of business. We constantly upgrade our systems for incremental improvements.

The internal controls of the Company are being reviewed by an independent chartered accountants' firm i.e., M/s Adusumilli and Associates, Internal Auditors and the Audit Committee of the Company on periodical basis. This results in an unbiased and independent examination of the adequacy and effectiveness of the internal control systems to achieve the objective of the optimal functioning of the Company. The scope of activities includes safeguarding and protecting the Company's assets against unauthorised use or disposition, maintenance of proper accounting records and verification of the authenticity of all transactions.

Research & Development

Department of Scientific and Industrial Research (DSIR) of Government of India, Ministry of Science and Technology, New Delhi has accorded prestigious recognition to in-house Research and development (R&D) unit of the Company situated at Sanath Nagar, Hyderabad vide letter dated 25th January, 2021. The lab is well equipped with the latest and sophisticated equipment and machineries and is focused on technology transfer activities for API /intermediates and collaborations with customers globally.

Cautionary Statement

Certain statements in this Management Discussion and Analysis Report may be forward looking within the meaning of applicable securities law and regulations and actual results may differ materially from those expressed or implied. Factors that would make differences to Company's operations include competition, price realization, forex market, changes in government policies and regulations, tax regimes, economic development within India and the countries in which the Company conducts business and other incidental factors.

FORM AOC. 1

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

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014]

Part “A”: Subsidiaries

Particulars	Name of the Subsidiary
	Mahi Drugs Private Limited
Reporting period	31-03-2021
Reporting currency and Exchange rate of subsidiaries if any	₹ (In lakhs)
Share Capital	471.51
Other Equity	711.69
Total assets	6,059.16
Total Liabilities (Excl. Share Capital, Reserves & Surplus)	4,875.96
Investments	-
Total Revenue	1,769.56
Profit before taxation	8.66
Provision for taxation	(17.52)
Profit after taxation	26.18
Proposed Dividend	-
% of shareholding	100%

- Names of subsidiaries which are yet to commence operations - Nil
- Names of subsidiaries which have been liquidated or sold during the year - Nil

Part “B”: (Information in respect of Associates and Joint Ventures to be presented)

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

Not Applicable since the Company does not have any Associate Company and Joint Ventures.

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 02.09.2021

TVVSN Murthy
Managing Director
DIN: 00465198

Top 10 Shareholder (other than Promoters)

Sl. No.	Name of Shareholders	No. of Shares	
		31.03.2021	31.03.2020
1.	Gandhi Kantheti	25,000	22,000
2.	Saibabu Bandla	19,000	21,000
3.	Dhanpati Devi	15,757	15,757
4.	Chereddi Ramachandra Naidu	15,060	50
5.	Madhusudan Murlidhar Kela	14,285	14,285
6.	Chandra Kanth Chereddi	14,000	-
7.	Shradha Gupta	13,045	13,045
8.	Sambasiva Rao D	11,000	-
9.	Gira Nikhilkumar Shah	10,000	-
10.	Anil Kumar Jain & Sons HUF	9,800	8,779

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 02.09.2021

TVVSN Murthy
Managing Director
DIN: 00465198

Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021]

1. A brief outline of the CSR policy of the Company

While your Company continues to expand and grow in its sector of business, it has not lost sight of its commitment to play its role as an enlightened corporate citizen. Corporate Social Responsibility has always been on its agenda.

The Company's focus areas under CSR are:

- Promoting education
- Environment sustainability
- Rural Development and Sanitation

The CSR Policy has been put up on the Company's Website and can be accessed through the following link:
<https://www.smslife.in/pdf/Corporate%20Social%20Responsibility%20Policy.pdf>

2. Composition of the CSR Committee:

Sl. No.	Name of the Director (Designation in relation to membership of the committee)	Nature of Directorship (Executive / Non-executive/ Independent / Non-independent)	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. TVVSN Murthy [Chairman]	Executive and Non-Independent	2	2
2.	Mr. Venkatasubbarao Potluri [Member]	Non-Executive and Independent	2	2
3.	Mr. P Ramesh Babu* [Member]	Non-Executive and Non-Independent	2	2
4.	Mr. TV Praveen** [Member]	Executive and Non-Independent	NA	NA

**ceased from the CSR Committee in lieu of resignation from the Board w.e.f. 18th June, 2021*

***appointed as a member of CSR Committee w.e.f. 18th June, 2021*

3. WEBLINKS:

- **Composition of CSR Committee:** <https://www.smslife.in/composition-of-committees.php>
- **CSR Policy / CSR Projects:**
<https://www.smslife.in/pdf/Corporate%20Social%20Responsibility%20Policy.pdf>

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Financial year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
2020-21	NA	0.73 Lakhs

6. Average net profit of the Company for last three financial years: ₹ 1,450 lakhs.

7.

a.	2% of the Average Net Profit of the Company as per Section 135(5):	₹ 29.01 Lakhs
b.	Surplus arising out of the CSR projects or programs or activities of the previous financial years :	-
c.	Amount required to be set off for the financial year:	-
d.	Total CSR obligation for the financial year (7a+7b-7c) :	₹ 29.01 Lakhs

8.

- a. CSR amount spent or unspent for the financial year:

Total amount spent for the financial year 2020-21	Amount unspent (₹)				
	Total amount transferred to unspent CSR account as per Section 135(6) of the Act		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135 (5) of the Act		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 29.73 Lakhs	Nil	NA	NA	Nil	NA

- b. Details of CSR amount spent against ongoing projects for the financial year : Nil

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

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the project		Amount Allocated for the Project (₹)	Amount spent in the current financial Year (₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) of the Act (₹)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District					Name	CSR Registration No.
1.	Distribution of food during covid19 pandemic	Disaster Management - (Schedule VII(xii))	Yes	Telangana	Sanga Reddy	90,000	90,000	Nil	Yes	NA	NA
2.	Spreading awareness of covid19 pandemic**	Disaster Management - (Schedule VII(xii))	Yes	Pan India	**Plasma therapy awareness video	25,000	25,000	Nil	Yes	NA	NA
3.	Construction of school building in Elamanchilli village	Promoting education (Schedule VIII(i))	Yes	Andhra Pradesh	East Godavari Dist.	55,000	55,000	Nil	Yes	NA	NA
4.	Laying of CC road in Kazipally area	Rural Development (Schedule VIII(x))	Yes	Telangana	Sanga Reddy	24,99,948	24,99,948	Nil	Yes	NA	NA
5.	Supply of Tree guards in Kazipally area	Environmental sustainability (Schedule VIII(iv))	Yes	Telangana	Sanga Reddy	76,000	76,000	Nil	Yes	NA	NA
6.	Garbage collecting e-vehicle in Elamanchilli village & Utada village	Sanitation (Schedule VII(i))	Yes	Andhra Pradesh	East Godavari Dist.	1,29,500	1,29,500	Nil	Yes	NA	NA
7.	Construction of toilets in Veterinary Hospital in Elamanchilli village	Sanitation (Schedule VII(i))	Yes	Andhra Pradesh	East Godavari Dist.	97,911	97,911	Nil	Yes	NA	NA

- d. Amount spent in Administrative Overheads : **Not Applicable**
- e. Amount spent on Impact Assessment, if any : **Not Applicable**
- f. Total Amount spent for the financial year (8b+8c+8d+8e) : ₹ **29.73 Lakhs**
- g. Excess Amount for set off, if any : ₹ **0.72 Lakhs**

Sl No.	Particular	Amount (₹)
1.	Two percent of average net profit of the company as per Section 135(5)	29.01 Lakhs
2.	Total amount spent for the financial year	29.73 Lakhs
3.	Excess amount spent for the financial year [(ii)-(i)]	0.72 Lakhs
4.	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	Nil
5.	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. a. Details of Unspent CSR amount for the preceding three financial years: **Not Applicable**
- b. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **Not Applicable**
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (Asset wise details): **No creation or acquisition of capital asset during the current financial year**
11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5) of the Act: **Not Applicable**

For SMS Lifesciences India Limited

TVVSN Murthy
Managing Director and
Chairman of CSR Committee

Date: 02.09.2021
Place: Hyderabad

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

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

To the Members,
SMS Lifesciences India Limited,
Hyderabad

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SMS Lifesciences India Limited** ("the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

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

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made hereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under to the extent of Regulation 76;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR Regulations) **(not Applicable to the Company during the Audit Period)**;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 **(not Applicable to the Company during the Audit Period)**;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(not Applicable to the Company during the Audit Period)**;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(not Applicable to the Company during the Audit Period)**;

- (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 **(not Applicable to the Company during the Audit Period);**
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India; and
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

- (vi) We further report that, having regard to the Compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof the Company has complied with the following laws applicable specifically to the Company:
 - (a) Drugs and Cosmetics Act, 1940
 - (b) Drugs (Price Control) Order, 2013
 - (c) Narcotic Drugs and Psychotropic Substances Act, 1985
 - (d) Indian Boilers Act, 1923 and Regulations
 - (e) Explosives Act, 1884
 - (f) Petroleum Act, 1934
 - (g) Water (Prevention and Control of Pollution) Act, 1974
 - (h) Air (Prevention and Control of Pollution) Act, 1981
 - (i) Environment Protection Act, 1986

We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that:

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

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

The agenda items are deliberated before passing the same and views/observations made by the Directors are recorded in the Minutes.

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

We further report that during the Audit Period, except for the following events, there were no events/ actions which are having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

- a) Mr. Venkata Praveen Talluri is appointed as an Additional Director by the Board of Directors with effect from 21st August, 2020;
- b) Mr. Venkata Praveen Talluri is appointed as Whole Time Director designated as Executive Director with effect from 1st September, 2020, and is approved by the Shareholders in the Annual General Meeting held on 30th September, 2020;

For **SVVS & Associates**
Company Secretaries LLP

Place: Hyderabad
Date: 18.06.2021

C. SUDHIR BABU
Designated Partner
FCS: 2724; C P No.: 7666

UDIN: F002724C000484403

Note: This letter is to be read with our letter of even date which is annexed and form an integral part of this report.

ANNEXURE

The Members,
SMS Lifesciences India Limited,
Hyderabad.

- (1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- (2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- (3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- (4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- (5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on random test basis.
- (6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
- (7) Due to prevailing circumstance of COVID-19 pandemic, the audit was conducted based on the verification of the Company's books, papers, minutes books, forms and returns filed, documents and other records furnished by/ obtained from the Company electronically and also the information provided by the Company and its officers by audio and visual means.

For **SVVS & Associates**
Company Secretaries LLP

Place: Hyderabad
Date: 18.06.2021

C. SUDHIR BABU
Designated Partner
FCS: 2724; C P No.: 7666
UDIN: F002724C000484403

**SECRETARIAL COMPLIANCE REPORT OF SMS LIFESCIENCES INDIA LIMITED
FOR THE YEAR ENDED MARCH 31, 2021**

To
SMS Lifesciences India Limited,
Plot No. 19-III, Road No. 71,
Opp. Bharatiya Vidya Bhavan Public School,
Jubilee Hills, Hyderabad – 500096.

We, CSB Associates, Company Secretaries, have examined:

- a) all the documents and records made available to us and explanation provided by SMS Lifesciences India Limited (“the Listed Entity”),
- b) the filings/ submissions made by the listed entity to the Stock Exchanges,
- c) website of the listed entity,
- d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended March 31, 2021 (“Review Period”) in respect of compliance with the provisions of:

- a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
- b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (there were no events requiring compliance during the Review Period)
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (there were no events requiring compliance during the Review Period)
- e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (there were no events requiring compliance during the Review Period)
- f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (there were no events requiring compliance during the Review Period)
- g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (there were no events requiring compliance during the Review Period)
- h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

and circulars/ guidelines issued thereunder;

- a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.

- b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.
- c) There were no actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.
- d) The reporting of actions by the listed entity to comply with the observations made in previous reports is not applicable during the Review Period.

For **CSB Associates,**
Company Secretaries,

C. Sudhir Babu,
Proprietor,

FCS: 2724, CP: 7666.

UDIN: F002724C000484458

Place: Hyderabad

Date: 18.06.2021

FORM NO. AOC -2

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

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

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

There were no contracts or arrangements or transactions not at Arm's length basis entered into during the year ended 31st March, 2021.

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details	Details	Details
a)	Name (s) of the related party	Mr. T.V. Praveen	Ms. Sudeepthi Gopineedi (GM-Quality)	TVVSN Murthy
b)	Nature of relationship	Executive Director*	Daughter of Mr. TVVSN Murthy, Managing Director	Managing Director
c)	Nature of contracts/arrangements/transaction	Remuneration payable to related party under office of place of profit in the Company	Remuneration payable to related party under office of place of profit in the Company	Interest paid on unsecured loan
d)	Duration of the contracts/arrangements/transaction	Appointed w.e.f. 1 st September, 2020	Appointed w.e.f. 1 st April, 2018	In compliance with term lending institution
e)	Salient terms of the contracts or arrangements or transaction including the value, if any	Appointed as "Executive Director" and "Senior Vice President" of the Company at annual Remuneration of ₹ 72 lakhs.	Appointed as General manager (Quality) of the Company at an annual Remuneration of ₹ 16.20 lakhs.	Total amount charged to Statement of P&L ₹ 43.13 Lakhs on loan amount of ₹ 495 lakhs.
f)	Date of approval by the Board	21 st August, 2020	28 th May, 2018	5 th February 2018.
g)	Amount paid as advances, if any	NIL	NIL	NIL

****Appointed as "Director" in the Board meeting held on 21st August, 2020 and as "Executive Director" w.e.f. 1st September, 2020; He also hold the designation of Senior Vice President (office of profit) of the Company w.e.f. 1st June, 2017.***

SL. No.	Particulars	Details	Details	Details
a)	Name (s) of the related party	RChem (Somanahalli) Private Limited	SMS Pharmaceuticals Limited	Mahi Drugs Private Limited
b)	Nature of relationship	Enterprise over which the Directors / KMP or his relatives has significant influence		Wholly-owned Subsidiary
c)	Nature of contracts/arrangements/transaction	Contracts Made: Job Work assignment: - For conversion process for an intermediate of API on Job work basis. Sale & purchase of materials in the Ordinary Course of Business.	Sale & purchase of materials in the Ordinary Course of Business.	Sale & purchase of materials in the Ordinary Course of Business
d)	Duration of the contracts/arrangements/transaction	a) Job Works-As per Contract b) Sales & purchase- Transactions done within 2020-21.	Transactions done within 2020-21.	Transactions done within 2020-21.
e)	Salient terms of the contracts or arrangements or transaction including the value, if any	Conversion charges: ₹ 1,536.09 lakhs Sales: ₹ 84.35 Lakhs. Purchases: ₹ 207.49 Lakhs.	Sales: ₹ 5,118.92 Lakhs Purchase: ₹ 133.65 Lakhs	Sales: ₹ 157.66 Lakhs Purchase: ₹ 1,251.86 Lakhs
f)	Justification for entering into such contracts or arrangements or transactions'	Transactions are made at prevailing market rate in the ordinary course of Business.		
g)	Date of approval by the Board	27 th July, 2020	13 th November, 2020	27 th July, 2020
h)	Amount paid as advances, if any	₹ 271.11 lakhs	-	₹ 2,081.89 lakhs

For SMS Lifesciences India Limited

Date : 02.09.2021
Place: Hyderabad

TV Praveen
Executive Director
(DIN: 08772030)

TVVSN Murthy
Managing Director
(DIN: 00465198)

DISCLOSURE OF MANAGERIAL REMUNERATION

[Pursuant to Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- i. **Ratio of the remuneration of each Director to the median remuneration of the Employees of the Company for the Financial Year 2020-21, the percentage increase in remuneration of Managing Director, Chief Financial Officer and Company Secretary.**

[₹ in lakhs]

Sl. No.	Name of Director / KMP	Designation	Remuneration			Ratio
			2020-21	2019-20	Change %	
1.	Mr. TVVSN Murthy	Managing Director	241.22	241.25	-	158.70:1
2.	Mr. TV Praveen*	Executive Director	42.00	-	-	27.63:1
3.	Mr. P. Ramesh Babu**	Non-Executive Director	-	-	-	-
4.	Mr. P. Sarath Kumar	Non-Executive & Independent Director	-	-	-	-
5.	Mrs. T Neelaveni	Non-Executive & Independent Director	-	-	-	-
6.	Mr. P S Rao	Non-Executive & Independent Director	-	-	-	-
7.	Mr. Shravan Kudaravalli	Non-Executive & Independent Director	-	-	-	-
8.	Mr. N Rajendra Prasad	Chief Financial Officer	16.62	16.42	1.22	NA
9.	Mr. Trupti Ranjan Mohanty	Company Secretary	6.80	5.56	22.30	NA

**appointed in the Board Meeting dated 21st August, 2020 as Director; w.e.f. 1st September, 2020 as "Executive Director"*

***resigned from the Board w.e.f. 18th June, 2021.*

Note:

- The Non- Executive Directors of the Company are entitled for sitting fee only, as per the statutory provisions. Hence, ratio of remuneration and percentage increase for Non- Executive Directors Remuneration is therefore not provided.
 - Aforesaid remuneration is paid as per the remuneration policy of the Company.
- ii. The %increase (decrease) in the median remuneration of Employees for the financial year was (43.80%).
- iii. The Company has 523 permanent Employees on the rolls of Company as on 31st March, 2021.
- iv. Average percentage increase made in the salaries of Employees other than the managerial personnel in the year was 30.47% whereas the increase in the managerial remuneration was approximately 36.36%.

By Order of the Board
For SMS Lifesciences India Limited

Date : 02.09.2021
Place : Hyderabad

TVVSN Murthy
DIN: 00465198
Managing Director

DISCLOSURE OF PARTICULARS OF EMPLOYEES

[Pursuant to Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Name	Age	Designation	Remuneration* [₹ in lakhs]	Qualifications	Experience (yrs)	Date of commencement of employment	Last employment
Mr. TVVSN Murthy	61	Managing Director	241.22	Graduate in Chemistry	40	01.04.2016	SMS Pharmaceuticals Limited

Note:

- Remuneration includes salary, allowances and commission
- Appointment is on contractual basis.
- Mr. TVVSN Murthy, Managing Director, Mr. TV Praveen, Executive Director and Mrs. Sudeepthi Gopineedi, Whole-time Director are related to each other.

By Order of the Board
For SMS Lifesciences India Limited

TVVSN Murthy
DIN: 00465198
Managing Director

Date: 02.09.2021
Place: Hyderabad

CORPORATE GOVERNANCE REPORT

[Pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

This report is prepared in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 amended from time to time, and the report contains the details of Corporate Governance systems and processes:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company has been practicing good Corporate Governance over the years, Corporate Governance is synonymous with efficient conduct of the business operations, maintaining utmost transparency in its activities, proper and timely disclosures to all the regulatory authorities, cementing the bond of confidence with all those who are an integral and inseparable part of the business activities – shareholders, employees, endusers, bankers, financiers and the society at large and thereby ensuring a perpetual relationship of trust and confidence. It is the philosophy of the Company to continue to have accountability, transparency and integrity in all its business transactions and practices.

[The Company is in compliance with Corporate Governance requirements specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; any disclosure not given in this report but disclosed in Board of Directors Report or its annexures shall be deemed to be reported in this report.]

The Company's compliances of Corporate Governance guidelines, as per Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are as under; however, this report is to be read with the Board's Report and all its annexures for more clarity on corporate governance practices of the Company.

2. BOARD OF DIRECTORS:

a) Composition and Responsibilities:

The Board of Directors is the apex body constituted by the Shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic directions, management policies and their effectiveness, and ensures that the Shareholders' long-term interests are being served. The Managing Director and the Executive Director are assisted by Managerial Personnel in overseeing the functional matters of the Company.

During the year, The Board of Directors of the Company comprised of 7 (Seven) Directors, which is an optimum mix of Executive, Non-Executive and Independent Directors [including 1 (One) Woman Director], diverse in terms of qualifications, competence, professional experience and expertise. [Matrix setting out the skills/ expertise/ competence of the Directors is placed on the website of the Company].

The composition of the Board of Directors as on 31st March, 2021 and as on the date of this Report is summarized below: -

31 st March, 2021	2 nd September, 2021
1. Mr. TVVSN Murthy [MD]	1. Mr. TVVSN Murthy [MD]
2. Mr. P Ramesh Babu – [NED]	2. Mr. TV Praveen – [ED]
3. Mr. TV Praveen – [ED]	3. Mr. Venkatasubbarao Potluri – [ID]
4. Mr. Venkatasubbarao Potluri – [ID]	4. Mr. P Sarath Kumar - [ID]
5. Mr. P Sarath Kumar - [ID]	5. Mr. Shravan Kudaravalli - [ID]
6. Dr. (Mrs.) Neelaveni Thummala – [ID]	6. Mrs. Sudeepthi Gopineedi – [ED]
7. Mr. Shravan Kudaravalli - [ID]	

***MD – Managing Director | NED – Non-Executive Director | ED – Executive Director | ID – Independent Director.**

Note:

- Mr. P Ramesh Babu resigned as “Non-Executive Director” w.e.f. 18th June, 2021 and Dr. (Mrs.) Neelaveni Thummala as “Independent Director” w.e.f. 2nd September, 2021.
- Mrs. Sudeepthi Gopineedi was appointed as Director w.e.f. 2nd September, 2021, in the “Executive Director” category.
- The present composition of the Board is in compliance with the requirements of Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with an optimum mix of Executive and Non-Executive Directors, with 50% of the Board as Independent Directors.
- Details of the Directors seeking Appointment / re-appointment at the ensuing Annual General Meeting is provided separately in Annexure I of this report.

The Board periodically reviews its composition to ensure compliance with the regulatory requirements and it is closely aligned with the strategic and long-term goals of the Company.

All the Independent Directors have declared that they meet the criteria of ‘Independence’ as required under the provisions of Section 149 of Companies Act, 2013 read with the provisions of Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board confirm that, in its opinion, the Independent Directors fulfil the conditions specified in the aforesaid provisions and are independent of the Management.

The responsibilities of the Board are to ensure compliance of all the applicable laws of the land, in letter as well as in spirit. Information as per Regulation 17(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has been placed before the Board for its consideration. The Board reviews material compliances of all extant laws applicable to the Company as affirmed by the Management.

The Weblink of “Terms and Conditions of appointment of Independent Directors”, “Remuneration criteria of Non-executive Directors” and “Familiarization Program for Independent Directors Policy” is provided in point no. 6(D) of the Directors Report.

None of the Directors on the Board holds the office of:

- i) Director in more than 20 companies or
- ii) Director in more than 10 public companies including private companies which are holding or subsidiaries of public companies or
- iii) Director of more than 7 listed companies or
- iv) Independent Director of more than 7 listed companies or
- v) Independent Director of more than 3 listed companies in case of director who is Whole time director of a listed company or
- vi) Memberships in Committees of the Board in more than 10 Audit Committees and Stakeholders Relationship Committees or
- vii) Chairmanship of more than 5 Audit Committees and Stakeholders Relationship Committees.

b) Number of meetings of the Board:

During the year, 4 (four) Board meetings were held on (i) 27th July, 2020, (ii) 21st August, 2020, (iii) 13th November, 2020 and (iv) 12th February, 2021; gap between any two meetings during the year under review, has been less than 120 days, except for the meeting held on 27th July, 2020 (previous meeting held on 14th February, 2020), in lieu of the extension granted by SEBI vide circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/106 dated 24th June, 2020, due to the continuing impact of the Covid19 pandemic.

Details of attendance of Directors at the Board Meetings and Annual General Meeting (AGM) held during the year are given below:

Name of the Director	Number of Board Meetings		Attendance at the last AGM held on 30 th September, 2020
	Eligible to attend	Attended	
Mr. TVVSN Murthy	04	04	Yes
Mr. P. Ramesh Babu	04	04	Yes
Mr. TV Praveen	03	03	Not Applicable
Mr. P. Sarath Kumar	04	04	Yes
Mrs. (Dr.) T. Neelaveni	04	04	Yes
Mr. Shravan Kudaravalli	04	03	Yes
Mr. Venkatasubbarao Potluri	04	04	Yes

**Mr. Shravan Kudaravalli was granted Leave of Absence in the meeting held on 12th February, 2021 and Mr. TV Praveen was appointed in the Board Meeting held on 21st August, 2020.*

c) Number of shares held by Directors as on 31st March, 2021:

Name of Directors	No. of Shares (%age)
Mr. TVVSN Murthy (including HUF)	7,07,224 (23.39%)
Mr. P. Ramesh Babu	2,40,190 (7.94%)
Mr. TV Praveen	46,262 (1.53%)
Mr. P. Sarath Kumar	-
Mrs. (Dr.) T. Neelaveni	-
Mr. Shravan Kudaravalli	-
Mr. Venkatasubbarao Potluri	-

The Company does not have any convertible instruments during the period under review.

- d) Names and categories of the Directors on the Board, also the number of directorship, committee memberships and committee chairmanship held by them in other companies are given below:

Name & Designation	Number of Directors in other company	Number of other committees		Names of Listed Companies in which Directorship is held and Category of Directorship*
		Chairman	Member	
Mr. TVVSN Murthy	2	-	2	SMS Pharmaceuticals Limited – NED**
Mr. P. Ramesh Babu	2	-	3	SMS Pharmaceuticals Limited - MD
Mr. TV Praveen	1	-	-	-
Mr. P. Sarath Kumar	1	1	3	SMS Pharmaceuticals Limited - ID
Mrs. (Dr.) T. Neelaveni	1	1	3	SMS Pharmaceuticals Limited - ID
Mr. Venkatasubbarao Potluri	-	-	-	-
Mr. Shravan Kudaravalli	3	1	2	SMS Pharmaceuticals Limited - ID

**MD – Managing Director | NED – Non-Executive Director | ED – Executive Director | ID – Independent Director.*

***Resigned from the Board of SMS Pharmaceuticals Limited w.e.f 28th May, 2021.*

Note:

- Excluding Private Limited Companies, Foreign Companies and Section 8 Companies.
- Only membership of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committees in other Public Companies, have been considered.

- e) **Disclosure of Relationship between Directors Inter-se:**

Mr. TVVSN Murthy, Mr. P Ramesh Babu and Mr. TV Praveen are promoter Directors of the Company. None of the other Directors have any inter-se relationship.

- f) **Directors with Materially Significant Related Party Transactions, Pecuniary or Business Relationship with the Company:**

During the year, except for drawing remuneration by the Managing Director and the Executive Director and payment of Sitting Fees to Independent Directors, none of the Directors have any other material significant Related Party Transactions, pecuniary or business relationship with the Company.

Remuneration paid to Key Managerial Personal (KMP) is provided separately in **Annexure X** forming part of this report. Attention of the Shareholders is drawn to the disclosures of transactions with Related Parties set out in Note No. 46 to the Standalone Financial Statements for the year ended 31st March, 2021, forming a part of the Annual Report.

g) Sitting Fees and Commission to the Non-Executive Directors:

All Non-Executive, Independent Directors were paid sitting fees for attending the Meetings of the Board of Directors and Committees thereof, the details of which for the year 2020-21 are as below:

Name of Directors	Board Meeting	Audit Committee Meeting	Nomination & remuneration Committee meeting	Corporate Social responsibility meeting	Stakeholders relationship committee meeting	Total
Mr. P. Ramesh Babu	-	-	-	-	-	-
Mr. P. Sarath Kumar	60,000	1,00,000	20,000	-	-	1,80,000
Mrs. (Dr.) T. Neelaveni	60,000	1,00,000	20,000	-	10,000	1,90,000
Mr. Venkatasubbarao Potluri	60,000	1,00,000	20,000	20,000	10,000	2,10,000
Mr. Shravan Kudaravalli	45,000	75,000	-	-	-	1,20,000
Total	2,25,000	3,75,000	60,000	20,000	20,000	7,00,000

No Commission was paid to Directors during the year 2020-21.

Criteria of making payments to Non-Executive Directors is hosted in the website of the Company (Weblink - <https://www.smslife.in/pdf/criteria-for-making-payment-to-non-executive-director.pdf>)

3. COMMITTEES CONSTITUTED BY THE BOARD OF DIRECTORS:

The Board has constituted Committees with specific terms of reference/scope to focus effectively on issues and ensure expedient resolution of diverse matters.

