



**sms**

LifeSciences



*SMS Lifesciences India Limited*

**ANNUAL REPORT**

**2021-22**



New Quality Block in Unit 1, Kazipally



Production block in Unit 1, Kazipally



## CORPORATE INFORMATION

### BOARD OF DIRECTORS:

**Mr. TVVSN Murthy**  
*[Managing Director]*

**Mr. TV Praveen**  
*[Executive Director]*

**Mrs. Sudeepthi Gopineedi**  
*[Whole-time Director (w.e.f. 02.09.2021)]*

**Mr. P. Ramesh Babu**  
*[Non-Executive Director (till 18.06.2021)]*

**Mr. P Sarath Kumar**  
*[Independent Director]*

**Mr. Venkatasubbarao Potluri**  
*[Independent Director]*

**Dr. (Mrs.) T. Neelaveni**  
*[Independent Director (till 02.09.2021)]*

**Mr. Shravan Kudaravalli**  
*[Independent Director (till 13.11.2021)]*

**Dr. (Mr.) Mannam Malakondaiah**  
*[Independent Director (w.e.f. 13.11.2021)]*

**Dr. (Mr.) Srinivas Samavedam**  
*[Independent Director (w.e.f. 13.11.2021)]*

#### Subsidiaries

**Mahi Drugs Private Limited**  
CIN: U24233AP2012PTC084875  
Vishakhapatnam - 531019

#### Registrar & Share Transfer Agent

**Aarthi Consultants Private Limited**  
1-2-285, Domalguda, Hyderabad – 500029  
040 2763811 / [info@arthiconsultants.com](mailto:info@arthiconsultants.com)

#### Key Managerial Personnel

**Mr. TVVSN Murthy** - *Managing Director*  
**Mr. N. Rajendra Prasad** – *Chief Financial Officer*  
**Mr. Trupti Ranjan Mohanty** – *Company Secretary*

#### Statutory Auditors

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

#### Internal Auditors

**M/s Adusumilli & Associates**  
Flat. no. 302, Sri Sai Residency,  
Balkampet Main Road,  
Hyderabad - 500038.

#### Secretarial Auditors

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

#### Cost Auditors

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

#### Bankers

EXIM Bank  
RBL Bank Ltd  
HDFC Bank Ltd

#### Registered cum Corporate Office

Plot No:19-III, Road No:71,  
Opp. Bharatiya Vidya Bhavan Public School,  
Jubilee Hills, Hyderabad - 500096

CIN: L74930TG2006PLC050223

Website: [www.smslife.in](http://www.smslife.in)

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### IMPORTANT COMMUNICATION TO SHAREHOLDERS:

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent through e-mail to the Shareholders.

Further, in compliance with the provisions of the Companies Act, 2013, the Rules framed thereunder and the recent Circulars issued by the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI), electronic copies of the Notice of the 16<sup>th</sup> (Sixteenth) Annual General Meeting (AGM) and the Annual Report for the year 2021-22 will be sent to all the Shareholders whose e-mail addresses are registered with the Company / Depository Participant(s) as on 2<sup>nd</sup> September, 2022, to support the Green Initiative of the Government in full measures, Shareholders are requested to register/update their latest e-mail addresses with the Company via email to Company Secretary ([cs@smslife.in](mailto:cs@smslife.in))

Shareholders may note that the Notice of the 16<sup>th</sup> AGM and the Annual Report 2021-22 will also be available on the Company's website ([www.smslife.in](http://www.smslife.in)), on the websites of the Stock Exchanges where the Equity Shares of the Company are listed, i.e., BSE Limited ([www.bseindia.com](http://www.bseindia.com)) and National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)) and on the website of Central Depository Services Limited (CDSL) ([www.evotingindia.com](http://www.evotingindia.com)).