At present, the Company has the following Board Level Committees, namely:

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Corporate Social Responsibility Committee
- d. Stakeholders Relationship Committee

Composition of the Committees during the year:

Name of Director	Position in Committee (whether Chairperson / Member)			
	Audit Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee
Mr. TVVSN Murthy	-	Chairman	-	Member
Mr. P. Ramesh Babu	-	Member*	-	-
Mr. TV Praveen	-	Member**	-	-
Mr. P. Sarath Kumar	Chairman	-	Member	-
Mrs. (Dr.) T. Neelaveni	Member	-	Member	Chairman
Mr. Venkatasubbarao Potluri	Member	Member	Chairman	Member
Mr. Shravan Kudaravalli	Member	-	-	-

**ceased as member of CSR Committee pursuant to resignation from the Board of the Company w.e.f. 18th June, 2021 and*

***Mr. TV Praveen was appointed as member in CSR Committee thereof.*

Meeting of each committee is convened by the respective Chairman of the Committees, who also inform the Board about the summary of discussions held in the Committee Meetings; the Minutes of the Committee Meetings are also placed before the Board.

The Company Secretary & Compliance Officer attends all the Meetings of the Board and its Committees and is, inter alia, responsible for recording the Minutes of such Meetings. The draft Minutes of the Meetings of the Board and its Committees are sent to the Directors and Members for their comments in accordance with Secretarial Standard on (SS-1) and then, the Minutes are entered in the Minutes Book within 30 (Thirty) days of the conclusion of the respective Meetings, subsequent to incorporation of the comments, if any, received from the Directors.

Attendance Details of the Meetings of Committees during the year:

Name of the Meeting	Audit Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee
Meeting held	04	02	02	01
Attendance of Directors				
Mr. TVVSN Murthy	-	02	-	01
Mr. P. Ramesh Babu	-	02	-	-
Mr. TV Praveen	-	-	-	-
Mr. P. Sarath Kumar	04	-	02	-
Mrs. (Dr.) T. Neelaveni	04	-	02	01
Mr. Venkatasubbarao Potluri	04	02	02	01
Mr. Shravan Kudaravalli	03	-	-	-

Note:

- Leave of Absence was granted to Mr. Shravan Kudaravalli from attending the Audit Committee Meeting held on 12th February, 2021.

The Company complies with all the provisions of the Companies Act, 2013 read with the Rules framed thereunder, SS-1 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to convening and holding of the Meetings of the Board of Directors and its Committees.

a) AUDIT COMMITTEE:

Meeting of the Audit Committee:

There were 4 (four) Audit Committee Meetings held during the year 2020-21 on (i) 27th July, 2020, (ii) 21st August, 2020, (iii) 13th November, 2020 and (iv) 12th February, 2021; meetings were scheduled well in advance and gap between any two meetings has been less than 120 days except for the meeting held on 27th July, 2020 (previous meeting held on 14th February, 2020), in lieu of the extension granted by SEBI vide circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/106 dated 24th June, 2020, due to the continuing impact of the Covid19 pandemic.

Composition of Committee is as under:

In terms of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013, the Audit Committee comprised of the following 4 (four) Directors as Members as on 31st March, 2021:

Name and Designation	Category of member
Mr. P Sarath Kumar [<i>Chairman</i>]	Independent and Non-Executive Director
Mr. Shravan Kudaravalli [<i>Member</i>]	
Mr. Venkatasubbarao Potluri [<i>Member</i>]	
Mrs. (Dr.) T Neelaveni [<i>Member</i>]	

Terms of reference:

The terms of reference of the Audit Committee are wide and in line with the regulatory requirements mandated by Section 177 of the Companies Act, 2013 and Part C of Schedule II and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee *inter-alia*:

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of Auditors.
- Reviewing, with the Management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Modified opinion(s) in the draft audit report;
- Reviewing, with the Management, the Quarterly Financial Statements before submission to the Board for approval.
- Reviewing and monitoring the Auditor's independence and performance, and effectiveness of the audit process.
- Approval or any subsequent modification of transactions with Related Parties.
- To review the functioning of the whistle blower mechanism.
- Reviewing internal audit reports relating to internal control weaknesses.

All members of the Audit Committee possess the requisite qualification for appointment as Members on the Committee and also sound knowledge of finance, accounting practices and internal controls and the Chairman of the Audit Committee was present in the 14th AGM to answer the shareholder queries.

The representatives of the Statutory Auditors and the Internal Auditors are invited to attend the Audit Committee Meetings. They have attended all the Meetings during the year and have shared their observations to the Audit Committee.

b) NOMINATION AND REMUNERATION COMMITTEE:

Meeting of the Nomination and Remuneration Committee:

There were 2 (two) Nomination and Remuneration Committee Meetings held during the year 2020-21 on (i) 21st August, 2020 and (ii) 12th February, 2021; meetings were scheduled well in advance and requisite quorum was duly present.

Composition of Committee is as under:

In terms of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee, comprised of the following 3 (three) Directors as Members, as on 31st March, 2021:

Name and Designation	Category of member
Mr. Venkatasubbarao Potluri [Chairman]	Independent & Non-Executive Director
Mr. P Sarath Kumar [Member]	
Mrs. (Dr.) T Neelaveni [Member]	

Terms of reference:

The terms of reference of the Nomination and Remuneration Committee are in conformity with the regulatory requirements mandated by Section 178 of the Companies Act, 2013 and Part D of Schedule II and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Nomination and Remuneration Committee *inter-alia*:

- Identify and formulate the criteria for determining qualifications, positive attributes for being appointed as Director, KMP and senior management.
- Recommend the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees and while formulating the policy ensure that:
 - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:
- Formulation of criteria for evaluation of Independent Directors and the Board.

As per the Nomination, Remuneration and Evaluation policy of the Company, the Independent Directors of the Company are evaluated based on criteria such as highest personal and professional ethics, integrity, values and independence, contribution to Board deliberation, willingness to devote sufficient time to carry out the duties and responsibilities effectively including attendance at the meetings, act in the best interest of minority

shareholders of the Company etc. The Evaluation Policy is formulated by the Nomination and Remuneration Committee and approved by the Board and is available in the website of the Company (Weblink - <https://www.smslife.in/pdf/policy-for-evaluation-of-the-performance-of-the-board-of-directors.pdf>).

The details of remuneration of Directors and Criteria of making payments to Non-Executive Directors are given in disclosures forming part of this Report.

c) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Meeting of the Corporate Social Responsibility Committee:

There were 2 (two) Corporate Social Responsibility Committee Meetings held during the year 2020-21 on (i) 21st August, 2020 and (ii) 12th February, 2021; meetings were scheduled well in advance and requisite quorum was duly present.

Composition of Committee is as under:

In terms of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee, comprised of the following 3 (three) Directors as Members:

Name	Category of member
Mr. TVVSN Murthy [<i>Chairman</i>]	Promoter & Executive Director
Mr. Venkatasubbarao Potluri [<i>Member</i>]	Independent & Non-Executive Director
Mr. P Ramesh Babu [<i>Member</i>]*	Promoter & Non-Executive Director
Mr. TV Praveen [<i>Member</i>]**	Promoter & Executive Director

**Resigned w.e.f. 18th June, 2021.*

***Appointed by the Board of Director on 18th June, 2021*

Terms of reference:

The terms of reference of the Corporate Social Responsibility Committee are in conformity with the regulatory requirements mandated by Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Corporate Social Responsibility Committee *inter-alia*:

- To formulate and recommend to the Board of Directors, the CSR Policy, indicating the CSR activities to be undertaken;
- To recommend the amount of expenditure to be incurred on the CSR activities;
- To monitor the CSR Policy and its implementation by the Company from time to time;
- To constitute a transparent monitoring mechanism for implementation of CSR projects or programmes or activities undertaken by the Company;
- To review, approve and sign the Annual Report on CSR to be annexed to the Board's Report; and
- To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Act and the Rules framed thereunder.

The new CSR policy of the Company as adopted pursuant to Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 is available in the website of the Company (Weblink - <https://www.smslife.in/pdf/Corporate%20Social%20Responsibility%20Policy.pdf>).

Pursuant to Section 135(5) of the Companies Act, 2013, an amount of 2 percent of the average Net Profits of the Company made during the three immediately preceding financial years, which works out to ₹ 37 lakhs is to be spent towards Corporate Social Responsibility Activities during the year 2021-22.

d) STAKEHOLDERS' RELATIONSHIP COMMITTEE:

Meeting of the Stakeholders' Relationship Committee:

There were 1 (one) Stakeholders' Relationship Committee Meeting held during the year 2020-21 on 27th July, 2020; meetings were scheduled well in advance and requisite quorum was duly present.

Composition of Committee is as under:

In terms of Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Act, the Stakeholders' Relationship Committee, during the year ended 31st March, 2021, comprised of the following 3 (three) Directors as Members:

Name	Category of member
Mrs. (Dr.) T Neelaveni [Chairman]	Independent & Non-Executive Director
Mr. Venkatasubbarao Potluri [Member]	Independent & Non-Executive Director
Mr. TVVSN Murthy [Member]	Promoter & Executive Director

Compliance Officer: Mr. Trupti Ranjan Mohanty, Company Secretary (cs@smslife.in)

Terms of Reference:

The terms of reference of the Stakeholders' Relationship Committee are in conformity with the regulatory requirements mandated by Section 178 of the Companies Act, 2013 and Regulation 20 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Stakeholders' Relationship Committee *inter-alia*:

- Approves and monitors transfers, transmission, splitting and consolidation of securities, issue of share certificate upon rematerialisation requests and issue of duplicate share certificates;
- Looks into various issues relating to shareholders including redressal of complaints relating to transfer of shares, non-receipt of annual reports and dividends, among others;
- Ensures compliance of the Code of Conduct for prevention of Insider Trading formulated by the Company as per the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The details of Investor Complaints during the year 2020-21 are as following:

Complaints outstanding as on 1 st April, 2020	-
(+) Complaints received during the Financial Year ended 31 st March, 2021	01
(-) Complaints resolved during the Financial Year ended 31 st March, 2021	01
Complaints outstanding as on 31 st March, 2021	-

There are no pending share transfers as on 31st March, 2021.

4. MEETING OF INDEPENDENT DIRECTORS:

In terms of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ½ (half) of the composition of the Board of Directors as on 31st March, 2021 as well as on the date of approval of the report, consists of Independent Directors.

During the year under review, 1 (One) Meeting of the Independent Directors was held on 12th February, 2021. All the Independent Directors were present at the Independent Directors' Meeting.

The Independent Directors, inter alia, discussed the following:

- Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
- Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All Independent Directors of the Company are provided with necessary documents, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, business strategy and risks involved. Quarterly updates on relevant statutory changes covering important applicable laws are discussed at the Meetings of the Board of Directors.

5. GENERAL MEETINGS AND POSTAL BALLOT:

- a) **Location, date and time of the Annual General Meetings of the Company held during the preceding 3 (three) years and the Special Resolution(s) passed thereat are as follows:**

AGM	Financial year	Date	Time	Venue	Special resolution
14	2019-20	30.09.2020	3.00 pm	Video Conferencing (VC)	<ul style="list-style-type: none"> ▪ Appointment of TV Praveen as Executive Director ▪ Ratification and Approval of Related Party Transactions ▪ Approval of remuneration payable to TVVSN Murthy for remaining term.
13	2018-19	30.09.2019	11.30 am	JRC Conventions, Jubilee Hills	<ul style="list-style-type: none"> ▪ Appointment of TV Praveen as Senior Vice President ▪ Ratification and Approval of Related Party Transactions
12	2017-18	20.08.2018	4.00 pm	International Centre, Jubilee Hills	<ul style="list-style-type: none"> ▪ Ratification and Approval of Related Party Transactions

- b) **Postal Ballot Resolution:**

No Postal ballot resolution was passed during the year ended 31st March, 2021 and No proposal of special resolution required as postal ballot in the ensuing Annual General Meeting.

- c) **Details of Extra-Ordinary General Meetings held during the year: Nil**

6. GENERAL SHAREHOLDER INFORMATION:

15 th Annual General Meeting through video conferencing (VC)	
Date	: Thursday, 30 th September, 2021
Time	: 3.00 pm
Deemed Venue	: Registered office: Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad – 500096
Financial Year	: 1 st April, 2020 to 31 st March 2021
Date of book closure	: 22 nd September, 2021 to 30 th September, 2020
Dividend payment date	: Within 30days of AGM (i.e., 30 th October, 2021)
The equity shares of ₹ 10/-each of the Company are listed on	: National Stock Exchange of India Limited (NSE) Regd Office : “Exchange Plaza”, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India BSE Limited (BSE) New Trading Ring, Rotunda Building, P.J Towers, Dalal Street, Fort, Mumbai - 400 001, Maharashtra, India
Listing fee	: The annual listing fees have been paid to the above exchanges and there is no outstanding payment towards the exchanges, as on date.
Payment of Depository Fees	: Annual Custody / Issuer Fee for the year 2020-21 has been paid by the Company to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
Equity shares’ stock code / symbol	: BSE Code : 540679 NSE Symbol : SMSLIFE
ISIN of Company’s equity shares	: INE320X01016
Corporate Identification Number (CIN)	: L74930TG2006PLC050223

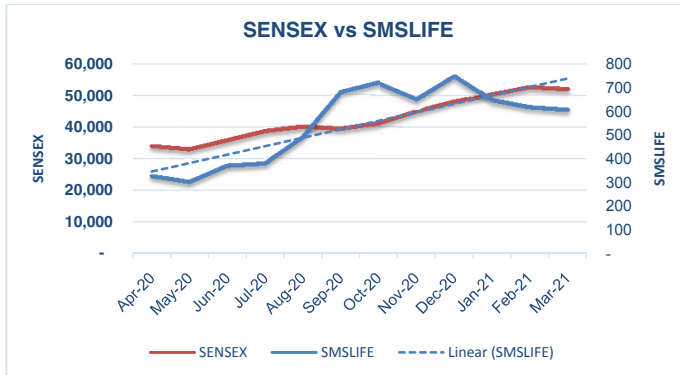
7. MARKET PRICE DATA:

Tables below, gives the monthly high and low prices and volumes of Equity Shares of the Company at BSE and the NSE for the year ended 31st March, 2021:

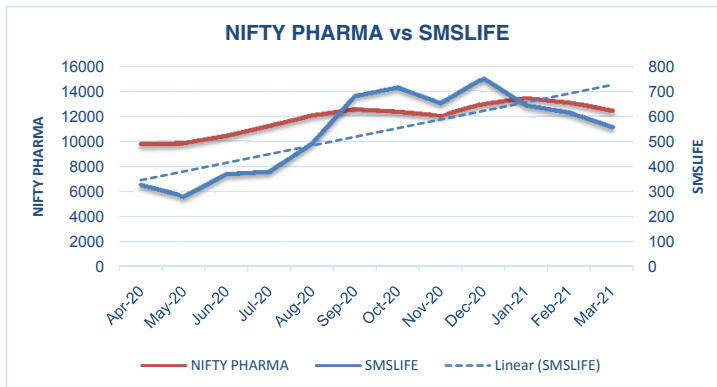
Month	BSE			NSE		
	High	Low	Total traded	High	Low	Total traded
Apr 20	324.50	171.00	34,296	323.05	167.05	4,51,000
May 20	300.00	209.30	6,367	279.10	214.95	89,000
June 20	367.00	263.05	58,174	367.00	258.05	7,31,000
July 20	376.00	280.05	54,757	376.00	295.15	6,95,000
Aug 20	489.00	330.50	1,24,895	490.00	331.00	10,69,000
Sept 20	676.95	424.65	1,59,534	678.85	437.35	4,32,000
Oct 20	716.65	572.00	21,006	712.40	581.10	1,76,000
Nov 20	650.00	545.45	21,251	650.85	545.00	2,42,000
Dec 20	746.00	540.00	35,121	749.90	560.00	5,39,000
Jan 21	645.00	535.05	1,62,88	644.00	537.85	1,25,000
Feb 21	615.95	516.70	11,598	615.50	525.05	64,000
Mar 21	605.00	470.10	20,930	556.90	469.75	78,000

8. PERFORMANCE OF THE COMPANY'S SHARE PRICE WITH BSE SENSEX AND NSE NIFTY PHARMA:

- Performance of the Company's share price at BSE in comparison with BSE Sensex:



- Performance of the Company's share price at NSE in comparison with NSE Nifty-Pharma:



Registrar and Transfer Agents and contact person thereat	M/s Aarthi Consultants Private Limited Domalguda, Hyderabad - 500029 Email: info@aarthiconsultants.com
Address for correspondence at the Company / Registered Office	SMS Lifesciences India Limited Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya VidyaBhavan Public School, Hyderabad – 500096
Compliance Officer and contact person at the Company	Company Secretary Email: cs@smslife.in Website: www.smslife.in

9. SHARE TRANSFER SYSTEM:

- 99.65% of the shares of the Company are held in dematerialised form.
- Transfers of these dematerialised shares are done through the depositories with no involvement of the Company.

- With regard to transfer of shares held in physical form, the transfer documents can be lodged with the Registrar and Share Transfer Agent of the Company. Transfers of shares in physical form are normally processed within 15 days from the date of receipt, if documents are complete in all respects.

10. DISTRIBUTION OF SHAREHOLDING:

a) Class-wise distribution of equity shares as on 31st March, 2021

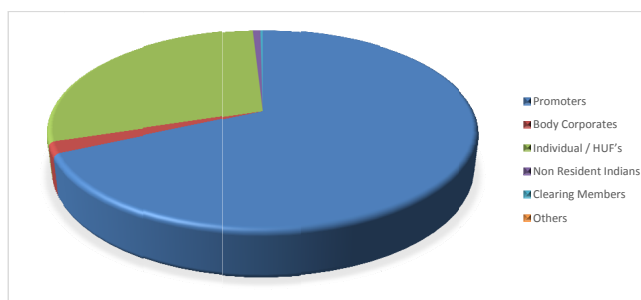
Category (Amount)	Shareholders	Shareholders %	Total shares	Total Amount	Total %
1-5000	9,289	97.11	3,03,947	30,39,470	10.05
5001-10000	118	1.23	85,539	8,55,390	2.83
10001-20000	62	0.65	84,897	8,48,970	2.81
20001-30000	25	0.26	64,444	6,44,440	2.13
30001-40000	11	0.12	36,872	3,68,720	1.22
40001-50000	10	0.10	45,514	4,55,140	1.51
50001-100000	32	0.33	2,32,600	23,26,000	7.69
100001 & Above	18	0.19	21,69,474	2,16,94,740	71.76
Total:	9,565	100.00	30,23,287	3,02,32,870	100.00

The details given above are as per BENPOS received from M/s Aarathi Consultants Private Limited, Registrar and Share Transfer Agent as on 31st March, 2021.

b) Shareholding Pattern as on 31st March, 2021:

Category	No of shareholders	No of share	% to equity
Promoters	17	20,63,641	68.26
Body Corporates	62	55,861	1.85
Individual / HUF's	9,315	8,76,429	28.99
Non Resident Indians	135	20,492	0.68
Clearing Members	34	6,786	0.22
Others	2	78	0.00
Total	9,565	30,23,287	100.00

The details given above are as per BENPOS received from M/s Aarathi Consultants Private Limited, Registrar and Share Transfer Agent as on 31st March, 2021.



11. DEMATERIALISATION OF SHARES AND LIQUIDITY:

Shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialisation form.

The entire Promoter's holdings are in electronic form and the same is in line with the direction issued by SEBI. The Equity shares of the Company have been admitted for Demat with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The ISIN Number allotted to the Company is INE320X01016.

Shareholders can avail the Demat facility and get their shares in the physical form dematted. Shareholders are advised to Demat their holdings at the earliest. The status of shares held in dematerialised and physical forms as on 31st March, 2021 are given below:

Particulars	No. of shares	%age
NSDL	8,13,342	26.90
CDSL	21,99,485	72.75
Physical	10,460	0.35
Total	3,02,3287	100.00

12. PLANT LOCATION:

Unit 1:

Sy. No. 180/2, Kazipally (V) Jinnaram Mandal,
Sanga Reddy Dist. 502 319, - Telangana, India
Phone : 08458277067 / 68
Email : admin_unit1@smslife.in

Unit 4:

Phase-1, Plot No.66/B-2 IDA Jeedimetla,
Medchal Malkajgiri District, Hyderabad-500 090,
Telangana, India
Phone : 040-23095233 Fax : 040-23735639
Email : warehouse_unit4@smslife.in

13. SCORES:

SEBI has initiated a platform for redressing the investor grievances through SCORES, a web based complaints redressal system. The system processes complaints in a centralized web based mechanism. Company has registered in the Scores platform.

During the year under review, the Company has not received any compliant through scores.

14. RECONCILIATION OF SHARE CAPITAL AUDIT:

The Company conducts a Reconciliation of Share Capital Audit (RSCA) on a quarterly basis in accordance with requirements of SEBI (Depositories and Participants) Regulations, 2018 and SEBI Circular No. D&CC/FITTC/ Cir-16/2002 dated 31st December, 2002. CSB Associates, Practicing Company Secretaries were assigned to conduct such an audit.

RSCAR which was submitted to the stock exchange(s) within the stipulated period, inter-alia certifies that the Company's equity shares held in the dematerialised form and in the physical form confirm with the issued and paid-up equity share capital of the Company.

15. SECRETARIAL COMPLIANCE CERTIFICATE:

- As per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015, Company has obtained the Secretarial Compliance Certificate on half yearly basis from CSB Associates, Practicing Company Secretaries, to the effect that there was no such instance of transfer of shares or issue of duplicate share certificates. The said certificate was submitted with the stock exchange(s).
- A half yearly Compliance Certificate duly signed by the Compliance officer of the company and the authorized representative of the Registrar and Share Transfer agent (RTA), with a confirmation that all activities of share transfer facility (both physical and electronic) are maintained by RTA, registered with the SEBI, is also filed with the Stock Exchange(s).

16. REPORTING AS PER PARA F OF SCHEDULE V OF THE LISTING REGULATIONS:

Shares in suspense account as on 01.04.2020	:	17
Request for transfer from suspense account	:	Nil
Shares transferred from suspense account	:	Nil
Transferred to IEPF	:	Nil
Shares in suspense account as on 31.03.2021	:	17

17. COMPLIANCES REGARDING INSIDER TRADING

The Company had in place a 'Code of Conduct for Prevention of Insider Trading' and 'Code of Fair Disclosures', in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The codes referred above are placed on the Company's website www.smslife.in. The said codes were adhered during the year under review.

18. MEANS OF COMMUNICATION

▪ Quarterly results:

The Quarterly, half-yearly and Annual Results of the Company's performance are sent to the Stock Exchange(s) and published in the newspaper as under:

Quarter	English Daily	Telugu Daily	Date
1.	Financial Express	Andhraprabha	29.07.2020
2.	Financial Express	Andhraprabha	22.08.2020
3.	Financial Express	Andhraprabha	14.11.2020
4.	Financial Express	Andhraprabha	13.02.2021

Results are displayed at the website of the Company at <https://www.smslife.in/financials.php>

▪ Annual Results:

The Audited Annual Results forms part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting. The Company also informs by way of intimation to the Stock Exchange(s) and placing the same on its website.

Corporate Governance Report, Shareholding pattern along with other Price sensitive information, which in the opinion of Board are material and of relevance to the members are informed to the Stock Exchange(s) and hosted in the website of the Company (www.smslife.in).

19. OTHER DISCLOSURES

a) **Related Party Transactions:**

Transactions, whether material or not, with related parties are placed before the Audit Committee, Board and Shareholders in General Meetings, for approval and ratification. During the year under review there was significant material related party transactions as per Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 as mentioned in the point no 21 of the Directors report. There were no such other materially significant transactions made by the Company with its Promoters, Directors or the management and subsidiaries or relatives, among others, that may have potential conflict with the interests of the Company at large. Related party disclosures are given in the Notes on Accounts and Form AOC-2 attached to Director's Report.

b) **Non Compliance / penalty:**

There were no instances of non-compliance by the Company and no penalties or strictures were imposed by Stock Exchange(s) or SEBI or any statutory authority on any matter related to Capital Markets, during the last three years. The Company's shares were not suspended from trading during the year under review.

c) **Establishment of vigil mechanism:**

The Company has established a Vigil Mechanism/ Whistle Blower Policy for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Vigil Mechanism provides for adequate safeguards against victimization of Directors/ employees who blows the whistle and to provide direct access to the Chairman of the Audit Committee in exceptional cases.

- No employee is denied the opportunity to meet the Chairman of the Audit Committee.
- Other required details are duly provided in the Board's Report of this Annual Report.

d) **Discretionary Requirements**

The Company has also complied with Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 as under:

- The Board:** Since the Company doesn't have a full time / permanent Executive or Non-Executive chairman, the requirement regarding fees payable to non-executive Chairman is not applicable.
- Reporting of Internal Auditor:** Internal Auditor of the company directly reports to the Audit Committee.
- Un-Modified opinion(s) in Audit Report:** The Company confirms that the financial statements are with unmodified audit opinion.

Details of compliance with mandatory requirements are provided separately in this Report.

e) **Web-link of Policies of the Company:** <https://www.smslife.in/policies.php>

f) **Disclosure of commodity price / foreign exchange risks and hedging activities:**

Not Applicable as your Company is a net exporter.

g) **Utilization of funds:** During the year the company has not raised any funds through preferential allotment or QIP as specified under Regulation 32 (7A) of Listing Regulations.

h) Outstanding GDRs or ADRs or Warrants or Convertible Instruments:

There were no Outstanding Global Depository Receipts or American Depository Receipts or Warrants or any convertible instruments during the year 2020-21.

i) Compliance of Corporate Governance:

The Company is in compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and the same has been regularly submitting to the stock exchange(s) as required under Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

- Board takes note of the same on quarterly basis in the respective next Meetings
- Certificate from the Statutory Auditors on compliance of Corporate Governance is enclosed along with this Report.
- Certificate from CSB Associates, Practicing Company Secretary has been obtained stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company by SEBI or MCA or any such statutory authority, is attached to this report.

j) Recommendation of Sub-committee:

The Board had accepted all recommendations or submissions of all the sub-committees of the Board which were mandatorily required for the approval of the Board, in the year 2020-21.

k) Consolidated Fees to Statutory Auditors:

Company has paid the following fees to M/s Rambabu & Co. during the year 2020-21:

SMS Lifesciences India Limited	₹ 12 lakhs
Mahi Drugs Private Limited	₹ 3 lakhs
Consolidated fees paid	₹ 15 lakhs

l) Disclosures in relation to the Sexual Harassment: Details provided in point no. 27 of the Directors' Report.

m) Credit Ratings: Details provided in point no. 22 of the Directors' Report.

n) Code of Conduct:

The Board of Directors adopted the Code of Conduct as per the provisions under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. The same has been posted on the Company's website (Weblink - <https://www.smslife.in/pdf/code-of-conduct-for-board-and-senior-management.pdf>).

- Board members and senior management personnel affirmed compliance with the Code.
- Declaration to this effect signed by Managing Director is attached to this Report.

o) Material Non-Listed Subsidiary Company:

Your Company does not have material subsidiary Company whose turnover or net worth (i.e., Paid-up capital and free reserves) exceeds 10% (ten per cent) of the consolidated turnover or net worth respectively of the Company and its subsidiary in the immediate preceding accounting year.

The Audited Annual Financial Statements of the Wholly-owned subsidiary (Mahi Drugs) is tabled at the Board Meeting. Copies of the Minutes of the Board Meetings of Mahi Drugs is given to all the Directors and are tabled at the subsequent Board Meetings. Your Company has not formulated any Policy for determining the Material Subsidiaries as defined in Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as Company has only 1 (one) Wholly-owned Subsidiary.

By Order of the Board
For SMS Lifesciences India Limited

Date: 02.09.2021
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

DECLARATION BY MANAGING DIRECTOR WITH RESPECT TO COMPLIANCE WITH CODE OF CONDUCT OF THE COMPANY

As provided under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V of the said regulations, this is to confirm that all the Members of the Board and the Senior Management have affirmed compliance with the Code of Conduct for the year ended 31st March, 2021.

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 02.09.2021

TVVSN Murthy
Managing Director
DIN: 00465198

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
SMS Lifesciences India Limited

We have examined the compliance of conditions of Corporate Governance by M/s SMS Lifesciences India Limited ('the Company') for the year ended 31st March, 2021, as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the Listing Regulations. It is neither an audit nor an expression of opinion on Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations, made by the Directors and the Management we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which Management has conducted the affairs of the Company.

UDIN: 21026548AAAAJE5524

For Rambabu & Co.
Chartered Accountants
Firm Regn no. 0029765

Place: Hyderabad
Date: 02.09.2021

GVL Prasad
Partner
Memb no. 026548

COMPLIANCE CERTIFICATE

[Pursuant to Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015

- A) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2021 and that to the best of our knowledge and belief:
- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) We confirm that to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended on 31st March, 2021 which are fraudulent, illegal or violative of the Company's code of conduct.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify these deficiencies commensurate with the size of the organization.
- D) We have indicated to the auditors and the Audit committee.
- 1) significant changes in internal control over financial reporting during the said financial year;
 - 2) significant changes in accounting policies during the said financial year and that the same have been disclosed in the notes to the financial statements; and
 - 3) there are no instances of fraud of which we have become aware and the involvement thereof by the Management or an employee having a significant role in the Company's internal control system over financial reporting.

For SMS Lifesciences India Limited

Date: 02.09.2021
Place: Hyderabad

N. Rajendra Prasad
Chief Financial Officer

TVVSN Murthy
Managing Director
(DIN: 00465198)

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION,
FOREIGN EXCHANGE EARNINGS AND OUTGO:**

[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

i. Conservation of Energy

Steps taken or impact on conservation of energy:

At all its manufacturing plants, the Company has a relentless focus on environmental sustainability and has adopted several measures for conservation of energy. During the year the Company has implemented energy conservation equipment in its Kazipally unit. Some of them are:

- Installed Energy meter to record total energy consumption of the Utility at 11 kV incoming feeder, which is under the control of TSSPDCL and also installed energy meters capable of measuring instantaneous and totalised energy consumption at 11kv/433v switch yard.
- Equipped with 12 no's of chillers to meet air conditioning and Refrigeration & process requirements in the Facility.
- Installed one online Chiller Condenser Automatic Tube Cleaning System that would cater to all water-cooled chillers in the plant.
- Having 15 cooling towers of induced draft type namely CT-01 to CT-15 to cool the chiller condenser, RT cooling in the process areas.
- Regular monitoring of high energy consumption areas and taking appropriate measures as and when required.
- Implemented energy efficient LED lighting for outdoor and part of indoor lighting.
- All efforts are made to use more natural lights in the premises to optimise the consumption of energy.

Steps taken by the company for utilising alternate sources of energy: The Company evaluates all possibilities of utilizing alternate sources of energy in its operations, wherever possible.

Capital investment on energy conservation equipment: The Company has spent ₹ 114.95 Lakhs on energy conservation equipment.

ii. Technology absorption:

- Company regularly monitors the technical advancements which can help in reducing cost and make the existing processes more eco-friendly and result in minimization of environmental hazards.
- The benefits derived from these efforts would be product improvement, cost reduction, and sustainable development.
- No technology was imported by the Company during the year under review.
- During the year, The Company has not made any expenditure on research and development related to technology absorption.

iii. Foreign Exchange earnings and outgo

(₹ in lakhs)

Particulars	2021	2020
Earnings:		
FOB value of Exports	8,041.26	8,682.43
Outgo:		
Sales Commission	64.78	69.22
Travelling Expenses	-	0.24
CIF value of Imports	4,294.24	4,831.64

By Order of the Board
For SMS Lifesciences India Limited

Date: 02.09.2021
Place: Hyderabad

TVVSN Murthy
Managing Director

INDEPENDENT AUDITORS' REPORT

To the Members of

SMS Lifesciences India Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone Ind AS financial statements of SMS Lifesciences India Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information. (here in referred as "the standalone Ind AS financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit 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 Standalone Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current year. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No.	Key Audit Matter	Auditor's Response
1	Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers".	<p>Principal Audit Procedures</p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.

Sr. No.	Key Audit Matter	Auditor's Response
		<ul style="list-style-type: none"> • Selected a sample of continuing and new contracts and performed the following procedures: <ol style="list-style-type: none"> 1. Read, analysed and identified the distinct performance obligations in these contracts. 2. Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the standalone Ind AS financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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 Companies Act, 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

- (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 standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting with reference to standalone Ind AS 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 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 has disclosed the impact of pending litigations as at 31st March, 2021 on its financial position in its Standalone Ind AS financial statements as referred to in note 47 to the Standalone Ind AS financial statements.
 - ii. The Company did not have material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund for the year ending 31st March, 2021.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 and schedule V of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

Place: Hyderabad
Date: 18.06.2021

for **Rambabu & Co.**,
Chartered Accountants
Reg. No.002976S

UDIN: 21026548AAAAFU5719

GVL Prasad
Partner
M. No. 026548

“Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the standalone Ind AS financial statements of the Company for the year ended March 31, 2021:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner. In our opinion the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to information and explanations given by the management, the title deeds/lease deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- 2) In respect of Inventories:
 - a) As explained to us the inventories have been physically verified during the year by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and nature of its business.
 - c) In our opinion and according to the information and explanations given to us the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- 3) (a) The Company has given corporate guarantee to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act.
- b) In our opinion, the terms and conditions on which corporate grantee given are not prima facie prejudicial to the interest of the company.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence 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 Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government of India under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2021 for a period of more than six months from the date on when they become payable.

- b) According to the information and explanation given to us, there are no dues of income tax, Goods and Service Tax outstanding on account of any dispute except the following:

S. No	Name of the Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs.lacs)	Amount Unpaid (Rs.lacs)
1	AP Non Agricultural Land (Conversion for Non Agriculture Purpose) Act, 2006	Nala Tax		Demand Raised in the year 2012-13	22.50	22.50
2	Employees Provident Fund and Miscellaneous Provisions Act, 1952	Interest on Provident Fund	NCLT Hyderabad	December,1999 to December, 2007	7.52	7.52
3	Income Tax Act, 1961	Income Tax	Erstwhile BIFR	1988-89 to 2004-05	75.07	75.07
4	Income Tax Act, 1961	Interest on above	Erstwhile BIFR	1988-89 to 2019-20	147.27	129.26

- c) In our opinion there are no amounts required to be transferred to Investor Education and Protection Fund by the company.

- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions or banks. The Company has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

Place: Hyderabad
Date: 18.06.2021

for **Rambabu & Co.,**
Chartered Accountants
Reg. No.002976S

UDIN: 21026548AAAAFU5719

GVL Prasad
Partner
M. No. 026548

“Annexure B” to the Independent Auditor’s Report

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

We have audited the internal financial controls over financial reporting of SMS Lifesciences India Limited (“the Company”) as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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 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 judgment, including the assessment of the risks of material misstatement of the standalone 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 over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

Place: Hyderabad
Date: 18.06.2021

UDIN: 21026548AAAAFU5719

for **Rambabu & Co.,**
Chartered Accountants
Reg. No.002976S

GVL Prasad
Partner
M. No. 026548

Standalone Balance Sheet as at 31st March, 2021

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Sl. No.	Particulars	Note	as at 31 st March, 2021	as at 31 st March, 2020
I ASSETS				
1 Non-Current Assets				
(a)	Property, Plant and Equipment	4	10,028.68	9,344.45
(b)	Right-of-use Assets	5A	39.89	86.95
(c)	Capital Work-in-Progress	4	315.58	246.80
(d)	Intangible Assets	6	14.46	18.29
(e)	Financial Assets			
(i)	Investments	7	2,581.40	2,581.40
(ii)	Bank Balances	8	97.27	-
(iii)	Other Financial Assets	9	217.51	217.48
(f)	Other Non-Current Assets	10	336.73	278.58
	Total		13,631.52	12,773.95
2 Current Assets				
(a)	Inventories	11	5,876.12	6,104.56
(b)	Financial Assets			
(i)	Trade Receivables	12	2,999.43	2,202.24
(ii)	Cash and Cash Equivalents	13	846.35	65.44
(iii)	Bank Balances other than (ii) above	14	43.84	164.60
(c)	Other Current Assets	15	3,776.92	1,583.85
	Total		13,542.66	10,120.69
	Total Assets		27,174.18	22,894.64

(Contd.)

Standalone Balance Sheet (Contd.)

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Sl. No.	Particulars	Note	as at 31 st March, 2021	as at 31 st March, 2020
II EQUITY AND LIABILITIES				
1 EQUITY				
(a)	Equity Share Capital	16	302.33	302.33
(b)	Other Equity	17	12,331.32	11,023.24
	Total		12,633.65	11,325.57
2 LIABILITIES				
A Non-Current Liabilities				
(a)	Financial liabilities			
(i)	Borrowings	18	2,162.81	2,366.54
(ii)	Lease Liabilities	5B	47.77	93.59
(b)	Other Non Current Liabilities.	19	600.00	-
(c)	Provisions	20	292.86	259.06
(d)	Deferred Tax Liabilities (Net)	21	985.71	873.38
	Total		4,089.15	3,592.57
B Current Liabilities				
(a)	Financial Liabilities			
(i)	Borrowings	22	2,019.86	2,095.96
(ii)	a. Trade Payables - MSME	23	26.57	20.68
	b. Trade Payables Otherthan MSME	23	5,607.29	4,010.12
(iii)	Other Financial Liabilities	24	1,025.47	1,092.30
(b)	Provisions	20	81.88	82.92
(c)	Other Current Liabilities	25	1,605.63	631.82
(d)	Current Tax Liabilities (Net)	26	84.68	42.70
	Total		10,451.38	7,976.50
	Total Liabilities		14,540.53	11,569.07
	Total Equity and Liabilities		27,174.18	22,894.64
	Significant Accounting Policies	3		

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

as per our report of even date

for **RAMBABU & CO**

Chartered Accountants

FRN 002976S

G.V.L. PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 18th June, 2021

for and on behalf of the Board

SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

T V PRAVEEN
Executive Director
DIN: 08772030

N. RAJENDRA PRASAD
Chief Financial Officer
M.No.026567

Standalone Statement of Profit and Loss for the Year Ended 31st March, 2021

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Sl. No.	Particulars	Note	Current Year 2020-21	Previous Year 2019-20
1	Income			
	Revenue from Operations	27	26,025.55	25,692.42
	Other Income	28	133.28	188.31
	Total Income		<u>26,158.83</u>	<u>25,880.73</u>
2	Expenses			
	Cost of Materials Consumed	29	13,775.91	15,575.16
	Changes in Inventories	30	190.08	629.28
	Manufacturing Expenses.	31	4,665.83	3,755.92
	Employee Benefits Expense	32	2,711.04	2,327.02
	Finance Costs	33	450.02	508.88
	Depreciation and Amortization Expense	34	721.33	724.39
	Other Expenses	35	1,709.18	1,026.31
	Total Expenses		<u>24,223.39</u>	<u>24,546.96</u>
3	Profit Before Tax (1-2)		1,935.44	1,333.77
4	Tax Expense			
	(a) Current Tax			
	(i) relating to Current Year		525.00	325.00
	(ii) relating to Earlier Year	36	(22.31)	4.61
	(b) Deferred Tax		115.92	89.43
	Total Taxes		<u>618.61</u>	<u>419.04</u>
5	Profit for the Year (3-4)		<u>1,316.83</u>	<u>914.73</u>
	Other Comprehensive Income/(Loss)			
	Items that will not be reclassified to Profit/(Loss)			
6	Remeasurement Gain/(Loss) of the defined benefit plans	37	(12.35)	(45.63)
7	Income Tax effect on the above		(3.60)	(13.28)
8	Other Comprehensive Income /(Loss) After Tax for the year (6-7)		(8.75)	(32.35)
9	Total Comprehensive Income/(Loss) for the Year (5+8)		<u>1,308.08</u>	<u>882.38</u>
10	Earnings per Share (Face Value of Rs.10 each)			
	Basic/Diluted	38	43.56	30.26
	Significant Accounting Policies	3		

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

as per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

G.V.L. PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 18th June, 2021

for and on behalf of the Board

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

TRUPTI R MOHANTY

Company Secretary

M.No. 60358

T V PRAVEEN

Executive Director

DIN: 08772030

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Standalone Statement of Changes in Equity for the Year Ended 31st March, 2021

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

a. Equity Share Capital

Particulars	as at 31 st March, 2021		as at 31 st March, 2020	
	Number of Shares	Amount	Number of Shares	Amount
At the Beginning of the Year	3,023,287	302.33	3,023,287	302.33
Changes in Equity Share Capital	-	-	-	-
At the End of the Year	3,023,287	302.33	3,023,287	302.33

b. Other Equity

Particulars	Capital Reserve	General Reserve	Retained Earnings	Total Other Equity
Balance as at 01st April, 2019	1.00	6,516.02	3,678.51	10,195.53
Profit for the Year	-	-	914.73	914.73
Payment of Dividend	-	-	(45.35)	(45.35)
Dividend Tax	-	-	(9.32)	(9.32)
Other Comprehensive Income for the Year, net of Income Tax	-	-	(32.35)	(32.35)
Total Comprehensive Income for the Year	-	-	827.71	827.71
Balance as at 31st March, 2020	1.00	6,516.02	4,506.22	11,023.24
Balance as at 01st April, 2020	1.00	6,516.02	4,506.22	11,023.24
Profit for the Year	-	-	1,316.83	1,316.83
Other Comprehensive Income for the Year, net of Income Tax	-	-	(8.75)	(8.75)
Transfer from Retained Earnings	-	100.00	-	100.00
Transferred to General Reserve	-	-	(100.00)	(100.00)
Total Comprehensive Income for the Year	-	100.00	1,208.08	1,308.08
Balance as at 31st March, 2021	1.00	6,616.02	5,714.30	12,331.32

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

as per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

G.V.L. PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 18th June, 2021

for and on behalf of the Board

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

TRUPTI R MOHANTY

Company Secretary

M.No. 60358

T V PRAVEEN

Executive Director

DIN: 08772030

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Standalone Statement of Cash Flow for the Year Ended 31st March, 2021

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
A. Cash Flow from Operating Activities		
Profit before Tax	1,935.44	1,333.77
Adjustments for:		
Depreciation and amortisation expense	721.33	724.39
Interest Income classified as Investing Cash Flows	(12.07)	(11.55)
Allowance for Doubtful Debts	(11.66)	7.56
Interest on Non Current Borrowings	260.03	309.62
Provision for Employee Benefits	20.42	12.36
Term Loan Processing Fee	3.85	6.13
Profit on Sale of Assets.	(1.06)	-
Interest on Leased Premises	8.18	13.22
	2,924.46	2,395.51
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Trade Receivables	(793.19)	1,447.85
(Increase)/Decrease in Inventories	228.45	1,282.48
Increase/(Decrease) in Trade Payables	1,603.05	(3,849.40)
(Increase)/Decrease in Other Non Current Financial Assets	(97.31)	(1.01)
(Increase)/Decrease in Other Non Current Assets	(58.14)	(16.71)
(Increase)/Decrease in Other Current Assets	(2,185.41)	73.67
Increase/(Decrease) in Other Current Financial Liabilities	26.82	(10.09)
Increase/(Decrease) in Other Current Liabilities	973.81	354.91
	(301.91)	(718.30)
Cash generated from Operations	2,622.55	1,677.21
Income Taxes Paid	(460.71)	(282.30)
Net Cash Inflow from Operating Activities - "A"	2,161.84	1,394.91

(Contd.)

Standalone Statement of Cash Flow (Contd.)

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
B. Cash flows from Investing Activities		
Purchase of Property, Plant and Equipment	(1,332.32)	(1,328.41)
Proceeds from sale of Property, Plant and Equipment	5.17	4.98
Advance Received for sale of Assets	600.00	-
Margin Money Deposits	105.91	(7.94)
Proceeds form Fixed Deposits	0.79	-
Interest Received on Margin Money Deposit	26.08	3.83
Net Cash Inflow/(Outflow) from Investing Activities - "B"	(594.37)	(1,327.54)
C. Cash flows from Financing Activities		
Proceeds from Long Term Borrowings	-	100.00
Repayment of Long Term Borrowings	(404.91)	(719.73)
Proceeds from Short Term Borrowings	-	944.77
Repayment of Short term Borrowings	(76.10)	(125.43)
Repayment of Lease Liability	(54.00)	(40.78)
Interest paid	(251.55)	(309.16)
Dividends paid to company's shareholders	-	(54.67)
Net Cash Inflow/(Outflow) from Financing Activities - "C"	(786.56)	(205.00)
Net Increase (Decrease) in Cash and Cash Equivalents - (A+B+C)	780.91	(137.63)
Cash and Cash Equivalents at the beginning of the Financial Year	65.44	203.07
Cash and Cash Equivalents at End of the Year (Refer Note: 13)	846.35	65.44

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

- The Cash Flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (IND AS 7) Statement of Cash Flows.
- Previous year figures have been regrouped/reclassified to confirm to current year classification.

as per our report of even date
for **RAMBABU & CO**
Chartered Accountants
FRN 002976S
G.V.L. PRASAD
Partner
M.No.026548

Place : Hyderabad
Date : 18th June, 2021

for and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

T V PRAVEEN
Executive Director
DIN: 08772030

N. RAJENDRA PRASAD
Chief Financial Officer
M.No.026567

Notes to the Standalone Financial Statements

1. Corporate Information:

SMS Lifesciences India Limited (SMS Life), (the 'Company') is a Company limited by Shares domiciled in India incorporated under the Companies Act, 1956. The registered office of the Company is at Plot No.19-III, Road No. 71, Jubilee Hills, Hyderabad-500 096, Telangana , India. The Equity Shares of the Company are listed in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is engaged in the business of manufacturing of Active Pharma Ingredients and their intermediates. The Company is having manufacturing facilities at Kazipally and Jeedimetla, Hyderabad.

2. Basis of preparation of Standalone Financial Statements

2.1 Statement of Compliance

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as notified under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules 2015 issued by the Ministry of Corporate Affairs ('MCA'). The Company has uniformly applied the accounting policies during the years presented.

These standalone financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, 31st March, 2021. These Standalone Financial Statements for the year ended 31st March, 2021 were authorized and approved for issue by the Board of Directors on 18th June, 2021.

2.2 Basis of Measurement:

The standalone financial statements have been prepared on a historical cost and on accrual basis, except for the following items in the balance sheet:

- Certain financial assets are measured either at fair value or at amortised cost depending on the classification.

- Employee defined benefit assets/ (liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation.
- Right-of use the assets are recognized at the present value of lease payments that are not paid at that date.
- Assets held for sale are measured at fair value less cost to sell.

2.3 Current and Non-Current Classification:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

- An asset is treated as current when it satisfies the below mentioned criteria:
 - Expected to be realized or intended to be sold or consumed in normal operating cycle;
 - Held primarily for the purpose of trading;
 - Expected to be realized within twelve months after the reporting period, or
 - Cash or Cash Equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All Other Assets are classified as non-current.
- A liability is classified as current when it satisfies the below mentioned criteria:
 - Expected to settle the liability in normal operating cycle;
 - Held primarily for the purpose of trading;
 - Due to be settled within twelve months after the reporting period,

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- (d) All Other liabilities are classified as non-current.
- (e) Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.
- (f) The Operating Cycle is the time between the acquisition of assets for processing and their realization in Cash and Cash Equivalents. The Company has identified Twelve months as its Operating Cycle.

3. Summary of Significant Accounting Policies:

The standalone financial statements have been prepared using the accounting policies and measurement basis summarized below:

3.1 Revenue Recognition:

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, the Company applies the following five step approach:

- (1) identify the contract with a customer,
- (2) identify the performance obligations in the contract,
- (3) determine the transaction price,
- (4) allocate the transaction price to the performance obligations in the contract, and
- (5) recognize revenues when a performance obligation is satisfied.

The specific recognition criteria described below must also be met before revenue is recognised.

The Company's revenue is derived from sale of goods, sale of services and income from licensing arrangements. Most of such revenue is generated from the sale of goods.

Accounting policies relating to revenue for the periods with effect from 01st April, 2018 are as follows:

(i) Revenue from Sale of Goods:

Revenue is recognized when the control of the goods has been transferred to a third party. This is usually when the title passes to the customer, either upon shipment or upon receipt of goods by the customer. At that point, the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

In arriving at the transaction price, the Company considers the terms of the contract with the customers and its customary business practices. The transaction price is the amount of consideration the Company is entitled to receive in exchange for transferring promised goods or services, excluding amounts collected on behalf of third parties. The amount of consideration varies because of estimated rebates, returns and chargebacks, which are considered to be key estimates. Any amount of variable consideration is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur. The Company estimates the amount of variable consideration using the expected value method

Presented below are the points of recognition of revenue with respect to the Company's sale of goods:

Particulars	Point of recognition of revenue
Domestic Sales	Upon delivery of products to customers (generally formulation manufacturers), from the factories of the Company.

Particulars	Point of recognition of revenue
Export Sales	Upon delivery of the products to the customers unless the terms of the applicable contract provide for specific revenue generating activities to be completed, in which case revenue is recognised once all such activities are completed.

(ii) Revenue from Sale of Services:

Revenue from Sale of services is recognised as per the terms of the contracts with customers when the related services are performed or the agreed milestones are achieved.

(iii) Export incentives:

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the export made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(iv) Dividend Income:

Dividends are received from financial assets at fair value through profit or loss and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of the investment.

(v) Interest Income:

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income, on financial assets at amortised cost and financial assets at FVOCI, is calculated using the effective interest method and the same is recognized in the statement of profit and loss as part of other income. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For

credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.2 Foreign Currency Transactions:

i. Functional and Presentation Currency:

The standalone financial statements are presented in Indian Rupee ('INR' or '₹') which is also the functional and presentation currency of the Company.

ii. Initial Recognition:

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

iii. Conversion on Reporting Date:

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

iv. Exchange Differences:

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

3.3 Property, Plant and Equipment:

(a) Recognition and Initial Measurement

Property, Plant and Equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the

intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Cost includes non-refundable taxes, duties, freight, borrowing costs and other incidental expenses related to the acquisition and installation of the respective assets.

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress. Advances paid towards acquisition of assets are shown as Capital Advances.

Borrowing Cost relating to acquisition of Property, Plant and Equipment which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

Subsequent Costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

(b) Subsequent Measurement (Depreciation and Useful Lives)

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives as estimated by the management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

Depreciation on addition to/deletion from fixed assets made during the year is provided on pro-rata basis from/up to the date of such addition/deletion as the case may be. In case of assets costing less than Rs.5,000/- purchased during the year also depreciation has been provided at normal rates on pro-rata basis from the date of purchase.

Cost of the leasehold land is amortized on a straight-line basis over the term of the lease. Depreciation on landscape is being provided @10% under straight line method.

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

(c) De-recognition

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

(d) Capital advances

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

(e) Capital work-in-progress

Capital work-in-progress includes cost of property, plant and equipment under installation/development as at the balance sheet date.

3.4 Intangible Assets:

(a) Recognition and Initial Measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

(b) Subsequent measurement (amortization):

The cost incurred on Intangible Assets is amortized over a period of 6 years in case of Computer Software and 4 years for Patents on Straight Line Method.

3.5 Leases:

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Effective 1st April, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on 1st April, 2019 using the modified retrospective method.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

i) Right-of-use assets

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

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

ii) Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

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

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

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing activity in cash flow statement.

3.6 Inventories:

Raw material, packaging material, are carried at cost. Stores and spares are being charged to revenue as and when purchased. Cost includes purchase price excluding taxes those are subsequently recoverable by the company from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost of Raw Material, packaging material is determined using the weighted average cost method.

Finished goods and work in progress are valued at the lower of cost and net realizable value. Cost of work in progress and manufactured finished goods is determined on weighted average basis and comprises cost of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business less

the estimated costs of completion and the estimated costs necessary to make the sale.

Spare Parts, Stand-by Equipment and Servicing Equipment are recognized in accordance with this Ind AS-16 when they meet the definition of property, plant and Equipment. Otherwise, such items are classified as inventory and are valued at Cost.

The carrying cost of raw materials, packing materials are appropriately written down when there is a decline in replacement cost of such materials and finished products in which they will be incorporated are expected to be sold below cost.

3.7 Cash and Cash Equivalents:

Cash and Cash equivalents include cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments.

For the Statement of Cash Flows, cash and cash equivalents consists of short term deposits, as defined above, net of outstanding bank overdraft as they are being considered as integral part of the Company cash management.

3.8 Trade Receivables:

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

3.9 Financial Instruments

(a) Financial Assets

(i) Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

(ii) Subsequent measurement

a. Debt instruments –

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- 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.

b. Equity investments –

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

Investment in Associates, Subsidiaries and Joint Venture:

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

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in Subsidiaries, Associates and Joint ventures at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April, 2016.

(iii) De-recognition of financial assets

A financial asset is primarily de-recognised 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.

(b) Financial liabilities

(i) Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortized cost.

(ii) Subsequent Measurement

These liabilities include borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

(iii) De-recognition of Financial Liabilities

A financial liability is de-recognised 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 de-recognition 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 or loss.

(c) Financial Guarantee Contracts

Financial Guarantee Contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortization.

(d) 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 recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(e) Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including Prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(f) Trade Receivables

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of receivables.

(g) Other Financial Assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

3.10 Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair

value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3.11 Income Taxes:

Current Income Tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the respective laws of the state. Current tax includes taxes to be paid on the profit earned during the year and for the prior periods, if any.

Deferred Income Tax

Deferred income taxes are provided based on the balance sheet approach considering the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where a component has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The Carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it

becomes reasonably certain that sufficient future taxable income will be available.

Minimum alternate tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Dividend Distribution Tax (DDT)

Final Dividend on share capital are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as liability on the date of declaration by the Company’s Board of Directors. The entity recognised the income tax consequences of dividends in profit or loss, and equity according to where the entity originally recognized those past transactions or events. The Finance Act, 2020 has repealed the Dividend Distribution tax. The Company is now required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

3.12 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman and managing director has been identified as being the Chief Operating Decision Maker (CODM). The Company is engaged in manufacturing and sale of Active Pharma Ingredients and their Intermediates and operates in a single operating segment. Revenues are attributed to geographical areas based on the location of the customers.

3.13 Government Grants:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Government grants relating to loans or similar assistance with an interest rate below the current applicable market rate are initially recognized and measured at fair value. The effect of this favorable interest is regarded as a government grant and is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

3.14 Borrowings:

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed,

is recognized in profit or loss as other gains/ (losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of financial statements for issue, not to demand payment as consequence of the breach.

3.15 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.16 Provisions

Provisions are recognized when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provisions.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognized as a finance cost.

Provision for litigation related obligation represents liabilities that are expected to materialize in respect of matters in appeal.

3.17 Trade Payables:

These amounts represent liabilities for goods supplied to the Company prior to the end of financial year which are unpaid. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

3.18 Dividends

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

3.19 Equity:

Ordinary Shares are classified as Equity share Capital. Incremental costs directly attributable to the issue of new ordinary shares or share options and buy back are recognized as a deduction from equity, net of tax effects, if any.

3.20 Research and Development:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Development expenditure on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliability the expenditure during development.

The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready to its intended use.

3.21 Post Employee Benefits:

(a) Defined Contribution Plan:

The Company's contribution to provident fund and employee state insurance schemes is charged to the statement of profit and loss. The Company's contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan.

(b) Defined Benefit Plan:

The Company has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's

length of service and final salary. The liability recognized in the balance sheet for defined benefit plans as the present value of the defined benefit obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries as per the requirements of IND AS 19 “Employee Benefits”. Actuarial gains and losses resulting from re-measurement of the liability are included in other comprehensive income.

The Company has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement or in the event of death in lump sum after deduction of necessary taxes upto a maximum limit as per the Gratuity Act, 1972. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund.