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## AGM NOTICE:

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting (AGM) of the members of **SMS Lifesciences India Limited** (CIN: L74930TG2006PLC050223) to be held on **Friday, 30<sup>th</sup> September, 2022 at 03.00 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 31<sup>st</sup> March, 2022 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 31<sup>st</sup> March, 2022 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 MRS. SUDEEPTHI GOPINEEDI, RETIRING BY ROTATION, AS DIRECTOR OF THE COMPANY.

To re-appoint Mrs. Sudeepthi Gopineedi (DIN: 09102540), 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 members of the Company be and is hereby accorded for the re-appointment of Mrs. Sudeepthi Gopineedi (DIN: 09102540), as Director of the Company, who shall be liable to retire by rotation.”

#### 3. DECLARING THE DIVIDEND FOR THE YEAR 2021-22.

To declare Dividend on Equity Shares at ₹1.50 per Equity Share of the face value of ₹10/- each (15%), 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 dividend at ₹1.50/- per equity share of ₹10/- each (15%) as recommended by the Board for the year 2021-22, out of the profits for the year, be and is hereby approved and declared.”

### SPECIAL BUSINESS:

#### 4. RATIFICATION OF THE RELATED PARTY TRANSACTIONS FOR THE YEAR 2021-22.

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) and as per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consent of the members of the Company, be and is hereby accorded to ratify all the Related Party Transactions entered into by the Company with “Related Parties” within the definition of Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, whether material or not, for the year ended 31<sup>st</sup> March, 2022, as set out in the Explanatory Statement.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised 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 thereto in the best interest of the Company.”

**5. CONTINUATION OF PAYMENT OF MANAGERIAL REMUNERATION TO EXECUTIVE DIRECTORS.**

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

**“RESOLVED THAT** pursuant to Regulation 17(6) (e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the recommendation of Nomination & Remuneration Committee, Audit Committee and Board of Directors, the consent of the members of the Company be and is hereby accorded to continue paying the following managerial remuneration to Executive Directors, which may exceed the limit of 5% (five percent) of the net profits of the Company in any year, computed in the manner laid down in Section 198 of the Companies Act, 2013:

Name of Executive Director	Monthly Remuneration [₹]	Annual remuneration [₹]
Mr. TVVSN Murthy	16,50,000**	1,98,00,000**
Mr. TV Praveen	6,00,000	72,00,000
Mrs. Sudeepthi Gopineedi	2,00,000	24,00,000
<b>Total</b>	<b>24,50,000</b>	<b>2,94,00,000</b>

\*\* plus perquisites.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 197(1) read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any, and the Rules made thereunder and pursuant to the recommendation of Nomination & Remuneration Committee, Audit Committee and Board of Directors, the consent of the members of the Company be and is hereby accorded to continue paying the overall managerial remuneration to:

- a) **All Directors**, in respect of any financial year **upto 15% (fifteen percent)** of the net profits of the Company, computed in the manner as laid down in Section 198 of the Companies Act, 2013.

- b) **Managing Director and other Whole-time Directors**, in respect of any financial year **upto 14% (fourteen percent)** of the net profits of the Company, computed in the manner as laid down in Section 198 of the Companies Act, 2013.

**RESOLVED FURTHER THAT** where in any year, the Company has no profits or profits are inadequate, the overall annual managerial remuneration paid to the Executive Directors shall not exceed ₹3,50,00,000/- (Rupees Three Crores and Fifty lakhs Only).

**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.”

**6. APPROVE THE REMUNERATION PAYABLE TO THE COST AUDITOR FOR THE YEAR 2022-23.**

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 hereby 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 Accountants (Membership No. 6875 and CP No. 3748), appointed by the Board of Directors of the Company as Cost Auditor for the year ending 31<sup>st</sup> March, 2023.

**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.”

By Order of the Board  
**For SMS Lifesciences India Limited**

Date: 09.08.2022  
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 9<sup>th</sup> August, 2022, concluded that the special businesses under item number 4 to 6, are critical and considered unavoidable, and hence need to be transacted at the 16<sup>th</sup> Annual General Meeting (AGM) of the Company.
- 2) In view of the continuing Covid 19 pandemic, the companies are permitted to conduct AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM), without the physical presence of the members at a common venue, for the calendar year 2022, by the Ministry of Corporate Affairs vide its Circular No. 14/2020 dated 8<sup>th</sup> April, 2020, Circular No. 17/2020 dated 13<sup>th</sup> April, 2020, Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 and Circular No. 2/2021 dated 13<sup>th</sup> January, 2021 and General Circular No. 02/2022 dated 5<sup>th</sup> May, 2022 and all other relevant circulars (“MCA Circulars”) and Securities and Exchange Board of India (SEBI) vide its circular nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15<sup>th</sup> January, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13<sup>th</sup> May, 2022 (“SEBI Circulars”).

In terms of the aforesaid circulars, the 16<sup>th</sup> 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 16<sup>th</sup> 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 16<sup>th</sup> AGM on Friday, 30<sup>th</sup> September, 2022 through Central Depository Services Limited (CDSL).**

Pursuant to the above circulars, since this AGM is being held through VC/OAVM, the physical attendance of Members has been dispensed with, and there is no requirement for the appointment of proxies. Accordingly, the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives by sending representation at [cs@smslife.in](mailto:cs@smslife.in) to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.

- 3) The facility for attending the AGM virtually will be made available for 1,000 shareholders on a 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. 20 - 26 and can be accessed from [www.smslife.in/investors/Evoting%20procedure.pdf](http://www.smslife.in/investors/Evoting%20procedure.pdf)]**

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.

- 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 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories as on **Friday, 2<sup>nd</sup> September, 2022 (“First Cutoff Date”)**. Members may note that Notice and Annual Report 2021-22 can also be accessed from the websites of the Company at [www.smslife.in](http://www.smslife.in), websites of the Stock Exchange(s) [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), website of CDSL (agency for providing the remote / venue e-voting facility) [www.evotingindia.com](http://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](mailto:cs@smslife.in)) / RTA ([info@arthiconsultants.com](mailto:info@arthiconsultants.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 16<sup>th</sup> AGM and the Annual Report for the year 2021-22, has been sent to any members. However, members will be entitled to a physical copy of the Annual Report for the year 2021-22, free of cost, upon sending a request to the Company Secretary at the Registered office of the Company.

- 6) During the AGM, Members may access the electronic copy of the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013, on the website of the Company at [www.smslife.in](http://www.smslife.in) Members seeking to inspect such documents can send their requests to the Company at [cs@smslife.in](mailto:cs@smslife.in)
- 7) Members seeking any information with regard to accounts or any other information are requested to write to the Company atleast 10 (ten) days before the meeting so as to enable the management to keep the information ready.
- 8) A brief resume of Mrs. Sudeepthi Gopineedi, Director proposed to be re-appointed at this AGM, nature of expertise in specific functional areas, names of companies in which she 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 Annexure I.
- 9) The annual accounts of the Subsidiary (i.e. Mahi Drugs Private Limited) is made available on the website of the Company at <https://www.smslife.in/financials.php>.

10) To prevent fraudulent transactions, Members are advised to exercise due diligence and notify immediately any change of particulars such as name, postal address, e- mail address, telephone/ mobile numbers, PAN, registering of nomination, bank mandate details and / or demise of any Member as soon as possible:

- a. to their Depository Participants (DPs) in respect of their electronic share accounts, and
- b. to the Company's Registrar & Share Transfer Agents (RTA), M/s Aarthi Consultants Private Limited, 1-2-285, Domalguda Hyderabad – 500029, in respect of their physical share folios, if any, quoting their folio numbers.

Further, members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.

11) Shareholders can avail the facility of nomination in respect of shares held by them in physical form, pursuant to the provisions of Section 72 of the Companies Act, 2013 read with the Rules framed thereunder. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled in, to the Company at [cs@smslife.in](mailto:cs@smslife.in). Members holding shares in electronic form may contact their respective Depository Participants for availing this facility

12) 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. The Company has sent individual letters to all the Members holding shares in physical form on 1<sup>st</sup> June, 2022 pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated 3<sup>rd</sup> November, 2021 for furnishing their PAN, KYC details and Nomination forms in form ISR-1.