(c) Other Long-Term Employee Benefits

The Company also provides benefit of compensated absences to its employees which are in the nature of long-term benefit plan. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date as per the requirements of IND AS “Employee Benefits”. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise.

(d) Short-Term Employee Benefits

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

3.22 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) 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 events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

3.23 Contingent Liabilities and Commitments:

Where it is not probable that an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of balance sheet and is disclosed as a contingent liability.

Possible outcomes on obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities.

Contingent Assets are neither recognized nor disclosed. However, when realization of Income is virtually certain, related asset is recognized.

3.24 Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. These are material items of income or expense that have to be shown separately due to the significance of their nature or amount.

3.25 Fair Value Measurement

The Company measures Financial Instruments at fair value at each Balance Sheet Date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for such asset or liability, or in the absence of a principal market, in the most advantageous market which is accessible to the Company.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is

significant to the fair value measurement as a whole:

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

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.26 Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company.

(i) Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

(ii) Recognition of Deferred Tax Liability on Undistributed Profits:

The extent to which the Company can control the timing of reversal of deferred tax calculation on undistributed profits of its subsidiaries requires judgment.

(iii) Evaluation of Indicators for Impairment of Assets:

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

(iv) Recoverability of Advances/Receivables:

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

(v) Useful lives of Depreciable/Amortizable Assets:

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

(vi) Defined Benefit Obligation (DBO):

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(vii) Fair Value Measurements:

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(viii) Provisions:

At each balance sheet date the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from this judgment.

3.27 Recent Accounting Pronouncements:

The Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standard. There is no such notification which would have been applicable from 1st April, 2020.

3.28 Rounding of Amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III of the Companies Act, 2013 unless otherwise stated.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No. 4: Property, Plant and Equipment

Particulars	Land	Buildings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
I Year ended 31st March, 2020											
a. Gross Carrying Amount											
1. Opening Gross Carrying Amount	304.69	2,211.96	7,551.36	94.11	45.22	72.07	13.49	172.72	34.21	10,499.83	143.25
2. Additions	-	218.49	996.49	-	8.58	7.58	4.02	-	-	1,235.16	1,326.61
3. Disposals	-	-	(19.36)	-	-	-	-	(8.56)	-	(27.92)	(1,223.06)
4. Closing Gross Carrying Amount as at 31 st March, 2020 (1+2+3)	304.69	2,430.45	8,528.49	94.11	53.80	79.65	17.51	164.16	34.21	11,707.07	246.80
b. Accumulated Depreciation and Impairment											
5. Opening Accumulated Depreciation	-	189.68	1,374.62	48.97	28.53	13.98	2.35	48.79	4.90	1,711.82	-
6. Depreciation Charge during the Year	-	87.69	531.86	7.49	9.76	7.56	2.05	21.64	5.69	673.74	-
7. Disposals / Transfers	-	-	(14.80)	-	-	-	-	(8.14)	-	(22.94)	-
8. Closing Accumulated Depreciation and Impairment as at 31 st March, 2020 (5+6+7)	-	277.37	1,891.68	56.46	38.29	21.54	4.40	62.29	10.59	2,362.62	-
c. Net Carrying Amount as at 31st March, 2020 (4-8)	304.69	2,153.08	6,636.81	37.65	15.51	58.11	13.11	101.87	23.62	9,344.45	246.80

(Contd.)

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No. 4: Property, Plant and Equipment (Contd.)

Particulars	Land	Buildings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
II Year ended 31st March, 2021											
a. Gross Carrying Amount											
1 Opening Gross Carrying Amount	304.69	2,430.45	8,528.49	94.11	53.80	79.65	17.51	164.16	34.21	11,707.07	246.80
2 Additions	-	161.96	1,142.64	0.30	20.44	8.36	3.40	21.48	0.21	1,358.79	1,442.50
3 Disposals/Transfers	-	-	(34.64)	-	-	-	-	(11.08)	-	(45.72)	(1,373.72)
4 Closing Gross Carrying Amount as at 31 st March, 2021 (1+2+3)	304.69	2,592.41	9,636.49	94.41	74.24	88.01	20.91	174.56	34.42	13,020.14	315.58
b. Accumulated Depreciation and Impairment											
5 Opening Accumulated Depreciation	-	277.37	1,891.68	56.46	38.29	21.54	4.40	62.29	10.59	2,362.62	-
6 Depreciation Charge during the year	-	94.44	527.62	2.84	7.11	7.86	2.48	22.40	5.69	670.44	-
7 Disposals / Transfers	-	-	(32.91)	-	-	-	-	(8.70)	-	(41.61)	-
8 Closing Accumulated Depreciation and Impairment as at 31 st March, 2021 (5+6+7)	-	371.81	2,386.39	59.30	45.40	29.40	6.88	75.99	16.28	2,991.45	-
c. Net Carrying Amount as at 31st March, 2021 (4-8)	304.69	2,220.60	7,250.10	35.11	28.84	58.61	14.03	98.57	18.14	10,028.68	315.58

4.1 Property, Plant and Equipment pledged as Security

Refer Note 40 for information on Property, Plant and Equipment pledged as security by the Company

4.2 Refer Note 48.1 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

4.3 The Gross Carrying amount of land Rs 20.00 Lakhs situated at Plot No. D-63, Phase-I, IDA Jeedimetla, Hyderabad, acquired from M/s Divya Enterprises Limited on which the company does not have title, in view of issues pending between TSIC and M/s Divya Enterprises Limited, the vendor. The Company is Pursuing with TSIC to sort out the issue.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No. 5: Right of Use Assets and Lease Liabilities

The Company has adopted Ind AS 116 - Leases with effect from 01.04.2019 using modified retrospective method. This has resulted in recognizing right of use assets and lease, liability as on 01.04.2019.

5.A Right of Use Assets

Following are the changes in the carrying value of right of use assets for the year ended 31st March, 2021:

Particulars	31 st March, 2021	31 st March, 2020
Opening Balance	86.95	-
Reclassification on adoption of Ind AS 116	-	134.38
Depreciation	47.06	47.43
Closing Balance	39.89	86.95

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

5.B Lease Liabilities

The following is the movement in lease liabilities during the year ended 31st March, 2021:

Particulars	31 st March, 2021	31 st March, 2020
Recognition on adoption of Ind AS 116/ Opening Balance	93.59	134.38
Finance cost accrued during the year	8.18	13.21
Payment of lease liabilities	54.00	54.00
Closing Balance	47.77	93.59

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2021 on an undiscounted basis

Particulars	31 st March, 2021	31 st March, 2020
Less than one year	45.00	54.00
One to five years	-	50.40
More than five years	-	-
Total	45.00	104.40

Lease agreement of office premises initially entered for three years, it expires by 31st January, 2022.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligation related to lease liabilities as and when they fall due.

5.1 Operating Lease Commitments - Company as Lessor:

The Company has not given any of its assets on Lease basis.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No. 6: Intangible Assets

Particulars	Computer Software
(1)	(2)
I Year ended 31st March, 2020	
a. Gross Carrying Amount	
1 Opening Gross Carrying Amount	5.36
2 Additions	17.03
3 Disposals	-
4 Closing Gross Carrying Amount as at 31st March, 2020 (1+2-3)	22.39
b. Accumulated Amortisation and Impairment	
5 Opening Accumulated Amortisation	0.88
6 Amortisation Charge during the period	3.22
7 Disposals	-
8 Closing Accumulated Amortisation and Impairment as at 31st March, 2019 (5+6-7)	4.10
c. Closing Net Carrying Amount as at 31st March, 2020 (4-8)	18.29
II Year ended 31st March, 2021	
a. Gross Carrying Amount	
1 Opening Gross Carrying Amount	22.39
2 Additions	-
3 Disposals	-
4 Closing Gross Carrying Amount as at 31st March, 2021 (1+2-3)	22.39
b. Accumulated Amortisation or Impairment	
5 Opening Accumulated Amortisation	4.10
6 Amortisation Charge during the Period	3.83
7 Disposals	-
8 Closing Accumulated Amortisation and Impairment as at 31st March, 2021 (5+6-7)	7.93
c. Closing Net Carrying Amount as at 31st March, 2021 (4-8)	14.46

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Non Current Financial Assets - Unsecured, Considered Good

Note No.	Particulars	as at 31 st March, 2021		as at 31 st March, 2020	
		Shares	Amount	Shares	Amount
7	Non-Current Investments				
	(Un quoted, fully paidup)				
	(a) Investment in Subsidiaries				
	M/s. Mahi Drugs Private Ltd	4,715,100	2,577.29	4,715,100	2,577.29
	(b) Investment in other Companies				
	Equity Shares of Rs.100/- each in				
	M/s. Jeedimetla Effluent Treatment Ltd	2,253	2.25	2,253	2.25
	Equity Shares of Rs.10/- each in				
	M/s. Patancheru Envirotech Ltd	17,538	1.76	17,538	1.76
	M/s Sireen Drugs Private Ltd	1,000	0.10	1,000	0.10
	Total		2,581.40		2,581.40
	Aggregate amount of unquoted investments		2,581.40		2,581.40
	Aggregate amount of quoted investments and market value thereof		-		-
	Aggregate amount of impairment in the value of investment		-		-

7.1 Mahi Drugs Private limited is a wholly Owned Subsidiary of the Company.

Note No.	Particulars	as at	as at
		31 st March, 2021	31 st March, 2020
8	Bank Balances		
	Margin Money Deposits	97.27	-
	Total	97.27	-
8.1	Margin Money deposits are subject to the first charge against letter of credits.		
9	Other Non-Current Financial Assets		
	Security Deposits	217.51	217.48
	Total	217.51	217.48
10	Other Non-Current Assets		
	Capital Advances	336.73	278.58
	Total	336.73	278.58

10.1 An amount of Rs.251.88 Lakhs (Previous Year Rs.251.88 Lakhs,) was included in the Capital Advances paid on account of land admeasuring AC 19.00 in JNPC, Parwada, Visakhapatnam District, 100% land cost paid to APIIC and about 80% of development cost to Ramky Pharmacy respectively. Due to disputes arose between the parties, the developer has cancelled the said allotment and the company has filed a writ petition before the Hon'ble High Court of Telangana, and the Court has granted stay and the case is pending.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	as at 31 st March, 2021	as at 31 st March, 2020
11	Inventories		
	(Cost or Net Realisable Value, whichever is lower and as valued and certified by the Management)		
	(a) Raw Materials	2,482.42	2,508.06
	(b) Stock in Process	1,206.82	2,218.33
	(c) Finished Goods	2,169.04	1,347.62
	(d) Coal & Fuel	17.84	30.55
	Total	5,876.12	6,104.56
11.1	Rawmaterials includes Stock in Transit of Rs.49.22 Lakhs (31 st March, 2020 Rs. 57.20 Lakhs).		
11.2	Finished Goods includes stock in transit of Rs.944.44 Lakhs (31 st March, 2020 Rs.347.85 Lakhs).		
12	Trade Receivables		
	Trade Receivables	1,625.30	2,138.76
	Receivables from related parties (Refer Note:12.2)	1,374.13	63.48
	Doubtful	84.30	95.96
	Less: Allowance for Doubtful Debts	(84.30)	(95.96)
	Total	2,999.43	2,202.24
	Current Receivables	2,999.43	2,202.24
	Non Current Receivables	-	-
	Break-up for the above		
	Trade Receivables considered Good-Secured	52.17	19.75
	Trade Receivables considered Good-Un Secured	3,031.56	2,278.45
	Trade Receivables which have significant increase in credit risk	-	-
	Trade Receivables - credit impaired	-	-
	Total	3,083.73	2,298.20
	Less Loss Allowance	(84.30)	(95.96)
	Total Trade receivables	2,999.43	2,202.24

12.1 The Company has computed the expected credit loss allowance for doubtful trade receivables based on past experience.

In calculating expected credit loss, the Company has also considered credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

12.2 Trade Receivables Includes due from SMS Pharmaceuticals Limited of Rs 1,374.13 Lakhs (Previous Year Rs 63.48 Lakhs), due from R Chem (Somanahalli) Private Limited of Rs Nil (previous year Rs 233.91 Lakhs), and due from Mahi Drugs Private limited a Wholly Owned Subsidiary of Rs Nil (previous Year Rs 44.41 Lakhs).

12.3 Trade Receivables amounting Rs. 52.17 Lakhs (31st Mach, 2020 Rs. 19.75 Lakhs) is held against letter of credit provided by customers of the Company.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	as at 31 st March, 2021	as at 31 st March, 2020
13	Cash and Cash Equivalents		
	(a) Balances with Banks		
	- in Current Accounts	20.54	44.20
	- in EEFC account	72.71	13.84
	(b) Deposits with Maturity of less than three months	751.00	-
	(b) Cash in Hand	2.10	7.40
	Total	846.35	65.44
14	Bank Balances other than Cash and Cash Equivalents		
	Margin Money Deposit	43.46	163.38
	Fixed Deposits	-	0.79
	Unclaimed Dividend	0.38	0.43
	Total	43.84	164.60
14.1	Margin Money deposits are subject to the first charge against Bank Gurantee and / or letter of credits.		
15	Other Current Assets		
	(Unsecured Considered Good)		
	GST Credit Receivable	855.02	418.48
	Advance to Suppliers	2,790.28	957.00
	Export Benefits Receivable	21.25	59.20
	Income Tax Refund Receivable	35.12	67.56
	Prepaid Expenses	43.21	24.53
	Interest Receivable	6.85	9.05
	Other Advances and Receivables	25.19	48.03
	Total	3,776.92	1,583.85

15.1a Advance to Suppliers includes an amount of Rs.271.11 Lakhs (31st March, 2020 Rs. 300.00 Lakhs) to R Chem (Somanahalli) Pvt Ltd, a related Party and an amount of Rs. 2,081.89 Lakhs (31st March, 2020 Rs. 350.00 Lakhs) to Mahi Drugs Private Limited , a Wholly Owned Subsidiary.

15.1b An amount of Rs.133.39 Lakhs was included in the Advances to suppliers was paid on account of import of raw materials. The imported materials were kept with Universal Logisitics, a Customs notified godown, Chennai where the said material got damaged due to fire accident. Consequent upon the refusal of Insurance claim by Cholamandalam MS General Insurance Company, Universal Logistics has filed a case against Insurance Company before the National Consumer Disputes Redressal Commission (NCDRC), New Delhi, and made the Company as one of the party. Subsequently, the company has also filed a case against the Universal Logistics for recovery before the said authority. The said cases are still pending.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	as at 31 st March, 2021		as at 31 st March, 2020	
		Number of shares	Amount	Number of shares	Amount
16	Equity Share Capital				
	Authorised Share Capital				
	Equity Shares of Rs. 10/- each	3,500,000	350.00	3,500,000	350.00
	Issued, Subscribed and fully Paid Up				
	Equity Shares of Rs. 10/- each	3,023,287	302.33	3,023,287	302.33
	Total	3,023,287	302.33	3,023,287	302.33

16.1 Shares issued for consideration other than cash during the last 5 years

16.2 Reconciliation of Number of Equity Shares outstanding at the beginning and at the end of the Year

Particulars	as at 31 st March, 2021		as at 31 st March, 2020	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
At the beginning of the Year	3,023,287	30,232,870	3,023,287	30,232,870
Issued/(Reduced) during the Year	-	-	-	-
At the end of the Year	3,023,287	30,232,870	3,023,287	30,232,870

16.3 Rights attached to Equity Shares

The Company has only one class of equity shares having face value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share at the general meetings of the Company. In the event of liquidation of the company, the holders 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.

16.4 Details of shareholders holding more than 5% shares in the Company

Particulars	as at 31 st March, 2021		as at 31 st March, 2020	
	Number of shares	% holding	Number of shares	% holding
Talluri Annapurna	735,584	24.33	306,797	10.15
TVVSN Murthy**	707,224	23.39	436,012	14.42
Ramesh Babu Potluri	240,190	7.94	518,105	17.14
Hima Bindu Potluri	83,333	2.76	291,905	9.66
Potluri Infra Projects LLP	8,000	0.26	213,213	7.05

*including 2,27,190 shares (As at 31.03.2020 - 1,42,191 Shares) held in the capacity of Karta of HUF

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	as at 31 st March, 2021	as at 31 st March, 2020
17	Other Equity		
	Reserves and Surplus		
	Capital Reserve	1.00	1.00
	General Reserve	6,616.02	6,516.02
	Retained Earnings	5,714.30	4,506.22
	Total	12,331.32	11,023.24
17.1	Capital Reserve		
	Opening balance	1.00	1.00
	Adjustments-	-	-
	Closing Balance	1.00	1.00
17.2	General Reserve		
	Opening balance	6,516.02	6,516.02
	Adjustments	-	-
	Transfer from Retained Earnings	100.00	-
	Closing Balance	6,616.02	6,516.02
17.3	Retained Earnings		
	Opening balance	4,506.22	3,678.51
	Net profit for the Year	1,316.83	914.73
	Dividend	-	(45.35)
	Dividend Tax	-	(9.32)
	Transferred to General Reserve	(100.00)	
	Items of Other Comprehensive Income		
	Remeasurement Gain/(Loss) of the Defined Benefit Plans, net of tax	(8.75)	(32.35)
	Closing balance	5,714.30	4,506.22

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

17.4 Nature and Purpose of Reserves

(i) Capital Reserve

Capital Reserve was created during the year 2017-18 on cancellation of share capital existing as on the date of issue of share capital in pursuance of Demerger Scheme. The Company can use this reserve for transactions in accordance with the provisions of the Companies Act, 2013.

(ii) General Reserve:

Though mandatory transfer to General Reserve is not required under the Companies Act, 2013, the Company generally transfers a portion of its earnings to the general reserve to be used for contingencies. These reserves are freely available for use by the Company.

(iii) Retained Earnings:

These are the accumulated earnings after appropriation of total comprehensive income and related transfers. The company uses retained earnings in accordance with the provisions of the Companies Act.

(iv) Analysis of items of OCI, net of tax

Re-measurements of defined benefit plans (refer note no.37)

Re-measurements of defined plans comprises actuarial gains and losses and return on plan assets

Financial Liabilities

Note No.	Particulars	as at 31 st March, 2021	as at 31 st March, 2020
18	Non Current Liabilities		
18.1	Financial liabilities		
	(i) Borrowings		
	Secured		
	(i) Term Loans from Banks		
	Export Import Bank of India TL-II	1,667.81	1,866.27
	(ii) Hire Purchase Loans	-	5.27
	Sub Total	1,667.81	1,871.54
18.2	Unsecured		
	From Directors	495.00	495.00
	Sub Total	495.00	495.00
	Total	2,162.81	2,366.54

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	as at 31 st March, 2021	as at 31 st March, 2020
18.3	Current Maturities of Non Current Borrowings		
	Secured		
	(a) Term Loans from Banks		
	(i) Export Import Bank of India TL I	-	297.68
	(ii) Export Import Bank of India TL II	250.00	100.00
	(b) Hire Purchase Loans	5.27	11.98
	Unsecured		
	(a) Sales Tax Deferment	-	42.92
	Total	255.27	452.58
	Amount disclosed under the head "Other Current Financial Liabilities"	(255.27)	(452.58)
	Total	-	-

18.1.1 Security Terms

- (a) Term Loan II availed from Export-Import Bank of India is secured by first charge of all movable and immovable fixed assets both present and future and second charge of all current assets both present and future and guaranteed by Sri TVVSN Murthy, Managing Director of the Company and Sri T.V.Praveen, Executive Director of the Company in their personal capacity.
- (b) Hire Purchase Loan availed from Yes Bank Ltd, is secured by the concerned vehicle.
- (c) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 40.

18.1.2 Rate of Interest:

- (a) The above said Term Loan I carries an interest rate @ 11.5% p.a (LTMLR+250 bps p.a.)
- (b) The above said Term Loan II carries an interest rate @ 10.35% p.a (LTMLR+115 bps p.a.)

18.1.3 Terms of Repayment

Term Loan -II availed from Export Import Bank of India amounting to Rs 20,00,00,000/- for funding the Expansion Project of Kazipally unit. The said loan is repayable in 24 Quarterly Installments commencing from February, 2020, as mentioed below

First 4 Quarters	Rs. 25,00,000/- Each
Next 4 Quarters	Rs. 75,00,000/- Each
Next 16 Quarters	Rs. 1,00,,00,000/- Each

18.2.1 Un-Secured Loans

The Company has taken Unsecured Loan from Sri TVVSN Murthy, Managing Director for an amount of Rs. 4,95,00,000/-. The said loan is carrying interest rate of 9.50% pa.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

18.4 Debt Reconciliation as required by IND AS -7, Statement of Cash Flows

Particulars	as at	as at
	31 st March, 2021	31 st March, 2020
Opening Borrowings	2,366.54	2,720.46
Add: Opening Current Maturities	452.59	712.27
Add: Amortisation of Transaction Cost	3.86	6.13
Add: Received during the year	-	100.00
Less: Paid during the year	(404.91)	(719.74)
Closing Borrowings	2,418.08	2,819.12
Less: Closing Current Maturities	255.27	452.58
Non Current Borrowings as per Balance Sheet	2,162.81	2,366.54

19 Other Non Current Liabilities

Advance Received for Sale of Land	600.00	-
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The Company has entered into sale agreement for sale of 3.003 acers land located at Bollaram along with superstructures there on for a total consideration of Rs. 750.00 lakhs out of which Rs 600 lakhs was received at the time of execution of sale agreement.

20 Provisions

Employee Benefit Obligations

Non Current

Gratuity	245.35	222.30
Leave Encashment	47.51	36.76
Sub Total	292.86	259.06

Current

Gratuity	54.86	55.99
Leave Encashment	27.02	26.93
Sub Total	81.88	82.92

Total

Gratuity	300.22	278.28
Leave Encashment	74.53	63.70
Grand Total	374.75	341.98

20.1 For details of Post Employment Obligations. Refer Note 39.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

21 Deferred Tax Liabilities (net)

The balance comprises Temporary Differences attributable to:

Particulars	as at 31 st March, 2021	as at 31 st March, 2020
(a) Deferred Tax Liability		
(i) Property, Plant and Equipment	1,246.34	1,130.16
(ii) Other Items giving raise to temporary difference	16.01	3.29
Total	1,262.35	1,133.45
(b) Deferred Tax Asset		
(i) Expenses allowable on Payment basis	112.51	104.28
(ii) Other Items giving raise to temporary difference	164.13	155.79
Total	276.64	260.07
Net Deferred Tax Liabilities (a)-(b)	985.71	873.38

(c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Other Items	Total
As at 31st March, 2019	1,009.64	5.00	1,014.64
Charged/(Credited)	120.52	(1.71)	118.81
As at 31st March, 2020	1,130.16	3.29	1,133.45
Charged/(Credited)	116.18	12.72	128.90
As at 31st March, 2021	1,246.34	16.01	1,262.35

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on Payment basis	Other Items	Total
As at 01st April, 2018	91.29	126.11	217.40
(Charged)/Credited	12.99	29.68	42.67
As at 31st March, 2019	104.28	155.79	260.07
(Charged)/Credited	8.23	8.34	16.57
As at 31st March, 2020	112.51	164.13	276.64

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	as at 31 st March, 2021	as at 31 st March, 2020
22	Current Borrowings		
	Secured		
	Working Capital Loans from Banks		
	- RBL Bank Ltd	2,019.86	2,095.96
	Total	2,019.86	2,095.96

22.1.1 Security Terms

- (a) Working capital facility sanctioned by RBL Bank Limited is secured by first charge on all current assets both present and future. These facilities are further secured by way of second charge on pari-passu basis of all movable and immovable fixed assets of the company both present and future and also guaranteed by Sri TVSN Murthy, Managing Director of the Company and Sri T.V.Praveen, Executive Director of the Company in their personal capacity.
- (b) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 40.

22.1.2 Rate of Interest: The above loan carries an interest rate of 9.50% p.a

22.1.3 Repayment Terms: The above working capital facilities are repayable on demand.

22.2 Debt Reconciliation as required by IND AS -7, Statement of Cash Flows

Particulars	as at 31 st March, 2021	as at 31 st March, 2020
Opening Balance	2,095.96	1,276.62
Add: Received during the year	-	944.77
Less: Paid during the year	(76.10)	(125.43)
Current Borrowings as per Balance Sheet	2,019.86	2,095.96

23 Trade Payables

(a) Creditors for Supply of Materials		
(i) Due to Micro, Small and Medium Enterprises	26.57	20.68
(ii) Other than MSME	5,607.29	4,010.12
Total	5,633.86	4,030.80

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	as at 31 st March, 2021	as at 31 st March, 2020
24	Other Financial Liabilities		
	Current		
	Current Maturities of Long-Term Debt	255.27	452.59
	Creditors for Expenses	529.32	502.49
	Capital Creditors	211.78	116.54
	Interest Accrued but not due	18.00	19.90
	Interest on Unsecured Loan	10.72	0.35
	Unclaimed Dividend	0.38	0.43
	Total	1,025.47	1,092.30
25	Other Current Liabilities		
	Statutory dues Payable	112.62	82.57
	Advance from Customers	1,481.36	533.11
	Employee Benefits Payable	11.65	16.14
	Total	1,605.63	631.82
26	Current Tax Liabilities (Net)	84.68	42.70
26.1	Movement in Current Tax Assets/(Liabilities)		
	Provision for Income Tax	525.00	325.00
	Less: Advance Tax	(425.00)	(275.00)
	Less: TDS & TCS Receivable	(15.32)	(7.30)
	Sub Total	84.68	42.70
Note No.	Particulars	Current Year 2020-21	Previous Year 2019-20
27	Revenue from Operations		
(a)	Sale of Products	27,639.02	27,845.11
	Less: Goods and Service Tax	2,637.49	2,568.20
	Net Revenue from Sales	25,001.53	25,276.91
(b)	Sale of Services		
(i)	Conversion Charges	235.91	-
	Less: Goods and Service Tax	25.28	-
	Net Revenue from Services	210.63	-
(c)	Other Operating Income		
	Export Incentives	85.58	415.51
	Other Operating Income	727.81	-
	Total Net Revenue from Operations (a+b+c)	26,025.55	25,692.42

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2020-21	Previous Year 2019-20
28	Other Income		
(a)	Interest Income	22.03	23.70
(b)	Profit on Sale of Assets	1.06	8.23
(c)	Net Gain on Foreign Exchange	92.50	126.85
(d)	Miscellaneous Income (Net of GST)	17.69	29.53
	Total	133.28	188.31
29	Cost of Materials Consumed		
	Raw Materials & Packing Materials		
	Stock at the Beginning of the Year	2,508.06	3,181.87
	Add: Purchases	13,750.27	14,901.35
	Less: Stock at the End of the Year	2,482.42	2,508.06
	Total Materials Consumed	13,775.91	15,575.16
30	Changes in Inventory		
(a)	Opening Stock of Inventory:		
	Finished Goods	1,347.61	2,040.91
	Stock in Process	2,218.33	2,154.32
	Sub Total (a)	3,565.94	4,195.23
(b)	Closing Stock of Inventory		
	Finished Goods	2,169.04	1,347.62
	Stock in Process	1,206.82	2,218.33
	Sub Total (b)	3,375.86	3,565.95
	(Increase)/Decrease in Stocks (a) - (b)	190.08	629.28
31	Manufacturing Expenditure		
	Power and Fuel	1,806.24	1,731.90
	Consumable Stores	176.29	156.78
	Testing Charges	53.32	34.20
	Water Charges	145.62	141.43
	Conversion Charges	1,800.66	1,085.45
	Effluent Treatment Charges	219.82	218.35
	Repairs and Maintenance		
	to Plant & Machinery	367.96	274.05
	to Buildings	24.14	57.63
	Factory Maintenance	71.78	56.13
	Total	4,665.83	3,755.92

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2020-21	Previous Year 2019-20
32	Employee Benefit Expenses		
	Salaries, Wages and Bonus	2,362.81	2,040.08
	Contribution to Provident Fund	150.95	130.44
	Contribution to ESI	10.57	12.67
	Staff Welfare Expenses	186.71	143.83
	Total	2,711.04	2,327.02
33	Finance Cost		
	Interest on Non Current Borrowings	260.03	309.62
	Interest on Current Borrowings	131.29	129.27
	Interest on Others	16.30	14.35
	Bank Charges	42.40	55.64
	Total	450.02	508.88
34	Depreciation and Amortisation Expense		
	Depreciation on Property, Plant and Equipment	670.44	700.06
	Right of use of Assets	47.06	23.72
	Amortisation of Intangible Assets	3.83	0.61
	Total	721.33	724.39
35	Other Expenses		
	Rent	2.31	2.31
	Rates and Taxes	38.58	51.24
	Repairs & Maintenance to other Assets	7.71	8.71
	Insurance	89.52	84.06
	Directors Remuneration	243.22	241.25
	Travelling and Conveyance	4.80	21.42
	Communication Expenses	9.27	10.34
	Printing and Stationery	41.49	24.90
	Payments to Auditors	12.00	8.00
	Cost Audit Fee	0.50	0.50
	Vehicle Maintenance	40.48	35.04
	Interest on Indirect Taxes	6.94	1.26
	General Expenses	177.42	100.88
	Unrealised Debts on Account of NDMA issue	293.65	-
	Business Promotion Expenses	10.41	12.16
	Sales Commission	199.46	165.97
	FDA Filing Fee	41.31	-
	Carriage Outward	460.38	241.88
	Provision for Doubtful Debts	-	7.56
	Corporate Social Responsibility	29.73	8.83
	Total	1,709.18	1,026.31

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2020-21	Previous Year 2019-20
35.1	Details of payment to Auditors		
	Statutory Audit fee	9.00	6.00
	Tax Audit fee	3.00	2.00
	Total	12.00	8.00

35.2 Ranitidine Hydrochloride is one of the major contributor to the revenue of the company for the past 30 years. On 15th September 2019 US FDA has indicated that Ranitidine HCL may contain NDMA (N-Nitrosodimethylamine) impurity. With this statement by USFDA, the demand for worldwide usage of Ranitidine tablets have drastically came down which in turn has affected our revenues. However, after setting up the permissible threshold limit by USFDA in November, 2019, we have tested our product and have ensured that our products are well within the said permissible NDMA limits.

Our customers have returned 160 metric tons having the sale value of Rs 17.55 cr. The company has reprocessed the material and was able to set the NDMA within the specified limits and sold said product in domestic market. In this process the company has recognized revenue of 7.28 cr and same was shown under the head other operating income. The reprocessing other relevant expenditure was charged to statement of P&L through respective heads of expenditure. Finally the issue has not impacted the profits of the company for the year under review.

35.3 Corporate Social Responsibility Expenditure

Particulars	Year ended 31 st March, 2021
As per requirement of the Companies Act, 2013, Gross amount required to be spent by the Company during the year is Rs. 29.01 Lakhs.	
Amount spent during the year on	
(i) Construction of an Asset	26.53
(ii) For other than (i) above	3.20
Total Amount spent during the year	29.73
Amount required to be spent as per section 135 of the Companies Act, 2013	29.01
Amount Carried forward to subsequent years	0.72

Note No.	Particulars	Current Year 2020-21	Previous Year 2019-20
36	Income Tax Expense		
	Current Tax		
	Current Tax on Profits for the Year	525.00	325.00
	Adjustments for Current Tax of Prior Years	(22.31)	4.61
	Total Current Tax	502.69	329.61
	Deferred Tax		
	Increase/(Decrease) in Deferred Tax Liabilities	128.90	118.81
	Decrease/(increase) in Deferred Tax Assets	(16.57)	(42.67)
	Actuarial (Gain)/Loss	3.60	13.28
	Total Deferred Tax Expense/(Benefit)	115.92	89.43
	Total Tax Expenses	618.61	419.04

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2020-21	Previous Year 2019-20
36.1	Reconciliation of Tax Expense with Tax on Accounting Profits at normal rate is as follows:		
(a)	Profit before Income Tax Expenses	1,935.44	1,333.77
(b)	Enacted Tax Rate in India	29.12%	29.12%
(c)	Expected Tax Expenses (a)x(b)	563.60	388.39
(d)	Tax Effect on Permanent Difference:		
	Expenses not allowed under Income Tax Act	59.87	10.28
	Expenses allowed under Income Tax Act	7.00	-
	Adjustment of Current Tax of Prior Periods	(22.31)	4.61
	Others	10.45	15.76
	Total Adjustments	55.01	30.65
	Current Tax Expenses as per Profit & Loss	618.61	419.04
	Effective Tax Rate	31.96%	31.42%
37	Other Comprehensive Income		
	Actuarial Gain/(Loss) on Post Employment Benefit Expenses	11.65	45.15
	Return on Plan Assets, excluding net interest	0.70	0.48
		12.35	45.63
	Deferred Taxes on above	(3.60)	(13.28)
	Net Comprehensive Income	8.75	32.34
38	Earnings Per Share (Basic and Diluted)		
(a)	Net profit	1,316.83	914.73
(b)	Number of equity shares of Rs.10/- each -Basic /Dilute	3,023,287	3,023,287
(c)	Earnings Per Share		
	Basic /Diluted (Amount in Rs)	43.56	30.26

39 Post Employment Benefits

39.1 Defined Contribution Plans

39.1.1 Employer's Contribution to Provident Fund:

Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards PF Contribution is Rs.150.95 Lakhs (31st March, 2020 Rs. 130.44 Lakhs).

39.1.2 Employer's Contribution to State Insurance Scheme:

Contributions are made to State Insurance Scheme in India for employees at the rate of 3.25%. The Contributions are made to Employee State Insurance Corporation(ESI) to the respective State Governments of the Company's location. This Corporation is administered by the Government and the obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards ESI Contribution is Rs.10.57 Lakhs (31st March, 2020 - Rs. 12.67 Lakhs).

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

39.2 Defined Benefit Plans

The Company has a defined benefit gratuity plan governed by Payment of Gratuity Act, 1972. Every Employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of Service. The Scheme is funded through a policy with Life Insurance Corporation of India (LIC).

The Company has a defined benefit Compensated Absence Plan governed by The Factories Act, 1948. Every Employee who has worked for a period of 240 days or more during a calendar year shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated as per Act.

The following table summarise net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance Sheet for both the plans:

Particulars	31 st March, 2021		31 st March, 2020	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
39.2.1 Net Employee Benefit Expense				
(recognised in Employee Benefit Expenses)				
Current Service Cost	28.67	15.42	21.70	9.59
Interest Cost	17.84	3.40	16.74	3.39
Contribution Paid	(36.92)	(3.13)	(33.03)	(2.81)
Actuarial Gain/(Loss) other than OCI	-	(4.86)	-	(3.22)
Net Employee Benefit Expenses	9.59	10.83	5.41	6.95
39.2.2 Other Comprehensive Income				
Actuarial Gain/(Loss)	11.65	-	45.15	-
Actual return on plan asset	0.70	-	0.48	-
Total Actuarial (Gain)/Loss recognized in (OCI)	12.35	-	45.63	-
39.2.3 Amount recognised in the Balance Sheet				
Defined Benefit Obligation	370.18	74.53	324.28	63.70
Fair Value of Plan Assets	(69.96)	-	(46.00)	-
	300.22	74.53	278.28	63.70
39.2.4 Change in the Present Value of the Defined Benefit Obligation				
Opening Defined Benefit Obligation	324.28	63.70	256.37	56.75
Current Service Cost	28.67	15.42	21.70	9.59
Interest Cost	20.03	3.40	18.29	3.39
Contribution Paid	(14.45)	-	(17.23)	-
Benefits Paid	-	(3.13)	-	(2.81)
Net Actuarial (gain)/ loss on Obligation for the year recognised under OCI	11.65	(4.86)	45.15	(3.22)
Closing Defined Benefit Obligation	370.18	74.53	324.28	63.70

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	31 st March, 2021		31 st March, 2020	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
39.2.5 Change in the Fair Value of Plan Assets				
Opening Fair Value of Plan Assets	46.00	-	29.13	-
Adjustment to Opening Fair Value of Plan Asset	-	-	-	-
Return on Plan Assets Excluding Interest Income	(0.70)	-	(0.48)	-
Interest Income	2.19	-	1.55	-
Contributions	36.92	-	33.03	-
Benefits Paid	(14.45)	-	(17.23)	-
Closing Fair Value of Plan Assets	69.96	-	46.00	-

39.2.6 Actuarial (Gain)/Loss on Obligation

Due to Demographic Assumption	-	-	-	-
Due to Financial Assumption	(1.16)	-	21.61	-
Due to Experience	12.81	-	23.54	-
Return on Plan Assets excluding Interest		-		-
Total Actuarial (Gain)/Loss	11.65	-	45.15	-

39.2.7 The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	31 st March, 2021	31 st March, 2020
State Govt Security	34.78	22.87
Central Govt Security	13.14	8.64
NCD/Bonds	15.85	10.42
Others	6.19	4.07
Total	69.96	46.00

Expected Return on Assets is based on rate of return declared by fund managers.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

39.2.8 Actuarial Assumptions for estimating Company's Defined Benefit Obligation:

Particulars	31 st March 2021	31 st March 2020
Discount rate	6.80%	6.76%
Attrition Rate	PS : 0 to 40 : 2%	PS : 0 to 40 : 2%
Expected rate of increase in Salary	3.00%	3.00%
Mortality Table	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Expected average remaining Service (Yrs)	17.66	17.89

- (a) Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.
- (b) Plan assets does not comprise any of the Company's own financial instruments or any assets used by the Company. The Company has the plan covered under a policy with the Life Insurance Corporation of India.
- (c) The Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. However, the impact of these changes is not ascertained to be material by the management.

39.2.9 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	31 st March 2021	31 st March 2020
Defined Benefit Obligation	300.22	278.28
Effect of 1% change in assumed discount rate on defined benefit obligation		
Increase : +1%	343.27	300.43
Decrease: -1%	401.14	351.76
Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
Increase : +1%	400.52	351.08
Decrease: -1%	343.41	300.66

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied while calculating the defined benefit liability recognised within the Balance Sheet.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

39.2.10 Other Information

(i) Expected rate of return basis

EROA is the discount rate as at previous valuation date as per the accounting standard

(ii) Description of Plan Assets and Reimbursement Conditions

100% of the Plan Asset is entrusted to LIC of India under their Group Gratuity Scheme. The reimbursement is subject to LIC's Surrender Policy

(iii) Discount Rate

The discount rate has increased from 6.76% to 6.80% and hence there is a decrease in liability leading to actuarial gain due to change in discount rate.

(iv) Present Value of Defined Benefit Obligation:

Present value of the defined benefit obligation is calculated by using Projected Unit Credit Method (PUC Method). Under the PUC Method, a "projected accrued benefit" is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the Plan. The "Projected accrued benefit" is based on the Plan's accrual formula and upon service as of the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the "Projected accrued benefits" as of the beginning of the year for active members.

(v) Expected Average remaining service vs. Average remaining future service:

The average remaining service can be arithmetically arrived by deducting current age from normal retirement age whereas the expected average remaining service is arrived actuarially by applying multiple decrements to the average remaining future service namely mortality and withdrawals. Thus, the expected average remaining service is always less than the average remaining future service.

(vi) Current and Non Current Liability:

The total of current and non-current liability must be equal with the total of PVO (Present value obligation) at the end of the period plus short term compensated liability if any. It has been classified in terms of "Schedule III" of the Companies Act, 2013.

(vii) Defined Benefit Liability and Employer Contributions

The Company has purchased insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company. The company considers that the contribution rate set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs will not increase significantly.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

The Weighted Average duration of the defined benefit obligation is 8.79 years(31st March, 2020 8.90 years). The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	31 st March, 2021	31 st March, 2020
1 st Year	54.87	55.99
2 nd Year	12.23	11.05
3 rd Year	30.16	10.89
4 th Year	45.01	27.33
5 th Year	14.88	41.26
beyond 5 th Year	138.10	113.46

39.2.11 Risk Exposure

Though it is defined benefit plan, the company is exposed to a number of risks, the most significant of which are detailed below:

(a) Investment / Interest Risk:

The Company is exposed to Investment / Interest risk if the return on the invested fund falls below the discount rate used to arrive at present value of the benefit.

(b) Longevity Risk:

The Company is not exposed to risk of the employees living longer as the benefit under the scheme ceases on the employee separating from the employer for any reason.

(c) Risk of Salary Increase

The Company is exposed to higher liability if the future salaries rise more than assumption of salary escalation.

40 Assets pledged as Security

For Non Current Borrowings

Secured by First Charge on Property, Plant and Equipment, Investment Property and Second Charge on Current Assets.

For Current Borrowings

Secured by First Charge on Current Assets and Second Charge on Property, Plant and Equipment and Investment Property.

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings of an amount of Rs.3,955.66 Lakhs (Previous year Rs.4,379 .81 Lakhs) are as follows:

Particulars	31 st March, 2021	31 st March, 2020
Property, Plant and Equipment	10,028.68	9,344.45
Sub Total	10,028.68	9,344.45
Current Assets	13,542.66	10,120.69
Total Assets Pledged as Security	23,571.34	19,465.14

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

41 Research and Development

41.1 Details of Revenue Expenditure (expensed as and when incurred):

Particulars	31 st March, 2021	31 st March, 2020
Salaries & Wages	122.01	61.58
Materials Consumed	32.03	19.58
Repairs and Maintenance	23.93	14.88
Power and Fuel	9.12	7.25
Testing and analysis charges	3.00	1.56
Rates and Taxes	2.47	6.61
General Expenses	2.93	2.41
Total	195.49	113.87

41.2 Details of Property, Plant and Equipment:

	Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(8)
1	Gross Carrying Value						
	As at 31 March, 2019	32.65	-	-	-	-	32.65
2	Additions	1.11	142.69	3.80	2.86	-	150.46
3	As at 31 March, 2020 (1+2)	33.76	142.69	3.80	2.86	-	183.11
4	Additions	0.29	78.50	1.61	11.83	0.71	92.94
5	As at 31 March, 2021 (3+4)	34.05	221.19	5.41	14.69	0.71	276.05
	Depreciation						
6	As at 31 March, 2019	15.61	-	-	-	-	15.61
7	Charge for the Year	1.05	6.07	0.18	0.45	-	7.75
8	As at 31 March, 2020 (6+7)	16.66	6.07	0.18	0.45	-	23.36
9	Charge for the Year	1.06	13.79	0.37	1.19	0.05	16.46
10	As at 31 March, 2021 (8+9)	17.72	19.86	0.55	1.64	0.05	39.82
	Net Carrying Value						
11	As at 31 March, 2019 (1-6)	17.04	-	-	-	-	17.04
12	As at 31 March, 2020 (3-8)	17.10	136.62	3.62	2.41	-	159.75
13	As at 31 March, 2021 (5-10)	16.33	201.33	4.86	13.05	0.66	236.24

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Financial Instruments and Risk Management 42 Categories of Financial Instruments

Particulars	Notes	Level	as at		as at		
			31 st March, 2021		31 st March, 2020		
			Carrying Value	Fair Value	Carrying Value	Fair Value	
A. Financial Assets							
a. Measured at amortised cost							
(i) Non Current							
(a) Investment in Equity Instruments	7	3	2,581.40	2,581.40	2,581.40	2,581.40	
(b) Bank Balances	8	3	97.27	97.27	-	-	
(c) Other Financial Assets	9	3	217.51	217.51	217.48	217.48	
Sub - Total			2,896.18	2,896.18	2,798.88	2,798.88	
(ii) Current							
(a) Trade Receivables	12	refer note	2,999.43	2,999.43	2,202.24	2,202.24	
(b) Cash and Cash Equivalents	13	42.2	846.35	846.35	65.44	65.44	
(c) Other Bank Balances	14		43.84	43.84	164.60	164.60	
Sub - Total			3,889.62	3,889.62	2,432.28	2,432.28	
Total Financial Assets			6,785.80	6,785.80	5,231.16	5,231.16	
B. Financial Liabilities							
a. Measured at amortised cost							
(i) Non Current							
(a) Borrowings	18	3	2,162.81	2,162.81	2,366.54	2,366.54	
(ii) Current							
(a) Borrowings	22	refer note	2,019.86	2,019.86	2,095.96	2,095.96	
(b) Trade Payables	23	42.2	5,633.86	5,633.86	4,030.80	4,030.80	
(c) Other Financial Liabilities	24		1,025.47	1,025.47	1,092.30	1,092.30	
Sub - Total			8,679.19	8,679.19	7,219.06	7,219.06	
Total Financial Liabilities			10,842.00	10,842.00	9,585.60	9,585.60	

42.1 The Company's Principal Financial Liabilities comprise Loans and Borrowings, Trade Payables and other Liabilities. The main purpose of these financial Liabilities is to Finance the Company's Operations. The Company's Principal Financial Assets include Loans, Trade and Other Receivables, Cash and Cash Equivalents, Bank balances that derive directly from its Operations.

42.2 The Carrying Amounts of Trade Payables, Other Financial Liabilities, Cash and Cash equivalents, Other Bank Balances, Trade Receivables and Other Financial Assets are considered to be the same at their fair values due to their short term nature.

42.3 The management has assessed that fair value of borrowings approximate largely to their carrying amount since they are carried at floating rate of interest.

42.4 Other Non Current Financial Assets consists of certain non current portion relating to deposits with Government authorities where the fair value is considered to be the carrying value.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

43 Fair Value Measurements

43.1 Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entry specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation technique used to determine fair value:

Specific Valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of remaining financial instruments is determined using discounted cashflow analysis.

Valuation Process:

The Finance and accounts department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes, and report to the Board of Directors. The main Level 3 inputs are derived using the discounted cash flow analysis, Market Approach, Net Assets Value Method as applicable.

44 Financial Risk Management Objectives and Policies

Financial Risk Management Framework

The Company is exposed primarily to credit risk, liquidity risk and market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

44.1 Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in Material Concentration of credit risk, except for Trade Receivables.

(i) Financial Instruments and Cash Deposits

For banks and financial institutions, only high rated banks/ institutions are accepted. Other Financial assets (excluding Bank deposits) majorly constitute deposits given to State electricity department for supply of power, which the company considers to have negligible credit exposure. Counterparty credit limits are reviewed by the Management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(ii) Expected Credit Loss for Trade Receivables under simplified approach

For trade receivables, the group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Following are the Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	31 st March, 2021	31 st March, 2020
Gross Carrying Amount	3,083.73	2,298.20
Expected Credit Losses (Loss allowance Provision)	84.30	95.96
Net Carrying Amount of Trade Receivables	2,999.43	2,202.24

Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	Outstanding			Total
	for < 90 days	> 90 days & < 180 days	for > 180 days	
Gross Carrying Amount of Trade Receivables	2,890.33	179.21	14.19	3083.73
Expected Loss Rate	2.73%	2.73%	2.73%	2.73%
Expected Credit Losses (Loss Allowance Provision)	79.01	4.90	0.39	84.30
Net Carrying Amount of Trade Receivables	2,811.32	174.31	13.80	2,999.43

44.2 Liquidity Risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
31st March, 2021					
Non Current Borrowings (including Current Maturities)	255.27	771.20	797.74	593.87	2,418.08
Current Borrowings	2,019.86				2,019.86
Trade Payables	5,633.86				5,633.86
Other Financial Liabilities	769.82				769.82
Total	8,678.81	771.20	797.74	593.87	10,841.62

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
31st March, 2020					
Non Current Borrowings (including Current Maturities)	452.59	792.25	873.93	700.36	2,819.13
Current Borrowings	2,095.96				2,095.96
Trade Payables	4,030.80				4,030.80
Other Financial Liabilities	639.28				639.28
Total	7,218.63	792.25	873.93	700.36	9,585.18

44.3 Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. Market prices comprise three types of risk, currency rate risk, interest rate risk and other price risks such as equity risk. Financial instruments affected by market risk include loans and advances deposits investments in debt securities mutual funds and other equity funds.

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its portfolio.

Particulars	Change in basis points		Effect on Profit before Tax	
	Increase	Decrease	Decrease	Increase
31 st March, 2021	0.50%	0.50%	(12.54)	12.54
31 st March, 2020	0.50%	0.50%	(24.27)	24.27

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

(ii) Foreign Currency Exchange Rate Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company has transactional currency exposures arising from services provided or availed that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars (\$). The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(a) Details of Unhedged Foreign Currency Exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

Particulars	Currency	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
31st March, 2021				
Trade Receivables	USD	12.00	858.12	71.50
Trade Payables	USD	22.73	1,684.02	74.10
31st March, 2020				
Trade Receivables	USD	11.06	819.36	74.05
Trade Receivables	EURO	0.40	32.08	80.20
Trade Payables	USD	13.83	1,047.62	75.75

(b) Foreign Currency Sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Effect on Profit before Tax	
	31 st March, 2021	31 st March, 2020
USD Sensitivity		
Rs/USD - Increases by 1%	(19.79)	(2.60)
Rs/USD - Decreases by 1%	19.79	2.60

(iii) Other Price Risk:

Other price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

45 Capital Management

For the purpose of the Company's Capital Management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholders value.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Company intends to keep the gearing ratio less than 1.

Particulars	31 st March, 2021	31 st March, 2020
Borrowings including Interest Accrued	4,466.66	4,935.34
Less: Cash and Short Term Deposits	846.35	65.44
Net Debt	3,620.31	4,869.90
Equity	302.33	302.33
Other Equity	12,331.32	11,023.24
Total Equity	12,633.65	11,325.57
Total Capital Employed	16,253.96	16,195.47
Gearing Ratio (Net Debt/((Net Debt +Total Equity))	0.22	0.30

46 Related Party Transactions

(a) Key Management Personnel(KMP)

Name	Relationship
Sri TVVSN Murthy	Managing Director
Sri N Rajendra Prasad	Chief Financial Officer
Mr. Trupti R Mohanty	Company Secretary

(b) Relatives of KMP

Sri. T V Praveen
Smt .G.Sudeepthi

(c) List of Related Parties over which Control / Significant Influence exists with whom the Company has transactions :

Relationship	Name of the Company
Wholly Owned Subsidiary Company	Mahi Drugs Private Limited
Enterprises overwhich KMP are able to Exercise Significant Influence	1. SMS Pharmaceuticals Limited 2. Rchem (Somanahalli) Private Limited 3. VKT Pharma Private Limited

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(d) Transactions with Related Parties:

Name of the Company	31 st March 2021	31 st March 2020
	Amount	Amount
Key Management Personnel		
Remuneration (Short Term Employee Benefits)	224.65	263.23
Interest on Unsecured Loan	43.14	47.03
Relatives of KMP		
Remuneration - (Short Term Employee Benefits)	88.20	77.70
Subsidiary Company		
Purchases	1,251.86	1,589.26
Sales	157.66	621.85
Enterprise with Significant Influence		
Purchases	341.14	95.42
Sales	5,203.28	1,660.73
Conversion Charges	1,536.10	816.62
Balance (Payable)/Receivable at the year end		
Key Management Personnel		
Remuneration Payable	1.49	26.21
Interest payable	10.73	0.35
Unsecured Loan Payable	495.00	495.00
Relatives of KMP		
Remuneration Payable	4.72	4.27
Subsidiary Company	2,081.90	394.41
Enterprise with Significant Influence	1,645.25	598.81

(e) Note:

- i. The above transactions are in the ordinary course of business and are at arm's length price.
- ii. As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Managerial Personnel and their relatives is not ascertainable and, therefore, not included above. Contribution to Provident Fund was also not included.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

47 Contingent Liabilities

Particulars	as at 31 st March, 2021	as at 31 st March, 2020
Guarantees issued by the Bankers	32.00	32.00
Letter of credit opened in favor of suppliers for which goods are yet to be received	477.80	234.04
Disputed Income Tax Demands	22.62	22.62
Interest dues in respect of disputed demands of Income Tax and Central Excise	147.27	204.74
Non Agricultural land Tax	22.50	22.50
Claims not acknowledged as debt	10.40	10.40
Penal Interest on Provident Fund	7.52	7.52
Corporate Gurantee given to Subsidiary Company	1,790.87	1,449.84

IGST Exemption availed on Imports

The Company has received a Show Cause Notice from DRI, Kolkata for an amount of Rs.10.03 Crores IGST payable on imports saying that the company has violated the pre import conditions while availing the IGST exemption on imports made against advance authorisations. The company has filed writ petition with Telangana High Court and the said High Court has granted stay and also directed the case to tag with special leave petition filed by the Customs department with reference to positive order passed by the Gujarat High court on the same issue which is pending with Supreme Court. Considering the facts of the case and based on the legal advice no contingent liability was recognised in this regard.

Provident Fund

Pursuant to Supreme Court Judgement dated 28th February 2019, regarding the provident fund contribution wherein there has been a clarification provided for the inclusions of basic wages for the purpose of computation of contribution towards provident fund, the Company has been legally advised that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has assessed the impact of the judgement only from the year ended 31st March, 2019 and concluded that there was no impact. Further, no contingent liability has been recognised based on retrospective application as amount cannot be reliably measured.

48 Commitments

	Particulars	as at 31 st March, 2021	as at 31 st March, 2020
48.1	Capital Commitments	296.61	114.62
48.2	Export Obligations	4,171.32	6,200.83

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

49 Segment Information

A Basis for segmentation

The operations of the Company are limited to one segment viz. Pharmaceutical products including ingredients and intermediaries. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only. The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on aggregation of financial information of the Company on a periodic basis, for the purpose of allocation of resources and evaluation of performance. Accordingly, management has identified pharmaceutical segment as the only operating segment for the Company.

B Segment information for secondary segment reporting (by geographical segment)

The Company is engaged in the manufacture of Pharmaceuticals, which in the context of Ind AS 108 is considered only business segment.

The Company has reportable geographical segments based on location of its customers:

- (i) Revenue from customers outside India – Exports
- (ii) Revenue from customers (EOU)
- (iii) Revenue from customers within India – Domestic
- (iv) Revenue from Export Incentives

a) Revenues are attributed to geographical areas based on the location of the customers as detailed below:

Particulars	Current Year 2020-21		Previous Year 2019-20	
	Revenue	%	Revenue	%
Exports	8,800.36	33.82%	8,933.00	34.77%
Deemed Exports	1,486.79	5.71%	5,327.52	20.73%
Domestic	15,652.82	60.14%	11,016.39	42.88%
Export Incentive	85.58	0.33%	415.51	1.62%
Total	26,025.55	100.00%	25,692.42	100.00%

50 Payables to Micro, Small & Medium Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	as at 31 st March, 2021	as at 31 st March, 2020
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	26.57	20.68
(ii) Interest on payments beyond the appointed day paid to the suppliers during the year.	-	-
(iii) Interest due and payable for the delay in making payment to suppliers during the year;	2.95	0.69
(iv) Amount of interest accrued and remaining unpaid to suppliers at the end of the year	-	-
(v) Amount of further interest remaining due and payable to suppliers in succeeding years	-	-

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

51 Impact of Covid-19 Pandemic

The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the realisability of its inventories, receivables and investments. As the company is into essential manufacturing service which is exempt from lockdown restrictions, there has been minimal impact on its operations and its supply chain. In this regard, the Company has considered internal and external information while finalizing various estimates in relation to its financial statements up to the date of approval by the Board of Directors and has not identified any material impact on the carrying value of assets, liabilities or provisions. As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

52 Previous year figure have been regrouped and reclassified wherever considered necessary to confirm to this year's classifications.

as per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

G.V.L. PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 18th June, 2021

for and on behalf of the Board

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

TRUPTI R MOHANTY

Company Secretary

M.No. 60358

T V PRAVEEN

Executive Director

DIN: 08772030

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Independent Auditor's Report

To
The Board of Directors of
SMS Lifesciences India Limited

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of SMS Lifesciences India Limited (*"the Holding Company"*) and its Subsidiary Company Mahi Drugs Private Limited which is Audited by us (collectively referred to as "the Group") which comprise the consolidated Balance Sheet as at March 31, 2021, the consolidated Statement of Profit and Loss, the consolidated statement of changes in equity and the consolidated Cash Flow Statement for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (here in referred as "the consolidated Ind AS financial statements").