The form ISR-1 is available at the website of the Company at [www.smslife.in/investors/KYC-updation-forms.pdf](http://www.smslife.in/investors/KYC-updation-forms.pdf); attention of the Members holding shares of the Company in physical form are invited to go through and submit the said form ISR-1.



- 13) Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated 25<sup>th</sup> January, 2022 has mandated the Listed Companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/Exchange of securities certificate; Endorsement; Sub-division/Splitting of securities certificate; Consolidation of securities certificates/folios; Transmission and Transposition.

Accordingly, Shareholders are requested to make service requests by submitting a duly filled and signed Form ISR-4, the format is available at the website of the Company at [www.smslife.in/investors/KYC-updation-forms.pdf](http://www.smslife.in/investors/KYC-updation-forms.pdf); It may be noted that any service request can be processed only after the folio is KYC compliant.

SEBI vide its notification dated 24<sup>th</sup> January, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are requested to dematerialise the shares held by them in physical form.

- 14) 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.
- 15) **The register of members and share transfer books of the Company will remain closed from Saturday, 24<sup>th</sup> September, 2022 to Friday, 30<sup>th</sup> September, 2022 (both days inclusive).**
- 16) The Board of Directors of the Company at its meeting held on 28<sup>th</sup> May, 2022, have recommended a dividend of ₹1.50/- per equity share of ₹10/- each, for the year 2021-22 (15%).

Dividend, if declared, at the 16<sup>th</sup> 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 **Friday, 23<sup>rd</sup> September, 2022 ("Record Date")**. However, dispatch of physical warrants/ instruments will be subject to normalization of situation.

- 17) 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 the Company.

- 18) 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 them during the year 2022-23 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.

**The formats of Form 15G/Form 15H are available on the website of the Company at [www.smslife.in/shareholding-information.php](http://www.smslife.in/shareholding-information.php).**

The aforesaid declarations and documents need to be submitted by the members on or before Monday, 26<sup>th</sup> September, 2022 to the Company / RTA. The Company will arrange to e-mail the soft copy of TDS certificate to only those members who request the same, post payment of the Dividend.

- 19) Pursuant to the provision of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“the IEPF Rules”) and amendments thereto, shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the demat account of the IEPF Authority except for shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority restraining any transfer of the shares. Members who have not encashed their dividend for respective financial years, are requested to write to the Company/Registrar and Share Transfer Agent (RTA) at least a month before the due date, as under:

Financial Year	Date of declaration of Dividend	Unclaimed dividend as on 31.03.2022	Last date for claiming unpaid/unclaimed dividend
2018-19	30.09.2019	₹ 38,185	07.11.2026
2019-20	-	-	-
2020-21	30.09.2021	₹ 17,471	07.11.2028

Members who have not encashed their dividend 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 31<sup>st</sup> March, 2022 is uploaded in the website of the Company at [www.smslife.in/shareholding-information.php](http://www.smslife.in/shareholding-information.php).)**

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

- 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 9<sup>th</sup> 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 16<sup>th</sup> AGM to be held on Friday, 30<sup>th</sup> September, 2022, at 3.00 pm, The 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.
- Members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on **Friday, 23<sup>rd</sup> September, 2022 (“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.
- 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.
- The remote e-voting will commence on Tuesday, 27<sup>th</sup> September, 2022 at 9.00 a.m. and will end on Thursday, 29<sup>th</sup> September, 2022 at 5.00 p.m.**
- 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.
- 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”.

**21) 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 9<sup>th</sup> 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 facilities 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 <b>CDSL</b>	<ol style="list-style-type: none"> <li>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 <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>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 &amp; 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.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>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 <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account.</li> </ol> <p>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.</p>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>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: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> 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 &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> 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 held 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 &amp; voting during the meeting.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	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 to login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue to login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> 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](http://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](http://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:

<b>For Shareholders holding shares in Demat Form other than individual and Physical Form</b>	
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"> <li>• 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.</li> </ul>
Dividend Bank Details  <b>OR</b>  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. <ul style="list-style-type: none"> <li>• 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).</li> </ul>

- 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.