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

Basis for Opinion

We conducted our audit of the consolidated Ind AS 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 Consolidated Ind AS 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 consolidated Ind AS 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 consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Sr.No.	Key Audit Matter	Auditor's Response
1	Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers".	<p>Principal Audit Procedures We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.

Sr.No.	Key Audit Matter	Auditor's Response
		<ul style="list-style-type: none"> • Selected a sample of continuing and new contracts and performed the following procedures: <ol style="list-style-type: none"> 1. Read, analysed and identified the distinct performance obligations in these contracts. 2. Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.

Management's Responsibility for the Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 consolidated Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS 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 financial 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 and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the Ind AS financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated Ind AS financial statements.

We communicate with those charged with governance of the Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

1. 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 purpose 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 consolidated Balance Sheet, the consolidated Statement of Profit and Loss, consolidated statement of changes in equity and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e. On the basis of written representations received from the directors of the Company and its subsidiary as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**”.
- g. With respect to the other matters to be included in the Auditor’s 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 and schedule V.
- 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 and in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31st March, 2021 on its consolidated financial position in its Ind AS financial statements as referred to in note 47 to the Ind AS financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund for the year ending 31st March, 2021.

Place: Hyderabad
Date: 18.06.2021

for **Rambabu & Co.,**
Chartered Accountants
Reg. No.002976S

UDIN:21026548AAAAFV5083

GVL Prasad
Partner
M. No. 026548

“Annexure A” to the Independent Auditor’s Report

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

We have audited the internal financial controls over financial reporting of SMS Lifesciences India Limited (“the Holding Company”) in respect of standalone Ind AS financial statements as at March 31, 2021 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by the 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 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 judgment, 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 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 Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

Place: Hyderabad
Date: 18.06.2021

for **Rambabu & Co.,**
Chartered Accountants
Reg. No.002976S

UDIN:21026548AAAAFV5083

GVL Prasad
Partner
M. No. 026548

Consolidated Balance Sheet as at 31st March, 2021

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Sl. No.	Particulars	Note	as at 31 st March, 2021	as at 31 st March, 2020
I ASSETS				
1 Non-Current Assets				
(a)	Property, Plant and Equipment	4	11,228.46	10,612.56
(b)	Right-of-use Assets	5A	39.89	86.95
(c)	Capital Work-in-Progress	4	3,831.19	1,576.24
(d)	Intangible Assets	6	14.46	18.29
(e)	Goodwill	7	1,694.79	1,694.79
(f)	Financial Assets			
(i)	Investments	8	4.11	4.11
(ii)	Bank Balances	9	97.27	-
(iii)	Other Financial Assets	10	246.95	238.64
(h)	Other Non-Current Assets	11	443.95	329.28
	Total		17,601.07	14,560.86
2 Current Assets				
(a)	Inventories	12	6,163.18	6,429.84
(b)	Financial Assets			
(i)	Trade Receivables	13	3,415.02	2,160.81
(ii)	Cash and Cash Equivalents	14	853.63	214.78
(iii)	Bank Balances other than (ii) above	15	252.75	544.60
(c)	Other Current Assets	16	1,944.08	1,372.14
	Total		12,628.66	10,722.17
	Total Assets		30,229.73	25,283.03

(Contd.)

Consolidated Balance Sheet as at 31st March, 2021 (Contd.)

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Sl. No.	Particulars	Note	as at 31 st March, 2021	as at 31 st March, 2020
II EQUITY AND LIABILITIES				
1 EQUITY:				
(a)	Equity Share Capital	17	302.33	302.33
(b)	Other Equity	18	12,619.29	11,270.98
	Total		12,921.62	11,573.31
2 LIABILITIES				
A Non-Current Liabilities				
(a)	Financial liabilities			
(i)	Borrowings	19	3,914.11	3,670.70
(ii)	Lease Liabilities	5B	47.77	93.59
(b)	Other Non Current Liabilities.	20	600.00	-
(c)	Provisions	21	303.58	269.51
(d)	Deferred Tax Liabilities (Net)	22	1,082.69	972.23
	Total		5,948.15	5,006.03
B Current Liabilities				
(a)	Financial Liabilities			
(i)	Borrowings	23	2,019.86	2,095.96
(ii)	a. Trade Payables - MSME	24	30.56	21.24
	b. Trade Payables Otherthan MSME	24	6,083.75	4,347.59
(iii)	Other Financial Liabilities	25	1,410.42	1,401.23
(b)	Provisions	21	82.58	83.56
(c)	Other Current Liabilities	26	1,674.60	690.05
(d)	Current Tax Liabilities (Net)	27	58.19	64.06
	Total		11,359.96	8,703.69
	Total Liabilities		17,308.11	13,709.72
	Total Equity and Liabilities		30,229.73	25,283.03
	Significant Accounting Policies	3		

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

as per our report of even date

for RAMBABU & CO
Chartered Accountants
FRN 002976S

G.V.L. PRASAD
Partner
M.No.026548

Place : Hyderabad
Date : 18th June, 2021

for and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

T V PRAVEEN
Executive Director
DIN: 08772030

N. RAJENDRA PRASAD
Chief Financial Officer
M.No.026567

Consolidated Statement of Profit and Loss for the Year Ended 31st March, 2021

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Sl. No.	Particulars	Note	Current Year 2020-21	Previous Year 2019-20
1	Income			
	Revenue from Operations	28	26,559.18	26,078.12
	Other Income	29	178.10	228.08
	Total Income		<u>26,737.28</u>	<u>26,306.20</u>
2	Expenses			
	Cost of Materials Consumed	30	13,516.65	14,704.39
	Changes in Inventories	31	187.20	1,083.68
	Manufacturing Expenses	32	5,020.67	4,029.75
	Employee Benefits Expense	33	3,065.81	2,656.31
	Finance Costs	34	452.93	513.72
	Depreciation and Amortization Expense	35	786.16	786.15
	Other Expenses	36	1,751.11	1,065.40
	Total Expenses		<u>24,780.53</u>	<u>24,839.40</u>
3	Profit Before Tax (1-2)		1,956.75	1,466.80
4	Tax Expense			
	(a) Current Tax			
	(i) relating to Current Year	37	526.50	365.00
	(ii) relating to Earlier Year		(38.93)	4.61
	(b) Deferred Tax		113.52	78.88
	Total Taxes		<u>601.09</u>	<u>448.49</u>
5	Profit for the Year (3-4)		<u>1,355.66</u>	<u>1,018.31</u>
	Other Comprehensive Income/(Loss)			
	Items that will not be reclassified to Profit/(Loss)			
6	Remeasurement Gain/(Loss) of the defined benefit plans	38	(10.39)	(44.14)
7	Income Tax effect on the above		(3.05)	(12.87)
8	Other Comprehensive Income /(Loss) after tax for the Year (6-7)		(7.34)	(31.27)
9	Total Comprehensive Income/(Loss) for the Year (5+8)		<u>1,348.32</u>	<u>987.04</u>
10	Earnings per Share (Face Value of Rs.10/- each)	39		
	Basic / Diluted		44.84	33.68
	Significant Accounting Policies	3		

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

as per our report of even date
for **RAMBABU & CO**
Chartered Accountants
FRN 002976S

G.V.L. PRASAD
Partner
M.No.026548

Place : Hyderabad
Date : 18th June, 2021

for and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

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T V PRAVEEN
Executive Director
DIN: 08772030

N. RAJENDRA PRASAD
Chief Financial Officer
M.No.026567

Consolidated Statement of Changes in Equity for the Year Ended 31st March, 2021

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

a. Equity Share Capital

Particulars	as at 31 st March, 2021		as at 31 st March, 2020	
	Number of Shares	Amount	Number of Shares	Amount
At the Beginning of the Year	3,023,287	302.33	3,023,287	302.33
Changes in Equity Share Capital	-	-	-	-
At the End of the Year	3,023,287	302.33	3,023,287	302.33

b. Other Equity

	Capital Reserve	General Reserve	Retained Earnings	Total Other Equity
Balance as at 01st April, 2019	1.00	6,516.02	3,813.55	10,330.57
Profit for the Year	-	-	1,018.31	1,018.31
Payment of Dividend	-	-	(45.35)	(45.35)
Dividend Tax	-	-	(9.32)	(9.32)
Other Comprehensive Income for the Year, net of Income Tax	-	-	(31.27)	(31.27)
Total Comprehensive Income for the Year			940.41	940.41
Balance as at 31st March, 2020	1.00	6,516.02	4,753.96	11,270.98
Balance as at 01st April, 2020	1.00	6,516.02	4,753.96	11,270.98
Profit for the Year	-	-	1,355.66	1,355.66
Other Comprehensive Income for the Year, net of Income Tax	-	-	(7.34)	(7.34)
Transferred from General Reserve	-	100.00	-	100.00
Transferred to General Reserve	-	-	(100.00)	(100.00)
Total Comprehensive Income for the Year		100.00	1,248.32	1,348.32
Balance as at 31st March, 2021	1.00	6,616.02	6,002.27	12,619.29

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

as per our report of even date

for RAMBABU & CO
Chartered Accountants
FRN 002976S

G.V.L. PRASAD
Partner
M.No.026548

Place : Hyderabad
Date : 18th June, 2021

for and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

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Company Secretary
M.No. 60358

T V PRAVEEN
Executive Director
DIN: 08772030

N. RAJENDRA PRASAD
Chief Financial Officer
M.No.026567

Consolidated Statement of Cash Flow for the Year Ended 31st March, 2021

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
A. Cash Flow from Operating Activities		
Profit Before Tax	1,956.75	1,466.80
Adjustments for:		
Depreciation and amortisation expense	786.16	786.15
Interest Income classified as Investing Cash Flows	(31.68)	(11.55)
Allowance for Doubtful Debts	(11.66)	7.56
Interest on Non Current Borrowings	260.03	309.62
Provision for Employee Benefits	22.69	8.05
Term Loan Processing Fee	4.97	6.41
Profit/(Loss) on Sale of Assets	(1.06)	4.12
Interest on Leased Premises	8.18	13.22
	2,994.37	2,590.40
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Trade Receivables	(1,205.80)	2,034.86
(Increase)/Decrease in Inventories	266.65	1,694.98
Increase/(Decrease) in Trade Payables	1,701.06	(5,011.60)
(Increase)/Decrease in Other Non Current Financial Assets	(105.58)	(10.54)
(Increase)/Decrease in Other Non Current Assets	(114.67)	(67.40)
(Increase)/Decrease in Other Current Financial Assets	-	(350.00)
(Increase)/Decrease in Other Current Assets	(4,378.06)	(15.58)
(Increase)/Decrease in Other Current Financial Assets	26.82	-
Increase/(Decrease) in Provisions	-	3.76
Increase/(Decrease) in Other Current Financial Liabilities	27.28	339.91
Increase/(Decrease) in Other Current Liabilities	4,798.35	551.81
	1,016.05	(829.80)
Cash generated from Operations	4,010.42	1,760.61
Income Tax Paid	(493.44)	(305.94)
Net Cash Inflow from Operating Activities "A"	3,516.98	1,454.67

(Contd.)

Consolidated Statement of Cash Flow (Contd.)

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
B. Cash flows from Investing Activities		
Purchase Property, Plant and Equipment	(3,555.64)	(2,335.35)
Proceeds from sale of Property, Plant and Equipment	8.67	13.23
Payments for Purchase of Investments	-	(380.00)
Advance Received for sale of Asset	600.00	-
Margin Money Deposits	105.91	(3.63)
Fixed Deposits Made	(201.95)	-
Proceeds from Fixed Deposits	380.79	-
Interest Received on Margin Money Deposit	38.74	3.83
Net Cash Inflow/(Outflow) from Investing Activities - "B"	(2,623.48)	(2,701.92)
C. Cash flows from Financing Activities		
Proceeds from Long Term Borrowings	677.59	1,549.56
Repayment of Long Term Borrowings	(550.59)	(719.74)
Proceeds from Short Term Borrowings	-	944.77
Repayment of Short term Borrowings	(76.10)	(125.43)
Repayment of Lease Liability	(54.00)	(40.78)
Interest paid	(251.55)	(309.16)
Dividends paid to company's shareholders	-	(54.67)
Net Cash Inflow/(Outflow) from Financing Activities - "C"	(254.65)	1,244.55
Net Increase (Decrease) in Cash and Cash Equivalents - (A+B+C)	638.85	(2.70)
Cash and Cash Equivalents at the beginning of the Financial Year	214.78	217.48
Cash and Cash Equivalents at End of the Year (Refer Note: 14)	853.63	214.78

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

- The Cash Flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash Flows.
- Previous year figures have been regrouped/reclassified to confirm to current year classification.

as per our report of even date
for RAMBABU & CO
Chartered Accountants
FRN 002976S

G.V.L. PRASAD
Partner
M.No.026548

Place : Hyderabad
Date : 18th June, 2021

for and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

T V PRAVEEN
Executive Director
DIN: 08772030

N. RAJENDRA PRASAD
Chief Financial Officer
M.No.026567

Notes to the Consolidated Financial Statements

1. Corporate Information:

SMS Lifesciences India Limited (SMS Life), (the 'Company') is a Company limited by Shares domiciled in India incorporated under the Companies Act, 1956. The registered office of the Company is at Plot No.19-III, Road No. 71, Jubilee Hills, Hyderabad-500 096, Telangana, India. The Equity Shares of the Company are listed in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is engaged in the business of manufacturing of Active Pharma Ingredients and their intermediates. The Company is having manufacturing facilities at Kazipally and Jeedimetla, Hyderabad.

2. Basis of preparation of Consolidated Financial Statements

2.1 Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards as notified under section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules 2015 issued by the Ministry of Corporate Affairs ('MCA'). The Group has uniformly applied the accounting policies during the years presented.

These consolidated financial statements have been prepared by the Group as a going concern on the basis of relevant Ind AS that are effective at the Group's annual reporting date, 31st March, 2021. These Consolidated Financial Statements for the year ended 31st March, 2021 were authorized and approved for issue by the Board of Directors on 18th June, 2021.

2.2 Basis of Consolidation

The Consolidated financial statements of the Company and its Subsidiary have been prepared in accordance with Indian Accounting Standards notified under Companies Accounting Standard rules, 2015 (as amended from time to time).

The Consolidated Financial Statements relate to SMS Lifesciences India Ltd and its wholly

owned Subsidiary Company, M/s. Mahi Drugs Pvt Ltd, Parawada, Visakhapatnam.

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date the control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

2.3 Basis of Measurement:

The consolidated financial statements have been prepared on a historical cost and on accrual basis, except for the following items in the balance sheet:

- Certain financial assets are measured either at fair value or at amortised cost depending on the classification.
- Employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation.
- Right-of use the assets are recognized at the present value of lease payments that are not paid at that date.
- Assets held for sale are measured at fair value less cost to sell.

2.3 Current and Non-Current Classification:

The Group presents assets and liabilities in the balance sheet based on current and non-current classification.

- (a) An asset is treated as current when it satisfies the below mentioned criteria:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
 - Held primarily for the purpose of trading;
 - Expected to be realized within twelve months after the reporting period, or
 - Cash or Cash Equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- (b) All Other Assets are classified as non-current.
- (c) A liability is classified as current when it satisfies the below mentioned criteria:
- Expected to settle the liability in normal operating cycle;
 - Held primarily for the purpose of trading;
 - Due to be settled within twelve months after the reporting period, or
 - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- (d) All Other liabilities are classified as non-current.
- (e) Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.
- (f) The Operating Cycle is the time between the acquisition of assets for processing and their realization in Cash and Cash Equivalents. The Group has identified Twelve months as its Operating Cycle.

3. Summary of Significant Accounting Policies:

The consolidated financial statements have been prepared using the accounting policies and measurement basis summarized below:

3.1 Revenue Recognition:

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. To recognize revenues, the Group applies the following five step approach:

- (1) identify the contract with a customer,
- (2) identify the performance obligations in the contract,
- (3) determine the transaction price,
- (4) allocate the transaction price to the performance obligations in the contract, and
- (5) recognize revenues when a performance obligation is satisfied.

The specific recognition criteria described below must also be met before revenue is recognised.

The Group's revenue is derived from sale of goods, sale of services and income from licensing arrangements. Most of such revenue is generated from the sale of goods. Accounting policies relating to revenue for the periods with effect from 01st April, 2018 are as follows:

(i) Revenue from Sale of Goods:

Revenue is recognized when the control of the goods has been transferred to a third party. This is usually when the title passes to the customer, either upon shipment or upon receipt of goods by the customer. At that point, the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes

and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

In arriving at the transaction price, the Group considers the terms of the contract with the customers and its customary business practices. The transaction price is the amount of consideration the Group is entitled to receive in exchange for transferring promised goods or services, excluding amounts collected on behalf of third parties. The amount of consideration varies because of estimated rebates, returns and chargebacks, which are considered to be key estimates. Any amount of variable consideration is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur. The Group estimates the amount of variable consideration using the expected value method

Presented below are the points of recognition of revenue with respect to the Group's sale of goods:

Particulars	Point of recognition of revenue
Domestic Sales	Upon delivery of products to customers (generally formulation manufacturers), from the factories of the Group.
Export Sales	Upon delivery of the products to the customers unless the terms of the applicable contract provide for specific revenue generating activities to be completed, in which case revenue is recognised once all such activities are completed.

(ii) Revenue from Sale of Services:

Revenue from Sale of services is recognised as per the terms of the contracts with customers when the related services are performed or the agreed milestones are achieved.

(iii) Export incentives:

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the export made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(iv) Dividend Income:

Dividends are received from financial assets at fair value through profit or loss and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of the investment.

(v) Interest Income:

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income, on financial assets at amortised cost and financial assets at FVOCI, is calculated using the effective interest method and the same is recognized in the statement of profit and loss as part of other income. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.2 Foreign Currency Transactions:

i. Functional and Presentation Currency:

The consolidated financial statements are presented in Indian Rupee ('INR' or '₹') which is also the functional and presentation currency of the Group.

ii. Initial Recognition:

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

iii. Conversion on Reporting Date:

Transactions in foreign currencies are initially recorded by the Group at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

iv. Exchange Differences:

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

3.3 Property, Plant and Equipment:

(a) Recognition and Initial Measurement

Property, Plant and Equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Cost includes non-refundable taxes, duties, freight, borrowing costs and other incidental expenses related to the acquisition and installation of the respective assets.

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress. Advances paid towards acquisition of assets are shown as Capital Advances.

Borrowing Cost relating to acquisition of Property, Plant and Equipment which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

Subsequent Costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

(b) Subsequent Measurement (Depreciation and Useful Lives)

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives as estimated by the management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

Depreciation on addition to/deletion from fixed assets made during the year is provided on pro-rata basis from/up to the date of such addition/deletion as the case may be. In case of assets costing less than Rs.5,000/- purchased during the year also depreciation has been provided at normal rates on pro-rata basis from the date of purchase.

Cost of the leasehold land is amortized on a straight-line basis over the term of the lease. Depreciation on landscape is being provided @10% under straight line method.

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

(c) De-recognition

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

(d) Capital advances

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

(e) Capital work-in-progress

Capital work-in-progress includes cost of property, plant and equipment under installation/development as at the balance sheet date.

3.4 Intangible Assets:

(a) Recognition and Initial Measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

(b) Subsequent measurement (amortization):

The cost incurred on Intangible Assets is amortized over a period of 6 years in case of Computer Software and 4 years for Patents on Straight Line Method.

3.5 Leases:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Effective 1st April, 2019, the Group adopted Ind AS 116 "Leases", applied to all lease contracts existing on 1st April, 2019 using the modified retrospective method.

Group as a lessee

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

representing the right to use the underlying assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

i) Right-of-use assets

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

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

ii) Lease Liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

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

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

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing activity in cash flow statement.

3.6 Inventories:

Raw material, packaging material, are carried at cost. Stores and spares are being charged to revenue as and when purchased. Cost includes purchase price excluding taxes those are subsequently recoverable by the Group from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost of Raw Material, packaging

material is determined using the weighted average cost method.

Finished goods and work in progress are valued at the lower of cost and net realizable value. Cost of work in progress and manufactured finished goods is determined on weighted average basis and comprises cost of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on weighted average basis.

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

Spare Parts, Stand-by Equipment and Servicing Equipment are recognized in accordance with this Ind AS-16 when they meet the definition of property, plant and Equipment. Otherwise, such items are classified as inventory and are valued at Cost.

The carrying cost of raw materials, packing materials are appropriately written down when there is a decline in replacement cost of such materials and finished products in which they will be incorporated are expected to be sold below cost.

3.7 Cash and Cash Equivalents:

Cash and Cash equivalents include cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments.

For the Statement of Cash Flows, cash and cash equivalents consists of short term deposits, as defined above, net of outstanding bank overdraft as they are being considered as integral part of the Group cash management.

3.8 Trade Receivables:

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade

receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

3.9 Financial Instruments

(a) Financial Assets

(i) Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

(ii) Subsequent measurement

a. Debt instruments –

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- 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.

b. Equity investments –

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Group decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

Investment in Associates, Subsidiaries and Joint Venture:

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

Upon first-time adoption of Ind AS, the Group has elected to measure its investments in Subsidiaries, Associates and Joint ventures at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April, 2016.

(iii) De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

(b) Financial liabilities

(i) Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortized cost.

(ii) Subsequent Measurement

These liabilities include borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

(iii) De-recognition of Financial Liabilities

A financial liability is de-recognised 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 de-recognition 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 or loss.

(c) Financial Guarantee Contracts

Financial Guarantee Contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortization.

(d) 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 recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(e) Impairment of Financial Assets

In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. When

estimating the cash flows, the Group is required to consider –

- All contractual terms of the financial assets (including Prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(f) Trade Receivables

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of receivables.

(g) Other Financial Assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

3.10 Impairment of Non-Financial Assets

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

3.11 Income Taxes:

Current Income Tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the respective laws of the state. Current tax includes taxes to be paid on the profit earned during the year and for the prior periods, if any.

Deferred Income Tax

Deferred income taxes are provided based on the balance sheet approach considering the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where a component has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The Carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

Minimum alternate tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

Dividend Distribution Tax (DDT)

Final Dividend on share capital are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as liability on the date of declaration by the Group's Board of Directors. The entity recognised the income tax consequences

of dividends in profit or loss, and equity according to where the entity originally recognized those past transactions or events. The Finance Act, 2020 has repealed the Dividend Distribution tax. The Group is now required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

3.12 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman and managing director has been identified as being the Chief Operating Decision Maker (CODM). The Group is engaged in manufacturing and sale of Active Pharma Ingredients and their Intermediates and operates in a single operating segment. Revenues are attributed to geographical areas based on the location of the customers.

3.13 Government Grants:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Government grants relating to loans or similar assistance with an interest rate below the current applicable market rate are initially recognized and measured at fair value. The effect of this favorable interest is regarded as a government grant and is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

3.14 Borrowings:

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of financial statements for issue, not to demand payment as consequence of the breach.

3.15 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.16 Provisions

Provisions are recognized when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event,

when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provisions.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognized as a finance cost.

Provision for litigation related obligation represents liabilities that are expected to materialize in respect of matters in appeal.

3.17 Trade Payables:

These amounts represent liabilities for goods supplied to the Group prior to the end of financial year which are unpaid. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

3.18 Dividends

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

3.19 Equity:

Ordinary Shares are classified as Equity share Capital. Incremental costs directly attributable to the issue of new ordinary shares or share options and buy back are recognized as a deduction from equity, net of tax effects, if any.

3.20 Research and Development:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Development expenditure on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliability the expenditure during development.

The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready to its intended use.

3.21 Post Employee Benefits:

(a) Defined Contribution Plan:

The Group's contribution to provident fund and employee state insurance schemes is charged to the statement of profit and loss. The Group's contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan.

(b) Defined Benefit Plan:

The Group has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognized in the balance sheet for defined benefit plans as the present value of the defined benefit obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries as per the requirements of IND AS 19 "Employee Benefits". Actuarial gains and losses resulting from re-measurement of the liability are included in other comprehensive income.

The Group has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement or in the event of death in lump sum after deduction of necessary taxes upto a maximum limit as per the Gratuity Act, 1972. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Group makes contributions to the Gratuity Fund.

(c) Other Long-Term Employee Benefits

The Group also provides benefit of compensated absences to its employees which are in the nature of long-term benefit plan. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date as per the requirements of IND AS "Employee Benefits". Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise.

(d) Short-Term Employee Benefits

Short –term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

3.22 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) 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 events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

3.23 Contingent Liabilities and Commitments:

Where it is not probable that an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of balance sheet and is disclosed as a contingent liability.

Possible outcomes on obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities.

Contingent Assets are neither recognized nor disclosed. However, when realization of Income is virtually certain, related asset is recognized.

3.24 Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. These are material items of income or expense that have to be shown separately due to the significance of their nature or amount.

3.25 Fair Value Measurement

The Group measures Financial Instruments at fair value at each Balance Sheet Date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for such asset or liability, or in the absence of a principal market, in the most advantageous market which is accessible to the Group.

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

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

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

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

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

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.26 Estimates and Assumptions

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts

of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group.

(i) Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

(ii) Recognition of Deferred Tax Liability on Undistributed Profits:

The extent to which the Group can control the timing of reversal of deferred tax calculation on undistributed profits of its subsidiaries requires judgment.

(iii) Evaluation of Indicators for Impairment of Assets:

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

(iv) Recoverability of Advances/Receivables:

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

(v) Useful lives of Depreciable/Amortizable Assets:

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates

relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

(vi) Defined Benefit Obligation (DBO):

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(vii) Fair Value Measurements:

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(viii) Provisions:

At each balance sheet date the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from this judgment.

3.27 Recent Accounting Pronouncements:

The Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standard. There is no such notification which would have been applicable from 1st April, 2020.

3.28 Rounding of Amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III of the Companies Act, 2013 unless otherwise stated.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No. 4: Property, Plant and Equipment

Particulars	Land	Buildings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
I. Year ended 31st March, 2020											
a. Gross Carrying Amount											
1 Opening Gross Carrying Amount	539.09	2,569.02	8,403.88	94.11	49.00	79.74	14.61	173.31	34.21	11,956.97	341.12
2 Additions	-	218.49	996.49	-	19.19	15.52	5.60	-	-	1,255.29	2,458.18
3 Disposals/Transfers	-	-	(48.54)	-	-	-	-	(8.56)	-	(57.10)	(1,223.06)
4 Closing Gross Carrying Amount as at 31st March, 2020 (1+2+3)	539.09	2,787.51	9,351.83	94.11	68.19	95.26	20.21	164.75	34.21	13,155.16	1,576.24
b. Accumulated Depreciation and Impairment											
5 Opening Accumulated Depreciation	-	210.94	1,472.97	48.97	29.07	14.98	2.86	48.83	4.90	1,833.52	-
6 Depreciation Charge during the Year	-	100.12	578.81	7.49	11.03	8.43	2.23	21.71	5.69	735.51	-
7 Disposals/Transfers	-	-	(18.33)	-	-	-	-	(8.13)	-	(26.46)	-
8 Closing Accumulated Depreciation and Impairment as at 31st March, 2020 (5+6+7)	-	311.06	2,033.45	56.46	40.10	23.41	5.09	62.41	10.59	2,542.58	-
c. Net Carrying Amount as at 31st March, 2020 (4-8)	539.09	2,476.45	7,318.38	37.65	28.09	71.85	15.12	102.34	23.62	10,612.56	1,576.24

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No. 4: Property, Plant and Equipment (Contd.)