## 22) 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](http://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](mailto: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](mailto: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.

## 23) 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](http://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. 25<sup>th</sup> September, 2022)** mentioning their name, demat account number (along with DP ID) / folio number, PAN, email id, mobile number at [cs@smslife.in](mailto: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.

**24) 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.

**25) 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](mailto:cs@smslife.in) and [info@aarthiconsultants.com](mailto:info@aarthiconsultants.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.

Detailed procedure is laid down in [www.smslife.in/investors/Evoting%20procedure.pdf](http://www.smslife.in/investors/Evoting%20procedure.pdf)

- 26)** 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](mailto: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, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.**

- 27)** 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](http://www.smslife.in) and on the website of CDSL i.e. [www.cdslindia.com](http://www.cdslindia.com) within 2 (two) working days of the passing of the Resolutions at the 16<sup>th</sup> AGM of the Company and shall also be communicated to the Stock Exchange(s).

**CONTACT DETAILS:**

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

**ANNEXURE TO NOTICE:**

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

**ITEM# 04**

The material Related Party Transactions entered into by the Company during the year ended 31<sup>st</sup> March 2022 requires approval / ratification of members of the Company vide **Special Resolution** pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188 of the Companies Act, 2013 read with rules made thereunder. However, taking a conservative approach the Company is seeking approval of the members on all the Related Party Transactions during the year ended 31<sup>st</sup> March, 2022.

Detailed description of Transactions with related parties during the year ended 31<sup>st</sup> March, 2022 is provided in Note No. 47 of the Standalone financial statement and also set out in form AOC -2 of this Annual Report.

**Details of material Related Party Transactions:**

[₹ in Crores]

Name of Related party	Nature of Transaction	Threshold Limit*	Aggregate Transaction value
Mahi Drugs Private Limited	Sales & Purchase	26.55	34.95

\*10% of consolidated turnover of the Company for the year 2020-21.

The Board recommends the resolution set forth in Item No. 4 of the notice for approval of the members by passing a Special Resolution. **All related parties of the Company shall abstain from voting on the said resolution pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Mr. TVVSN Murthy, Mr. T.V. Praveen and Mrs. Sudeepthi Gopineedi are interested in the resolution set out at Item No. 4 of the Notice with regard to ratification/ approval of Related Party Transactions for the year 2021-22.

Save and except the above, no other Directors, Key Managerial Personnel, or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

**ITEM# 05**

Managerial Remuneration to Executive Directors in excess of below mentioned threshold shall be paid only with the approval of members by passing Special Resolution pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- Annual remuneration payable individually exceeding 2.5% of the net profit or 5 (five) crores, whichever is higher.
- Annual remuneration in aggregate payable exceeds 5% of the net profits.

In this regard, the Company has obtained the approval of members of the Company through Postal Ballot dated 28<sup>th</sup> January, 2022, in order to pay the following aggregate managerial remuneration to the Executive Directors of the Company:

Name of Executive Director	Monthly Remuneration [₹]	Annual remuneration [₹]
Mr. TVVSN Murthy	16,50,000**	1,98,00,000**
Mr. TV Praveen	6,00,000	72,00,000
Mrs. Sudeepthi Gopineedi	2,00,000	24,00,000
<b>Total</b>	<b>24,50,000</b>	<b>2,94,00,000</b>

\*\* plus perquisites.

However, as per the second proviso of Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of the members shall be valid only till the expiry of the term of such Executive Director and as the tenure of Mr. TVVSN Murthy as Managing Director expired on 31<sup>st</sup> May, 2022 and shall be reappointed for a further period of 3 (three) years. Hence, fresh approval of members is required in order to continue with the aggregate annual managerial remuneration payable to the Executive Directors, which may exceed the limit of 5% (five percent) of the net profit of the Company, computed in the manner laid down in Section 198 of the Companies Act, 2013.