Particulars	Land	Buildings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equip-ment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
II. Year ended 31st March, 2021											
a. Gross Carrying Amount											
1 Opening Gross Carrying Amount	539.09	2,787.51	9,351.83	94.11	68.19	95.26	20.21	164.75	34.21	13,155.16	1,576.24
2 Additions	-	161.95	1,142.64	0.30	20.44	8.36	3.40	21.47	0.21	1,358.77	3,628.66
3 Disposals/Transfers	-	-	(39.09)	-	-	-	-	(11.07)	-	(50.16)	(1,373.71)
4 Closing Gross Carrying Amount as at 31st March, 2021 (1+2+3)	539.09	2,949.46	10,455.38	94.41	88.63	103.62	23.61	175.15	34.42	14,463.77	3,831.19
b. Accumulated Depreciation											
5 Opening Accumulated Depreciation	-	311.07	2,033.45	56.47	40.10	23.40	5.09	62.41	10.59	2,542.58	-
6 Depreciation Charge during the year	-	106.88	577.62	2.83	8.38	8.73	2.66	22.47	5.69	735.28	-
7 Disposals/Transfers	-	-	(33.85)	-	-	-	-	(8.70)	-	(42.55)	-
8 Closing Accumulated Depreciation and Impairment as at 31st March, 2021 (5+6+7)	-	417.95	2,577.22	59.30	48.48	32.13	7.75	76.18	16.28	3,235.31	-
c. Net Carrying Amount as at 31st March, 2021 (4-8)	539.09	2,531.51	7,878.16	35.11	40.15	71.49	15.86	98.97	18.14	11,228.46	3,831.19

4.1 Property, Plant and Equipment pledged as Security

Refer Note 41 for information on Property, Plant and Equipment pledged as security by the Company

4.2 Refer Note 48.1 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

4.3 The Gross Carrying amount of land Rs 20.00 Lakhs situated at Plot No. D-63, Phase-I, IDA Jeedimetla, Hyderabad, acquired from M/s Divya Enterprises Limited on which the company does not have title, in view of issues pending between TSIC and M/s Divya Enterprises Limited, the vendor. The Group is Pursuing with TSIC to sort out the issue.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No. 5: Right of Use Assets and Lease Liabilities

The Group has adopted Ind AS 116 - Leases with effect from 01.04.2019 using modified retrospective method. This has resulted in recognizing right of use assets and lease liability as on 01.04.2019.

5.A Right of Use Assets

Following are the changes in the carrying value of right of use assets for the year ended 31st March, 2021

Particulars	31 st March, 2021	31 st March, 2020
Opening Balance	86.95	-
Reclassification on adoption of Ind AS 116	-	134.38
Depreciation	47.06	47.43
Closing Balance	39.89	86.95

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

5.B Lease Liabilities

The following is the movement in lease liabilities during the year ended 31st March, 2021:

Particulars	31 st March, 2021	31 st March, 2020
Recognition on adoption of Ind AS 116/ Opening Balance	93.59	134.38
Finance cost accrued during the year	8.18	13.21
Payment of lease liabilities	54.00	54.00
Closing Balance	47.77	93.59

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2021 on an undiscounted basis

Particulars	31 st March, 2021	31 st March, 2020
Less than one year	45.00	54.00
One to five years	-	50.40
More than five years	-	-
Total	45.00	104.40

Lease agreement of office premises initially entered for three years, it expires by 31st January 2022.

The Group does not face significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligation related to lease liabilities as and when they fall due.

5.1 Operating Lease Commitments - Group as Lessor:

The Group has not given any of its assets on Lease basis.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No. 6: Intangible Assets

	Particulars	Computer Software
	(1)	(2)
I	Year ended 31st March, 2020	
a.	Gross Carrying Amount	
1	Opening Gross Carrying Amount	5.36
2	Additions	17.03
3	Disposals	-
4	Closing Gross Carrying Amount as at 31st March, 2020 (1+2-3)	22.39
b.	Accumulated Amortisation and Impairment	
5	Opening Accumulated Amortisation	0.88
6	Amortisation Charge during the period	3.22
7	Disposals	-
8	Closing Accumulated Amortisation and Impairment as at 31st March, 2020 (5+6-7)	4.10
c.	Closing Net Carrying Amount as at 31st March, 2020 (4-8)	18.29
II	Year ended 31st March, 2021	
a.	Gross Carrying Amount	
1	Opening Gross Carrying Amount	22.39
2	Additions	-
3	Disposals	-
4	Closing Gross Carrying Amount as at 31st March, 2021 (1+2-3)	22.39
b.	Accumulated Amortisation	
5	Opening Accumulated Amortisation	4.10
6	Amortisation Charge during the year	3.83
7	Disposals	-
8	Closing Accumulated Amortisation and impairment as at 31st March, 2021 (5+6-7)	7.93
c.	Closing Net Carrying Amount as at 31st March, 2021 (4-8)	14.46

Note No.	Particulars	As at 31 st March, 2021	As at 31 st March, 2020
7	Good Will		
	Gross Carrying Value (at Cost)		
	At the beginning of the year	1,694.79	1,694.79
	Additions/ (Disposals)	-	-
	At the end of the year	1,694.79	1,694.79

7.1 Good will amount represents acquisition cost incurred by the company over the value of assets of M/s Mahi Drugs Pvt Limited, Wholly Owned Subsidiary.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Non Current Financial Assets - Unsecured, Considered Good

Note No.	Particulars	as at 31 st March, 2021		as at 31 st March, 2020	
		Shares	Amount	Shares	Amount
8	Non-Current Investments				
	(Un quoted, fully paid up)				
	Investment in other Companies				
	Equity Shares of Rs.100/- each in				
	M/s. Jeedimetla Effluent Treatment Ltd	2,253	2.25	2,253	2.25
	Equity Shares of Rs.10/- each in				
	M/s. Patancheru Envirotech Ltd	17,538	1.76	17,538	1.76
	M/s Sireen Drugs Private Ltd	1,000	0.10	1,000	0.10
	Total		4.11		4.11
	Aggregate amount of unquoted investments		4.11		4.11
	Aggregate amount of quoted investments and market value thereof		-		-
	Aggregate amount of impairment in the value of investments		-		-

Note No.	Particulars	As at 31 st March, 2021	As at 31 st March, 2020
9	Bank Balances		
	Margin Money Deposits	97.27	-
	Total	97.27	-
9.1	Margin Money deposits are subject to the first charge against letter of credits.		
10	Other Non-Current Financial Assets		
	Deposits Recoverable	246.95	238.64
	Total	246.95	238.64
11	Other Non-Current Assets		
	Capital Advances	443.95	329.28
	Total	443.95	329.28

11.1 An amount of Rs.251.88 Lakhs (Previous Year Rs. 251.88 Lakhs) was included in the Capital Advances paid on account of land admeasuring AC 19.00 in JNPC, Parwada, Visakhapatnam District, and the amount so paid is equivalent to 100% land cost to APIIC and about 80% of development cost to Ramky Pharmacy. Due to the Cancellation of part of land allotted to the company earlier, the company has filed a writ petition before the Hon'ble High Court of Telangana, and the Court has granted stay and the case is pending.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	as at 31 st March, 2021	as at 31 st March, 2020
12	Inventories		
	(Cost or Net Realisable Value, whichever is lower and as valued and certified by the Management)		
	(a) Raw Materials	2,622.31	2,689.40
	(b) Stock in Process	1,365.89	2,266.09
	(c) Finished Goods	2,156.32	1,443.32
	(d) Coal & Fuel	18.66	31.03
	Total	6,163.18	6,429.84

12.1 Rawmaterials includes Stock in Transit of Rs.49.22 Lakhs (31st March, 2020 Rs. 57.20 Lakhs).

12.2 Finished Goods includes stock in transit of Rs.944.44 Lakhs (31st March, 2020 Rs. 290.65 Lakhs).

13 Trade Receivables

Trade Receivables	2,125.14	1,959.37
Receivables from related parties (Refer Note:13.2)	1,374.18	297.40
Doubtful	(84.30)	(95.96)
Total	3,415.02	2,160.81
Current receivables	3,415.02	2,160.81
Non Current receivables	-	-
Break-up for the above		
Trade Receivables considered Good-Secured	52.17	19.75
Trade Receivables considered Good-Un Secured	3,447.15	2,237.02
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	-	-
Total	3,499.32	2,256.77
Less: Loss Allowance.	84.30	95.96
Total Trade receivables	3,415.02	2,160.81

13.1 The Group has computed the expected credit loss allowance for doubtful trade receivables based on past experience.

In calculating expected credit loss, the Group has also considered credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

13.2 Trade Receivables Includes due from SMS Pharmaceuticals Limited of Rs 1,374.18 Lakhs (Previous Year Rs 63.48 Lakhs), and due from R Chem (Somanahalli) Private Limited of Rs Nil (previous year Rs 233.91 Lakhs).

13.3 Trade Receivables considered good amounting Rs. 52.17 Lakhs (31st Mach, 2020 Rs. 19.75 Lakhs) is held against letter of credit provided by customers of the Group.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	as at 31 st March, 2021	as at 31 st March, 2020
14	Cash and Cash Equivalents		
	(a) Balances with Banks		
	- in Current Accounts	27.75	193.51
	- in EEFC account	72.70	13.82
	(b) Deposits with Maturity of less than three months	751.00	-
	(c) Cash in Hand	2.18	7.45
	Total	853.63	214.78
15	Bank Balances other than Cash and Cash Equivalents		
	Margin Money Deposits	43.46	543.38
	Fixed Deposits	208.91	0.79
	Unclaimed Dividend	0.38	0.43
	Total	252.75	544.60
15.1	Margin Money deposits are subject to the first charge against Bank Gurantee and / or letter of credits..		
16	Other Current Assets		
	(Unsecured Considered Good)		
	GST Credit Receivable	1,077.41	461.13
	Advance to Suppliers	717.11	626.39
	Export Benefits Receivable	21.25	59.20
	Income Tax Refund Receivable	35.12	67.56
	Prepaid Expenses	53.48	34.63
	Interest Receivable	7.86	10.00
	Other Advances and Receivables	31.85	113.23
	Total	1,944.08	1,372.14

16.1a Advance to Suppliers includes an amount of Rs.271.12 Lakhs (31st March, 2020 Rs. 300.00 Lakhs) to M/s. R Chem (Somanahalli) Pvt Ltd, a related Party.

16.1b An amount of Rs.133.39 Lakhs was included in the Advances to suppliers was paid on account of import of raw materials. The imported materials were kept with Universal Logistics, a Customs notified godown, Chennai where the said material got damaged due to fire accident. Consequent upon the refusal of insurance claim by Cholamandalam MS General Insurance Company. Universal Logistics has filed a case against insurance Company before the National Consumer Disputes Redressal Commission (NCDRC), New Delhi, and made the Group as one of the party. Subsequently, the Group has also filed a case against the Universal Logistics for recovery before the said authority. The said cases are still pending.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	as at 31 st March, 2021		as at 31 st March, 2020	
		Number of shares	Amount	Number of shares	Amount
17	Equity Share Capital				
	Authorised Share Capital				
	Equity Shares of Rs. 10/- each	3,500,000	350.00	3,500,000	350.00
	Issued, Subscribed and fully Paid Up				
	Equity Shares of Rs. 10/- each	3,023,287	302.33	3,023,287	302.33
	Total	3,023,287	302.33	3,023,287	302.33

17.1 All the above Shares were issued for consideration other than cash during the last five years.

17.2 Reconciliation of Number of Equity Shares outstanding at the beginning and at the end of the Year

Particulars	as at 31 st March, 2021		as at 31 st March, 2020	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
At the beginning of the Year	3,023,287	302.33	3,023,287	302.33
Issued/(Reduced) during the Year	-	-	-	-
At the end of the Year	3,023,287	302.33	3,023,287	302.33

17.3 Rights attached to Equity Shares

The Holding Company has only one class of equity shares having face value of Rs.10/- per share. The Company declares and pays dividends in Indian rupees. In the event of liquidation of the company, the holders 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. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

17.4 Details of shareholders holding more than 5% shares in the Holding Company

Particulars	as at 31 st March, 2021		as at 31 st March, 2020	
	Number of shares	% Holding	Number of shares	% Holding
T. Annapurna	735,584	24.33%	306,797	10.15%
TVVSN Murthy*	707,224	23.39%	436,012	14.42%
Ramesh Babu Potluri	240,190	7.94%	518,105	17.14%
Hima Bindu Potluri	83,333	2.76%	291,905	9.66%
Potluri Infra Projects LLP	8,000	0.26%	213,213	7.05%

*Including 2,27,190 shares (as at 31.03.2020 - 1,42,191 shares) held in the capacity of Karta of HUF.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	as at 31 st March, 2021	as at 31 st March, 2020
18	Other Equity		
	Reserves and Surplus		
	Capital Reserve	1.00	1.00
	General Reserve	6,616.02	6,516.02
	Retained Earnings	6,002.27	4,753.96
	Total	12,619.29	11,270.98
18.1	Capital Reserve		
	Opening Balance	1.00	1.00
	Adjustments	-	-
	Closing Balance	1.00	1.00
18.2	General Reserve		
	Opening Balance	6,516.02	6,516.02
	Adjustments	-	-
	Transfer from Retained Earnings	100.00	-
	Closing Balance	6,616.02	6,516.02
18.3	Retained Earnings		
	Opening Balance	4,753.96	3,813.55
	Net profit for the year	1,355.66	1,018.31
	Transfer to General Reserve	(100.00)	-
	Dividend	-	(45.35)
	Dividend Tax	-	(9.32)
	Items of Other Comprehensive Income		
	Remeasurement Gain/(Loss) of the Defined Benefit Plans, net of tax	(7.34)	(31.26)
	Closing balance	6,002.27	4,753.96
18.4	Nature and Purpose of Reserves		
	(i) Capital Reserve		
	Capital Reserve was created during the year 2017-18 on cancellation of share capital existing as on the date of issue of share capital in pursuance of Demerger Scheme. The Group can use this reserve for transactions in accordance with the provisions of the Companies Act, 2013.		
	(ii) General Reserve:		
	The Group generally appropriates a portion of its earnings to the general reserve to be used for contingencies. These reserves are freely available for use by the Group.		
	(iii) Retained Earnings:		
	These are the accumulated earnings after appropriation of total comprehensive income and related transfers. The Group uses retained earnings in accordance with the provisions of the Companies Act, 2013.		
	(iv) Analysis of items of OCI, net of tax		
	Re-measurements of defined benefit plans (Refer Note: 38)		
	Re-measurements of defined plans comprises actuarial gains and losses and return on plan assets.		

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Financial Liabilities

Note No.	Particulars	as at 31 st March, 2021	as at 31 st March, 2020
19	Non - Current Borrowings		
19.1	Secured		
(i)	Rupee Term Loans from Banks		
(a)	Export Import Bank of India TL-II	1,667.81	1,866.27
(b)	Term Loan GECL-RBL	154.67	-
(ii)	Foreign Currency Term Loans from Banks	-	-
	RBL Bank Loan	1,596.63	1,304.16
(iii)	Hire Purchase Loans	-	5.27
	Sub Total	3,419.11	3,175.70
19.2	Unsecured		
	From Directors	495.00	495.00
	Sub Total	495.00	495.00
	Total	3,914.11	3,670.70
19.3	Current Maturities of Non Current Borrowings		
	Secured		
(i)	Rupee Term Loans from Banks		
(a)	Export Import Bank of India-TL I	-	297.68
(b)	Export Import Bank of India-TL II	250.00	100.00
(c)	GECL-RBL Bank Limited-TL	37.33	-
(ii)	Foreign Currency Term Loans from Banks		
	RBL Bank Limited TL	194.24	145.68
(iii)	Hire Purchase Loans	5.27	11.99
	Unsecured		
(a)	Sales Tax Deferment	-	42.92
	Total	486.84	598.27
	Amount disclosed under the head "Other Current Financial Liabilities"	(486.84)	(598.27)
	Total	-	-

19.1.1 Security Terms

(i) Rupee Term Loans from Banks

- (a) Term Loan II availed by the Holding Company from Export-Import Bank of India is secured by first charge of all movable and immovable fixed assets both present and future and second charge of all current assets both present and future and guaranteed by Sri TVVSN Murthy, Managing Director of the company and T.V.Praveen, Executive Director of the Company in their personal capacity.
- (b) Term Loan GECL (Guaranteed Emergency Credit Line) availed from RBL Bank is Guaranteed by National Credit Guarantee Trustee and Second charge of all movable and immovable fixed assets both present and future and of all current assets both present and future of the Subsidiary Company.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(ii) Foreign Currency Term Loans from Banks

- (a) Term Loan availed from RBL Bank is secured by Exclusive charge of all movable and immovable fixed assets both present and future and all current assets both present and future of Mahi Drugs private limited and guaranteed by Sri TVVSN Murthy, and Sri T.V.Praveen, as Directors of the Subsidiary company, in their personal capacity.
- (b) Corporate Gaurantee of the SMS Lifesciences India Limited, Holding Company.

(iii) Hire Purchase Loans

Hire Purchase Loans availed from ICICI Bank Ltd and Yes Bank Ltd, are secured by the respective vehicles.

- (iv) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 41.

19.1.2 Rate of Interest:

(i) Rupee Term Loan

- (a) Exim Bank Term Loan II carries an interest rate @ 10.35% p.a (LTMLR+115 bps p.a.)
- (b) The Term Loan GECL from RBL Bank carries an interest rate @9.25% p.a.

(ii) Foreign Currency Term Loan

RBL Bank Term Loan carries an interest rate @ 10.40% p.a . This loan is fully hedged by the bank through out the tenor of the loan. Hence there is no foreign exchange fluctuation risk for this loan.

19.1.3 Terms of Repayment

(i) Rupee Term Loan

- (a) Term Loan -II availed from Export Import Bank of India by the Holding Company amounting to Rs 2,000.00 Lakhs for funding the Expansion Project of Kazipally unit. The said loan is repayable in 24 Quarterly Installments commencing from February, 2020, as mentioed below.

First 4 Quarters	Rs. 25.00 Lakhs Each
Next 4 Quarters	Rs. 75.00 Lakhs Each
Next 16 Quarters	Rs. 100.00 Lakhs Each

- (b) Term Loan GECL availed from RBL Bank Limited by the Subsidiary Company amounting to Rs. 1.92 Lakhs for Long term working capital requirements of Mahi Drugs Private Limited. The said loan is repayable in 36 Equal Monthly Installments of Rs. 5.33 Lakhs commencing from September, 2021.

The Group has availed moratorium for principl instalment for the above said term loan as per RBI relaxation on account of COVID19

(ii) Foreign Currency Term Loan

- (a) The Group has availed Term Loan from RBL Bank Limited amounting to Rs.1,942.36 Lakhs for funding the Expansion Project of Mahi Drugs Private Limited unit situated at JN Pharmacy, Parawada, Visakhapatnam. The said loan is repayable in 24 Quarterly Installments commencing from September 2020, as mentioed below.

First 8 Quarters	Rs. 48.56 Lakhs Each
Next 16 Quarters	Rs. 97.12 Lakhs Each

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19.2.1 Un-Secured Loans

The Holding Company has taken Unsecured Loan from Sri TVVSN Murthy, Managing Director for an amount of Rs. 495.00 Lakhs. The said loan is carrying interest rate of 9.50% pa.

19.4 Debt Reconciliation as required by Ind AS -7, Statement of Cash Flows

Particulars	as at	as at
	31 st March, 2021	31 st March, 2020
Opening Borrowings	3,670.70	2,720.46
Add: Opening Current Maturities	598.27	712.27
Add: Amortisation of Transaction Cost	4.98	6.41
Add: Received during the year	677.59	1,549.56
Less: Paid during the year	550.59	719.74
Closing Borrowings	4,400.95	4,268.97
Less: Closing Current Maturities	486.84	598.27
Non Current Borrowings as per Balance Sheet	3,914.11	3,670.70

20 Other Non Current Liabilities

Advance Received for Sale of Land	600.00	-
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The Group has entered in to sale agreement for sale of 3.003 acers land located at Bollaram along with superstructures there on for a total consideration of Rs 750.00 lakhs out of which Rs 600 lakhs was received at the time of execution of sale agreement

21 Provisions

Employee Benefit Obligations

Non Current

Gratuity	251.92	224.61
Leave Encashment	51.66	44.90
Sub Total	303.58	269.51

Current

Gratuity	55.46	56.43
Leave Encashment	27.12	27.13
Sub Total	82.58	83.56

Total

Gratuity	307.38	281.04
Leave Encashment	78.78	72.03
Grand Total	386.16	353.07

21.1 For details of Post Employment Benefits. Refer Note 40.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

22 Deferred Tax Liabilities (net)

The balance comprises Temporary Differences attributable to:

Particulars	as at 31 st March, 2021	as at 31 st March, 2020
(a) Deferred Tax Liability		
(i) Property, Plant and Equipment	1,373.71	1,253.62
(ii) Others	17.63	5.22
Total	1,391.34	1,258.84
(b) Deferred Tax Asset		
(i) Expenses allowable on Payment basis	116.49	108.02
(ii) Other Items giving raise to temporary differences	192.16	178.59
Total	308.65	286.61
Net Deferred Tax Liabilities (a)-(b)	1,082.69	972.23

(c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Other Items	Total
As at 01st April, 2019	1,144.21	5.00	1,149.21
Charged/(Credited)	109.41	0.22	109.63
As at 31st March, 2020	1,253.62	5.22	1,258.84
Charged/(Credited)	120.09	12.41	132.50
As at 31st March, 2021	1,373.71	17.63	1,391.34

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on Payment basis	Other Items	Total
As at 01st April, 2019	94.61	148.39	243.00
Charged/(Credited)	13.42	30.20	43.62
As at 31st March, 2020	108.02	178.59	286.62
Charged/(Credited)	8.46	13.57	22.03
As at 31st March, 2021	116.49	192.16	308.65

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	as at 31 st March, 2021	as at 31 st March, 2020
23	Current Borrowings		
	Secured		
	Working Capital Loans from Banks		
	- RBL Bank Ltd	2,019.86	2,095.96
	Total	2,019.86	2,095.96

23.1.1 Security Terms

- (a) Working capital facilities sanctioned by RBL Bank Limited are secured by first charge of all current assets both present and future. These facilities are further secured by way of second charge on pari-passu basis of all movable and immovable fixed assets of the company both present and future and also guaranteed by Sri TVVSN Murthy, Managing Director and Sri T V Praveen, Executive Director of the Holding Company in their personal capacity.
- (b) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 41.

23.1.2 Rate of Interest: The above loan carries an interest rate of 9.75% p.a

23.1.3 Repayment Terms: The above working capital facilities are repayable on demand.

23.2 Debt Reconciliation as required by Ind AS -7, Statement of Cash Flows

Particulars	as at 31 st March, 2021	as at 31 st March, 2020
Opening Balance	2,095.96	1,276.62
Add: Received during the year	-	944.77
Less: Paid during the year	(76.10)	(125.43)
Current Borrowings as per Balance Sheet	2,019.86	2,095.96

24 Trade Payables

(a) Creditors for Supply of Materials		
(i) Due to Micro, Small and Medium Enterprises	30.56	21.24
(ii) Other than MSME	6,083.75	4,347.59
Total	6,114.31	4,368.83

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	as at 31 st March, 2021	as at 31 st March, 2020
25	Other Financial Liabilities		
	Current		
	Current Maturities of Long-Term Debt (refer note:19.3)	486.84	598.27
	Creditors for Expenses	588.37	534.27
	Capital Creditors	306.10	248.01
	Interest Accrued but not due	18.00	19.90
	Interest on Unsecured Loan	10.73	0.35
	Unclaimed Dividend	0.38	0.43
	Total	1,410.42	1,401.23
26	Other Current Liabilities		
	Statutory dues Payable	118.17	87.15
	Advance from Customers	1,541.95	584.42
	Employee Benefits Payable	14.48	18.48
	Total	1,674.60	690.05
27	Current Tax Liabilities (Net)	58.19	64.06
27.1	Movement in Current Tax Assets/(Liabilities)		
	Provision for Income Tax	526.50	370.00
	Less: Advance Tax	446.76	298.08
	Less: TDS & TCS Receivable	21.55	7.86
	Total	58.19	64.06

Note No.	Particulars	Current Year 2020-21	Previous Year 2019-20
28	Revenue from Operations		
	(a) Sale of Products	28,127.49	28,637.53
	Less: Goods and Service Tax	2,893.70	2,974.92
	Net Revenue from Sales	25,233.79	25,662.61
	(b) Sale of Services		
	(i) Conversion Charges	573.44	-
	Less: Goods and Service Tax	61.44	-
	Net Revenue from Services	512.00	-
	(c) Other Operating Income		
	Export Incentives	85.58	415.51
	Other Operating Income	727.81	-
		813.39	415.51
	Total Net Revenue from Operations (a+b+c)	26,559.18	26,078.12

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2020-21	Previous Year 2021-20
29	Other Income		
(a)	Interest Income	42.75	29.06
(b)	Profit on Sale of Assets	1.06	8.23
(c)	Net Gain on Foreign Exchange	92.75	126.85
(d)	Miscellaneous Income (Net of GST)	41.54	63.94
	Total	178.10	228.08
30	Cost of Materials Consumed		
	Raw Materials & Packing Materials		
	Stock at the Beginning of the Year	2,689.40	3,321.78
	Add: Purchases	13,449.56	14,072.01
	Less: Stock at the End of the Year	2,622.31	2,689.40
	Total Materials Consumed	13,516.65	14,704.39
31	Changes in Inventories		
(a)	Opening Stock of Inventory:		
	Finished Goods	1,417.95	2,310.16
	Stock in Process	2,291.46	2,482.93
	Sub Total (a)	3,709.41	4,793.09
(b)	Closing Stock of Inventory		
	Finished Goods	2,156.32	1,443.32
	Stock in Process	1,365.89	2,266.09
	Sub Total (b)	3,522.21	3,709.41
	(Increase)/Decrease in Stocks (a) - (b)	187.20	1,083.68
32	Manufacturing Expenses		
	Power and Fuel	1,995.63	1,893.40
	Consumable Stores	194.80	167.01
	Testing Charges	55.00	35.77
	Water Charges	159.94	154.34
	Conversion Charges	1,800.66	1,085.45
	Effluent Treatment Charges	284.10	251.60
	Repairs and Maintenance	-	-
	to Plant & Machinery	407.92	310.92
	to Buildings	25.84	59.32
	Factory Maintenance	96.78	71.94
	Total	5,020.67	4,029.75

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2020-21	Previous Year 2019-20
33	Employee Benefit Expenses		
	Salaries, Wages and Bonus	2,664.43	2,329.27
	Contribution to Provident Fund	168.04	144.82
	Contribution to ESI	12.70	14.87
	Staff Welfare Expenses	220.64	167.35
	Total	3,065.81	2,656.31
34	Finance Cost		
	Interest on Non Current Borrowings	260.03	309.62
	Interest on Current Borrowings	131.29	129.28
	Interest on Others	17.33	14.85
	Bank Charges	44.28	59.97
	Total	452.93	513.72
35	Depreciation and Amortisation Expense		
	Depreciation on Property, Plant and Equipment	735.27	735.50
	Right of use of Assets	47.06	47.43
	Amortisation of Intangible Assets	3.83	3.22
	Total	786.16	786.15
36	Other Expenses		
	Rent	3.33	2.56
	Rates and Taxes	43.17	57.25
	Repairs & Maintenance to other Assets	8.16	8.98
	Insurance	101.08	88.06
	Directors Remuneration	243.22	241.25
	Travelling and Conveyance	5.24	22.45
	Communication Expenses	10.14	11.00
	Printing and Stationery	47.03	28.24
	Payments to Auditors	15.00	11.00
	Cost Audit Fee	0.50	0.50
	Vehicle Maintenance	42.61	35.07
	Interest on Indirect Taxes	6.94	1.26
	Loss on Sale of Assets	-	4.12
	General Expenses	184.58	106.96
	Unrealised Debts on Account of NDMA issue	293.65	-
	Business Promotion Expenses	10.41	12.17
	Sales Commission	199.46	165.97
	FDA Filing Fee	41.31	-
	Carriage Outward	465.55	252.17
	Provision for Doubtful Debts	-	7.56
	Corporate Social Responsibility	29.73	8.83
	Total	1,751.11	1,065.40

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2020-21	Previous Year 2019-20
36.1	Details of payment to Auditors		
	Statutory Audit fee	11.00	8.00
	Tax Audit fee	4.00	3.00
	Total	15.00	11.00

36.2 Ranitidine Hydrochloride is one of the major contributor to the revenue of the company for the past 30 years. On 15th September 2019 US FDA has indicated that Ranitidine HCL may contain NDMA (N-Nitrosodimethylamine) impurity. With this statement by USFDA, the demand for worldwide usage of Ranitidine tablets have drastically came down which in turn has affected our revenues. However, after setting up the permissible threshold limit by USFDA in November, 2019, we have tested our product and have ensured that our products are well within the said permissible NDMA limits.