Accordingly, the Board of Directors, based on the recommendation of the Nomination & Remuneration Committee and Audit Committee, in its meeting held on 28<sup>th</sup> May, 2022, considered the proposal to continue the payment of the remuneration to Executive Directors by the Company as given in the table above, in respect of any financial year, not with standing the fact that the annual remuneration payable to all of them in aggregate may exceed the limit of 5% (five percent) of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013, as prescribed in the Regulation 17(6)(e)(ii) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, subject to approval of members of the Company.

The Board recommends the resolution setforth in Item No. 5 of the notice for approval of the members by passing a **Special Resolution**.

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 continue paying the managerial remuneration to Executive Directors of the Company.

Save and except the above, no other Directors, Key Managerial Personnel, or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

#### ITEM# 06

The Board, on the recommendation of the Audit Committee, has approved the reappointment 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 31<sup>st</sup> March, 2023.

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.

The Board, on the recommendation of the Audit Committee, recommends the resolution setforth in Item No. 6 of the notice for approval of the members by passing an **Ordinary Resolution**.

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. 6 of the notice.

By Order of the Board  
For SMS Lifesciences India Limited

Date: 09.08.2022  
Place: Hyderabad

**Trupti Ranjan Mohanty**  
Company Secretary

## DIRECTORS REPORT:

[For the year ended 31<sup>st</sup> March 2022]

### TO THE MEMBERS,

Your Directors have pleasure in presenting this 16<sup>th</sup> (Sixteenth) Directors' Report along with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2022.

#### 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 2021-22, as compared to that of the previous year 2020-21, is summarized below: -

(₹ in Lakhs)

PARTICULARS	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
<b>Revenue from operations</b>	<b>34,562.81</b>	<b>26,025.55</b>	<b>34,974.45</b>	<b>26,559.18</b>
Other income	153.55	133.28	206.65	178.10
<b>EBIDTA</b>	<b>4,559.24</b>	<b>3,106.79</b>	<b>4,891.08</b>	<b>3,195.84</b>
Finance Cost	462.50	450.02	617.39	452.93
Depreciation	799.04	721.33	1,000.60	786.16
Exceptional Income	1,269.22	-	1,269.22	-
<b>Profit before Tax (PBT)</b>	<b>3,297.70</b>	<b>1,935.44</b>	<b>3,273.09</b>	<b>1,956.75</b>
Taxation	759.57	618.61	743.11	601.09
<b>Profit after Tax (PAT)</b>	<b>2,538.13</b>	<b>1,316.83</b>	<b>2,529.98</b>	<b>1,355.66</b>
<b>Total Comprehensive Income (TCI)</b>	<b>2,533.10</b>	<b>1,308.08</b>	<b>2,526.40</b>	<b>1,348.32</b>
TCI attributable to:				
- Equity holders of the parent	-	-	2,528.21	-
- Non-controlling interests	-	-	2.23	-
<b>EPS (Basic and Diluted) in ₹</b>	<b>**83.95</b>	<b>43.56</b>	<b>**83.61</b>	<b>44.84</b>

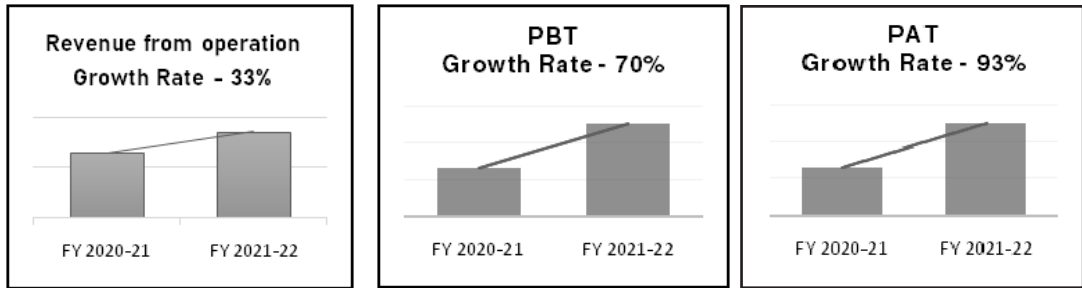
\*\*Not comparable with previous year as profits includes Income from Exceptional items.