Our customers have returned 160 metric tons having the sale value of Rs 17.55 cr. The company has reprocessed the material and was able to set the NDMA within the specified limits and sold said product in domestic market. In this process the company has recognized revenue of 7.28 cr. and same was shown under the head other operating income. The reprocessing other relevant expenditure was charged to statement of P&L through respective heads of expenditure. Finally the issue has not impacted the profits of the company for the year under review.

36.3 Corporate Social Responsibility Expenditure

Particulars	Year ended 31 st March, 2021
As for requirement of the Companies Act, 2013, gross amount required to spent by the Group during the year is Rs. 29.01 lakhs.	
Amount spent during the year on	
(i) Construction of an Asset	26.53
(ii) For other than (i) above	3.20
Total Amount spent during the year	29.73
Amount required to be spent as per section 135 of the Companies Act, 2013	29.01
Amount carried forward to subsequent years	0.72

Note No.	Particulars	Current Year 2020-21	Previous Year 2019-20
37	Income Tax Expense		
	Current Tax		
	Current Tax on Profits for the Year	526.50	365.00
	Adjustments for Current Tax of Prior Years	(38.93)	4.61
	Total Current Tax	487.57	369.61
	Deferred Tax		
	Increase(Decrease) in Deferred Tax Liabilities	132.50	109.63
	Decrease(increase) in Deferred Tax Assets	(22.03)	(43.62)
	Acturial (Gain)/Loss	3.05	12.87
	Total Deferred Tax Expense/(Benefits)	113.52	78.88
	Total Tax Expenses	601.09	448.49

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2020-21	Previous Year 2019-20
37.1	Reconciliation of Tax Expense with Tax on Accounting Profit at normal rate is as follows:		
(a)	Profit before Income Tax Expenses	1,956.75	1,466.80
(b)	Enacted Tax Rate in India	29.12%	29.12%
(c)	Expected Tax Expenses (a)x(b)	569.80	427.13
(d)	Tax Effect on Permanent Difference:		
	Expenses not allowed under Income Tax Act	63.78	10.26
	Expenses allowed under Income Tax Act	6.77	-
	Adjustment of Current Tax of Prior Periods	(38.93)	4.61
	Others	(0.33)	6.49
	Total Adjustments	31.29	21.36
	Expenses as per Profit & Loss	601.09	448.49
	Effective Tax Rate	30.72%	30.58%
38	Other Comprehensive Income		
	Actuarial Gain/(Loss) on Post Employment Benefit Expenses	12.61	43.14
	Return on Plan Assets excluding net interest	(2.22)	1.00
		10.39	44.14
	Deferred Taxes on above	(3.05)	(12.87)
	Net Comprehensive Income	7.34	31.27
39	Earnings Per Share (Basic and Diluted)		
(a)	Net profit	1,355.66	1,018.31
(b)	Number of equity shares of Rs.10/- each	3,023,287	3,023,287
(c)	Earnings Per Share	44.84	33.68
	Basic /Diluted (Amount in Rs)		
40	Post Employment Benefits		
40.1	Defined Contribution Plans		
40.1.1	Employer's Contribution to Provident Fund:		
	Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards PF Contribution is Rs.168.04 Lakhs (31 st March, 2020 - Rs. 144.82 Lakhs).		
40.1.2	Employer's Contribution to State Insurance Scheme:		
	Contributions are made to State Insurance Scheme in India for employees at the rate of 3.25%. The Contributions are made to Employee State Insurance Corporation(ESI) to the respective State Governments of the Company's location. This Corporation is administered by the Government and the obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expenses recognised during the period towards ESI Contribution is Rs.12.70 Lakhs (31 st March, 2020 - Rs. 14.87 Lakhs).		

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

40.2 Defined Benefit Plans

The Company has a defined benefit gratuity plan governed by Payment of Gratuity Act, 1972. Every Employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of Service. The Scheme is funded through a policy with Life Insurance Corporation of India (LIC)

The Company has a defined benefit Compensated Absence Plan governed by the Factories Act, 1948. Every Employee who has worked for a period of 240 days or more during a calendar year shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated as per Act.

The following table summarise net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance Sheet for both the plans:

Particulars	31 st March, 2021		31 st March, 2020	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
40.2.1 Net Employee Benefit Expense				
(recognised in Employee Benefit Expenses)				
Current Service Cost	36.19	19.98	27.54	12.38
Interest Cost	17.78	3.95	16.61	4.02
Contribution Paid	(41.92)	(3.65)	(35.03)	(3.17)
Actuarial Gain/(Loss) other than OCI	-	(13.54)	-	(6.22)
Net Employee Benefit Expenses	12.05	6.75	9.12	7.01
40.2.2 Other Comprehensive Income				
Actuarial Gain/(Loss)	12.60	-	43.14	-
Actual return on plan asset	(2.21)	-	1.00	-
Total Actuarial (Gain)/Loss recognized in (OCI)	10.39	-	44.14	-
40.2.3 Amount recognised in the Balance Sheet				
Defined Benefit Obligation	403.73	78.78	349.57	72.03
Fair Value of Plan Assets	(96.35)	-	(68.53)	-
	307.38	78.78	281.04	72.03
40.2.4 Change in the Present Value of the Defined Benefit Obligation				
Opening Defined Benefit Obligation	349.57	72.04	276.34	65.03
Current Service Cost	36.18	19.98	27.54	12.38
Interest Cost	21.72	3.95	19.78	4.02
Contribution Paid	(14.45)	-	(17.23)	-
Benefits Paid	-	(3.65)	-	(3.17)
Net Actuarial (gain)/ losses on Obligation for the year recognised under OCI	10.70	(13.54)	43.14	(6.22)
Closing Defined Benefit Obligation	403.72	78.78	349.57	72.03

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	31 st March, 2021		31 st March, 2020	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
40.2.5 Change in the Fair Value of Plan Assets				
Opening Fair Value of Plan Assets	68.53	-	48.55	-
Return on Plan Assets Excluding Interest Income	(3.60)	-	(0.99)	-
Interest Income	3.95	-	3.17	-
Contributions	41.92	-	35.03	-
Benefits Paid	(14.45)	-	(17.23)	-
Closing Fair Value of Plan Assets	96.35	-	68.53	-

40.2.6 Actuarial (Gain)/Loss on Obligation

Due to Demographic Assumption	-	-	-	-
Due to Financial Assumption	(1.34)	-	24.58	-
Due to Experience	12.04	-	18.56	-
Return on Plan Assets excluding Interest		-		-
Total Actuarial (Gain)/Loss	10.70	-	43.14	-

40.2.7 The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	31 st March, 2021	31 st March, 2020
State Govt Security	47.90	34.07
Central Govt Security	18.09	12.86
NCD/Bonds	21.85	15.54
Others	8.51	6.06
Total	96.35	68.53

Expected Return on Assets is based on rate of return declared by fund managers.

40.2.8 Actuarial Assumptions for estimating Company's Defined Benefit Obligation:

Particulars	31 st March 2021	31 st March 2020
Discount rate	6.80%	6.76%
Attrition Rate	PS : 0 to 40 : 2%	PS : 0 to 40 : 2%
Expected rate of increase in Salary	3.00%	3.00%
Mortality Table	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Expected average remaining Service (Yrs)	17.66	17.89

(Contd.)

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

- (a) Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India..
- (b) Plan assets does not comprise any of the Company's own financial instruments or any assets used by the Group. The Group has the plan covered under a policy with the Life Insurance Corporation of India.
- (c) The Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. However, the impact of these changes is not ascertained to be material by the management.

40.2.9 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	31 st March, 2021	31 st March, 2020
Defined Benefit Obligation	307.38	281.04
Effect of 1% change in assumed discount rate on defined benefit obligation		
Increase : +1%	372.62	322.45
Decrease: -1%	439.73	380.99
Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
Increase : +1%	439.03	380.25
Decrease: -1%	372.74	322.66

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied while calculating the defined benefit liability recognised within the Balance Sheet.

40.2.10 Other Information

(i) Expected rate of return basis

EROA is the discount rate as at previous valuation date as per the accounting standard.

(ii) Description of Plan Assets and Reimbursement Conditions

100% of the Plan Asset is entrusted to LIC of India under their Group Gratuity Scheme. The reimbursement is subject to LIC's Surrender Policy.

(iii) Discount Rate

The discount rate has increased from 6.76% to 6.80% and hence there is a decrease in liability leading to actuarial gain due to change in discount rate.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(iv) Present Value of Defined Benefit Obligation:

Present value of the defined benefit obligation is calculated by using Projected Unit Credit Method (PUC Method).

Under the PUC Method, a “projected accrued benefit” is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the Plan. The “Projected accrued benefit” is based on the Plan’s accrual formula and upon service as of the beginning or end of the year, but using a member’s final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the “Projected accrued benefits” as of the beginning of the year for active members.

(v) Expected Average remaining service vs. Average remaining future service:

The average remaining service can be arithmetically arrived by deducting current age from normal retirement age whereas the expected average remaining service is arrived actuarially by applying multiple decrements to the average remaining future service namely mortality and withdrawals. Thus, the expected average remaining service is always less than the average remaining future service.

(vi) Current and Non Current Liability:

The total of current and non-current liability must be equal with the total of PVO (Present value obligation) at the end of the period plus short term compensated liability if any. It has been classified in terms of “ Schedule III” of the Companies Act, 2013.

(vii) Defined Benefit Liability and Employer Contributions

The Group has purchased insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuation is funded by the Group. The Group considers that the contribution rate set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs will not increase significantly.

The Weighted Average duration of the defined benefit obligation is 8.79 years (31st March, 2020 8.92 years). The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	31 st March, 2021	31 st March, 2020
1 st Year	55.46	56.43
2 nd Year	12.88	11.57
3 rd Year	30.98	11.43
4 th Year	45.95	28.01
5 th Year	15.89	42.02
beyond 5 th Year	147.18	120.57

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

40.2.11 Risk Exposure

Though it is defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

(a) Investment / Interest Risk:

The Group is exposed to Investment / Interest risk if the return on the invested fund falls below the discount rate used to arrive at present value of the benefit.

(b) Longevity Risk:

The Group is not exposed to risk of the employees living longer as the benefit under the scheme ceases on the employee separating from the employer for any reason.

(c) Risk of Salary Increase

The Group is exposed to higher liability if the future salaries rise more than assumption of salary escalation.

41 Assets pledged as Security

For Non Current Borrowings

Secured by First Charge on Property, Plant and Equipment, Investment Property and Second Charge on Current Assets.

For Current Borrowings

Secured by First Charge on Current Assets and Second Charge on Property, Plant and Equipment and Investment Property.

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings of Rs 5,938.53 Lakhs (31st March 2020 Rs.5,829.65 Lakhs) are as follows:

Particulars	31 st March, 2021	31 st March, 2020
Property, Plant and Equipment	11,228.46	10,612.56
Sub Total	11,228.46	10,612.56
Current Assets	12,628.66	10,722.17
Total Assets Pledged as Security	23,857.12	21,334.73

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

42 Research and Development

42.1 Details of Revenue Expenditure (expensed as and when incurred):

Particulars	31 st March, 2021	31 st March, 2020
Salaries & Wages	122.01	61.58
Materials Consumed	32.03	19.58
Repairs and Maintenance	23.93	14.88
Power and Fuel	9.12	7.25
Testing and analysis charges	3.00	1.56
Rates and Taxes	2.47	6.61
General Expenses	2.93	2.41
Total	195.49	113.87

42.2 Details of Property, Plant and Equipment:

	Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(8)
	Gross Carrying Value						
1	As at 31 st March, 2019	32.65	-	-	-	-	32.65
2	Additions	1.11	142.69	3.80	2.86	-	150.46
3	As at 31 st March, 2020 (1+2)	33.76	142.69	3.80	2.86	-	183.11
4	Additions	0.29	78.50	1.61	11.83	0.71	92.94
5	As at 31 st March, 2021 (3+4)	34.05	221.19	5.41	14.69	0.71	276.05
	Depreciation						
6	As at 31 st March, 2019	15.61	-	-	-	-	15.61
7	Charge for the Year	1.05	6.07	0.18	0.45	-	7.75
8	As at 31 st March, 2020 (6+7)	16.66	6.07	0.18	0.45	-	23.36
9	Charge for the Year	1.06	13.79	0.37	1.19	0.05	16.46
10	As at 31 st March, 2021 (8+9)	17.72	19.86	0.55	1.64	0.05	39.82
	Net Carrying Value						
11	As at 31 st March, 2019 (1-6)	17.04	-	-	-	-	17.04
12	As at 31 st March, 2020 (3-8)	17.10	136.62	3.62	2.41	-	159.75
13	As at 31 st March, 2021(5-10)	16.33	201.33	4.86	13.05	0.66	236.24

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Financial Instruments and Risk Management

43 Categories of Financial Instruments

Particulars	Notes	Level	as at		as at		
			31 st March, 2021		31 st March, 2020		
			Carrying Value	Fair Value	Carrying Value	Fair Value	
A. Financial Assets							
(i) Non Current							
(a) Investment in Equity Instruments	8	3	4.11	4.11	4.11	4.11	4.11
(b) Bank Balances	9	3	97.27	97.27	-	-	-
(c) Other Financial Assets	10	3	246.95	246.95	238.64	238.64	238.64
Sub - Total			348.33	348.33	242.75	242.75	242.75
(ii) Current							
(a) Trade Receivables	13	refer note	3,415.02	3,415.02	2,160.80	2,160.80	2,160.80
(b) Cash and Cash Equivalents	14	43.2	853.63	853.63	214.78	214.78	214.78
(c) Other Bank Balances	15		252.75	252.75	544.60	544.60	544.60
Sub - Total			4,521.40	4,521.40	2,920.18	2,920.18	2,920.18
Total Financial Assets			4,869.73	4,869.73	3,162.93	3,162.93	3,162.93
B. Financial Liabilities							
(i) Non Current							
(a) Borrowings	19	3	3,914.11	3,914.11	3,670.70	3,670.70	3,670.70
(ii) Current							
(a) Borrowings	23	refer note	2,019.86	2,019.86	2,095.96	2,095.96	2,095.96
(b) Trade Payables	24	43.2	6,114.31	6,114.31	4,368.83	4,368.83	4,368.83
(c) Other Financial Liabilities	25		1,410.42	1,410.42	1,401.23	1,401.23	1,401.23
Sub - Total			9,544.59	9,544.59	7,866.02	7,866.02	7,866.02
Total Financial Liabilities			13,458.70	13,458.70	11,536.72	11,536.72	11,536.72

43.1 The Group Principal Financial Liabilities comprise Loans and Borrowings, Trade Payables and other Liabilities. The main purpose of these financial Liabilities is to Finance the Group Operations. The Group Principal Financial Assets include Loans, Trade and Other Receivables, Cash and Cash Equivalents, Bank balances that derive directly from its Operations.

43.2 The Carrying Amounts of Trade Payables, Other Financial Liabilities, Cash and Cash equivalents, Other Bank Balances, Trade Receivables and Other Financial Assets are considered to be the same at their fair value due to their short term nature.

43.3 The management has assessed that fair value of borrowings approximate largely their carrying amount since they are carried at floating rate of interest.

43.4 Other Non Current Financial Assets consists of certain non current portion relating to deposits with Government authorities where the fair value is considered to be the carrying value.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

44 Fair Value Measurements

44.1 Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observables market data rely as little as possible on entry specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation techniques used to determine fair value:

Specific Valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of remaining financial instruments is determined using discounted cash flow analysis.

Valuation Process:

The Finance and accounts department of the Group performs the valuation of financial assets and liabilities required for financial reporting purposes, and report to the Board of Directors. The main Level 3 inputs are derived using the discounted cash flow analysis, Market Approach, Net Assets Value Method as applicable.

45 Financial Risk Management Objectives and Policies

Financial Risk Management Framework

The Group is exposed primarily to credit risk, liquidity risk and market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

45.1 Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Group result in Material Concentration of credit risk, except for Trade Receivables.

(i) Financial Instruments and Cash Deposits

For banks and financial institutions, only high rated banks/ institutions are accepted. Other Financial assets (excluding Bank deposits) majorly constitute deposits given to State electricity departments for supply of power, which the Group considers to have negligible credit exposure. Counterparty credit limits are reviewed by the Management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(ii) Expected Credit Loss for Trade Receivables under simplified approach

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime loss to be recognised from initial recognition of the receivables.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Following are the Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	31 st March, 2021	31 st March, 2020
Gross Carrying Amount	3,499.32	2,256.77
Expected Credit Losses (Loss allowance Provision)	84.30	95.96
Net Carrying Amount of Trade Receivables	3,415.02	2,160.81

Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	Outstanding			Total
	for < 90 days	> 90 days & < 180 days	for > 180 days	
Gross Carrying Amount of Trade Receivables	3,092.00	393.13	14.19	3,499.32
Expected Loss Rate	2.41%	2.41%	2.41%	2.41%
Expected Credit Losses (Loss Allowance Provision)	74.49	9.47	0.34	84.30
Net Carrying Amount of Trade Receivables	3,017.51	383.66	13.85	3,415.02

45.2 Liquidity Risk:

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group financial liabilities based on contractual undiscounted payments:

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
31st March, 2021					
Non Current Borrowings (including Current Maturities)	486.84	1,626.09	1,598.51	689.51	4,400.95
Current Borrowings	2,019.86				2,019.86
Trade Payables	6,114.31				6,114.31
Other Financial Liabilities	923.20				923.20
31st March, 2020					
Non Current Borrowings (including Current Maturities)	598.27	1,326.40	1,650.87	693.43	4,268.97
Current Borrowings	2,095.96				2,095.96
Trade Payables	4,368.83				4,368.83
Other Financial Liabilities	802.53				802.53

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

45.3 Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk, currency rate risk, interest rate risk and other price risks such as equity risk. Financial instruments affected by market risk include loans and advances deposits investments in debt securities mutual funds and other equity funds.

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimize the Group position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its portfolio.

Particulars	Change in basis points		Effect on Profit before Tax	
	Increase	Decrease	Decrease	Increase
31 st March, 2021	0.50%	0.50%	(22.36)	22.36
31 st March, 2020	0.50%	0.50%	(24.27)	24.27

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

(ii) Foreign Currency Exchange Rate Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group has transactional currency exposures arising from services provided or availed that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars (\$). The Group trade receivable and trade payable balances at the end of the reporting period have similar exposures.

(a) Details of Unhedged Foreign Currency Exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

Particulars	Currency	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
31st March, 2021				
Trade Receivables	USD	12.00	858.12	71.50
Trade Payables	USD	22.73	1,684.02	74.10
31st March, 2020				
Trade Receivables	USD	11.06	819.36	74.05
Trade Receivables	EURO	0.40	32.08	80.20
Trade Payables	USD	13.83	1,047.62	75.75

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(b) Foreign Currency Sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Group profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Group exposure to foreign currency changes for all other currencies is not material.

Particulars	Effect on Profit before Tax	
	31 st March, 2021	31 st March, 2020
Foreign Currency Sensitivity		
Rs/USD - Increases by 1%	(19.79)	(2.60)
Rs/USD - Decreases by 1%	19.79	2.60

(iii) Other Price Risk:

Other price risk is the risk that the fair value or future cash flows of the Group financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

45.4 Capital Management

For the purpose of the Group Capital Management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Group capital management is to maximise the shareholders value.

The Group manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group intends to keep the gearing ratio less than 1.

Particulars	31 st March, 2021	31 st March, 2020
Borrowings including Interest Accrued	6,449.53	6,385.18
Less: Cash and Short Term Deposits	853.63	214.78
Net Debt	5,595.90	6,170.40
Equity	302.33	302.33
Other Equity	12,619.29	11,270.98
Total Equity	12,921.62	11,573.31
Total Capital	18,517.52	17,743.71
Gearing Ratio (Net Debt/((Net Debt +Total Equity)))	0.30	0.35

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

46 Related Party Transactions

(a) Key Management Personnel (KMP)

Name	Relationship
Sri TVVSN Murthy	Managing Director
Sri N Rajendra Prasad	Chief Financial Officer
Mr. Trupti R Mohanty	Company Secretary

(b) Relatives of KMP

Name of the Relative

Sri. T V Praveen
Sri. G.V Chaitanya
Smt. G. Sudeepthi

(c) List of Related Parties over which Control / Significant Influence exists with whom the Group has transactions:

Relationship	Name of the Company
Enterprises over which KMP are able to Exercise Significant Influence	1. SMS Pharmaceuticals Limited
	2. Rchem (Somanahalli) Private Limited
	3. VKT Pharma Private Limited

(d) Transactions with Related Parties:

Name of the Company	31 st March 2021	31 st March 2020
	Amount	Amount
Key Management Personnel		
Remuneration (Short Term Employee Benefits)	224.65	263.23
Interest on Unsecured Loan	43.14	47.03
Relatives of KMP		
Remuneration - (Short Term Employee Benefits)	111.29	100.79
Enterprise with Significant Influence		
Purchases	341.14	101.16
Sales	5,312.31	1,667.17
Conversion Charges	1,536.10	816.62
Balance (Payable)/Receivable at the year end		
Key Management Personnel		
Remuneration Payable	1.49	26.21
Interest payable	10.73	0.35
Unsecured Loan Payable	495.00	495.00
Relatives of KMP		
Remuneration Payable	6.13	5.56
Enterprise with Significant Influence	1,645.29	596.85

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(e) Note:

- (i) The above transactions are in the ordinary course of business and are at arm's length price.
- (ii) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Group as a whole, the amount pertaining to the Key Managerial Personnel and their relatives is not ascertainable and, therefore, not included above. Contribution to Provident Fund was also not included.

47 Contingent Liabilities

Particulars	as at 31 st March, 2021	as at 31 st March, 2020
Guarantees issued by the Bankers	32.00	32.00
Letter of credit opened in favor of suppliers for which goods are yet to be received	477.80	234.04
Disputed Income Tax Demands	22.62	22.62
Interest dues in respect of disputed demands of Income Tax and Central Excise	147.27	204.74
Non Agricultural land Tax	22.50	22.50
Claims not acknowledged as debt	10.40	10.40
Penal Interest on Provident Fund	7.52	7.52

IGST Exemption availed on Imports

The Holding Company has received a Show Cause Notice from DRI, Kolkata for an amount of Rs.10.03 Crores IGST payable on imports saying that the Holding Company has violated the pre import condition while availing the IGST exemption on imports made against advance authorisations. The Holding Company has filed writ petition with Telangana High Court and the said High Court has granted stay and also directed the case to tag with special leave petition filed by the Customs department with reference to positive order passed by the Gujarat High court on same issue which is pending with Supreme Court. Considering the facts of the case and based on the legal advice no contingent liability was recognised in this regard

Provident Fund

Pursuant to Supreme Court Judgement dated 28th February, 2019, regarding the provident fund contribution wherein there has been a clarification provided for the inclusions of basic wages for the purpose of computation of contribution towards provident fund, the Group has been legally advised that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Group has assessed the impact of the judgement only from the year ended 31st March, 2019 and concluded that there was no impact. Further, no contingent liability has been recognised based on retrospective application as amount cannot be reliably measured.

48 Commitments

	Particulars	as at 31 st March, 2021	as at 31 st March, 2020
48.1	Capital Commitments	1,099.58	361.41
48.2	Export Obligations	4,171.32	6,200.83

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

49 Segment Information

(A) Basis for segmentation

The operations of the Group are limited to one segment viz. Pharmaceutical products including ingredients and intermediaries. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only. The Group Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on aggregation of financial information of the Group on a periodic basis, for the purpose of allocation of resources and evaluation of performance. Accordingly, management has identified pharmaceutical segment as the only operating segment for the Group.

(B) Segment information for secondary segment reporting (by geographical segment)

The Group has reportable geographical segments based on location of its customers:

- (i) Revenue from customers outside India – Exports
- (ii) Revenue from customers (EOU)
- (iii) Revenue from customers within India – Domestic
- (iv) Revenue from Export Incentives

a) Revenues are attributed to geographical areas based on the location of the customers as detailed below:

Particulars	Current Year 2020-21		Previous Year 2019-20	
	Revenue	%	Revenue	%
Exports	8,800.37	33.14%	8,933.00	34.25%
Domestic	16,186.44	60.94%	11,402.10	43.73%
Deemed Exports	1,486.79	5.60%	5,327.51	20.43%
Export Incentive	85.58	0.32%	415.51	1.59%
Total	26,559.18	100.00%	26,078.12	100.00%

50 Payables to Micro, Small & Medium Enterprises

The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	as at 31 st March, 2021	as at 31 st March, 2020
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	30.56	21.26
(ii) Interest on payments beyond the appointed day paid to the suppliers during the year.	-	-
(iii) Interest due and payable for the delay in making payment to suppliers during the year;	3.71	1.16
(iv) Amount of interest accrued and remaining unpaid to suppliers at the end of the year	-	-
(v) Amount of further interest remaining due and payable to suppliers in succeeding years	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Group. This has been relied upon by the auditors.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

51 Impact of Covid-19 Pandemic

The Group considered the uncertainty relating to the COVID-19 pandemic in assessing the realisability of its inventories, receivables and investments. As the Group is into essential manufacturing service which is exempt from lockdown restrictions, there has been minimal impact in its operations and its supply chain. In this regard, the Group has considered internal and external information while finalizing various estimates in relation to its financial statements up to the date of approval by the Board of Directors and has not identified any material impact on the carrying value of assets, liabilities or provisions. As the outbreak continues to evolve, the Group will continue to closely monitor any material changes to future economic conditions.

52 Additional Information, as required under schedule III to the Companies Act, 2013, of enterprises Consolidated as Subsidiary/Associates

Name of the Entity	Net Assets, i.e, total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated profit or loss	Amount
31st March, 2021								
Parent								
SMS Lifesciences India Ltd	90.84%	11,738.42	97.14%	1316.83	119.21%	(8.75)	97.02%	1308.08
Wholly Owned Subsidiary								
Mahi Drugs Pvt Ltd	9.16%	1,183.20	2.86%	38.83	(19.21%)	1.41	2.98%	40.24
Total	100.00%	12,921.62	100.00%	1,355.66	100.00%	(7.34)	100.00%	1,348.32
31st March, 2020								
Parent								
SMS Lifesciences India Ltd	90.01%	10,417.70	89.83%	914.73	103.45%	(32.35)	89.40%	882.38
Wholly Owned Subsidiary								
Mahi Drugs Pvt Ltd	9.99%	1,155.61	10.17%	103.58	(3.45%)	1.08	10.60%	104.66
Total	100.00%	11,573.31	100.00%	1,018.31	100.00%	(31.27)	100.00%	987.04

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

52.1 Salient features of financial statements of subsidiary/associates as per the Companies Act, 2013

Name of the Subsidiary	Mahi Drugs Pvt Ltd
Reporting Currency	Indian Rupees
Date of Incorporation	17 th December, 2012

Particulars	31 st March, 2021	31 st March, 2020
Equity	471.51	471.51
Other Equity	711.69	684.10
Total Assets	6,059.17	3,690.68
Total Current Liabilities	3,016.96	1,121.60
Investments	-	-
Turnover/Total Income	1,769.56	2,299.30
Profit/(Loss) before taxation	8.66	158.41
Provision for Taxation	(17.52)	29.45
Profit/(Loss) after taxation	26.18	128.96
Proposed dividend	-	-
% Share holding	100.00%	100.00%

53 Previous year figure have been regrouped and reclassified wherever considered necessary to confirm to this year's classifications.

as per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

G.V.L. PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 18th June, 2021

for and on behalf of the Board

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

TRUPTI R MOHANTY

Company Secretary

M.No. 60358

T V PRAVEEN

Executive Director

DIN: 08772030

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567



To cater the sudden surge in covid cases during second wave, installed plant for converting “PSA Nitrogen” to “PSA Oxygen” in Gandhi Hospital, Hyderabad, under CSR initiative.



Company has always been a responsible Corporate Citizen.

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SMS Lifesciences India Limited

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