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

##### STANDALONE:

Your 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 outside India.

During the period under review, your Company recorded revenue from operations of ₹345.63 Crores in comparison with the last year revenue from operations of ₹260.25 Crores. Profit Before Tax (PBT) increased to ₹32.98 Crores in comparison to the previous year PBT of ₹19.35 Crores. Similarly, Profit after Tax (PAT) increased to ₹25.38 Crores in comparison to the previous year of ₹13.17 Crores.



**Note:** The substantial increase in profits of the Company during the period under review is majorly due to exceptional incomes from (i) Profit from sale of Investments (₹491.97 lakhs) and (ii) Profit from sale of non-revenue generating tangible assets (₹777.25 lakhs).

**CONSOLIDATED:**

Your Company has only 1 (one) Subsidiary\*\* i.e. Mahi Drugs Private Limited (“Mahi Drugs”) and the consolidated statement has been prepared on the basis of audited financial statements received from Mahi Drugs, as approved by its Board of Directors on 28<sup>th</sup> May, 2022.

**\*\*status has changed from “Wholly-owned Subsidiary” to “Subsidiary” w.e.f. 7<sup>th</sup> February, 2022, pursuant to disinvestment. (Detail mentioned in point no. 3)**

Consolidated net Income of the Company was ₹349.74 crores during the year as compared to ₹265.59 crores in the previous year. Profit After Tax grew by 86.62% as compared to previous year, which includes exceptional incomes as mentioned above, as a result, EPS has also substantially enhanced by 86.46%.

**SUBSIDIARY COMPANY:**

Mahi Drugs Private Limited (subsidiary) reported a net loss of ₹8.14 lakhs during the period under review as compared to ₹26.18 lakhs profit during the previous year 2020-21 and had total Income of ₹32.57 crores during the year as compared to ₹17.69 crores in the previous year. (Financials of the subsidiary is available in the website of the Company at [www.smslife.in/financials.php](http://www.smslife.in/financials.php))

There is a decline in PBT irrespective of increase in total revenue, as the subsidiary company is currently in the process of revamping the infrastructure by incurring capital expenditure in order to streamline the manufacturing plants as per the United States Food and Drug Administration (USFDA) and European Union (EU) guidelines, in order to cater to the regulated markets, in addition to the domestic market.

**3. DISINVESTMENT / DILUTION OF STAKE IN MAHI DRUGS**

Your Company has diluted its stake in Mahi Drugs Private Limited (“Mahi Drugs”) pursuant to Investment Agreement executed on 13<sup>th</sup> December, 2021 with ChemWerth Inc. USA, a strategic investor (along with their associates), through:

- i. Disinvestment/ Sale of 10% of the Shareholding in Mahi Drugs.
- ii. Raising fresh equity in Mahi Drugs, on private placement basis.

Accordingly, Mahi Drugs has ceased to be a wholly-owned subsidiary of the Company w.e.f. 7<sup>th</sup> February, 2022 but shall continue as a “Subsidiary” of the Company with a 60% (sixty per cent) stake. However, the management, the day-to-day business affairs and decision making powers in Mahi Drugs shall be solely vested with your Company.

**4. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY FROM THE END OF THE FINANCIAL YEAR AND TILL THE DATE OF THIS REPORT**

**USFDA INSPECTION:**

Your Company has successfully completed the United States Food and Drug Administration (USFDA) inspection at its API's manufacturing facility located at Sy. NO. 180/2, Kazipally, Jinnaram Mandal, Sangareddy district, Telangana (Unit I), **without any observations.**

- Inspection commenced on 4<sup>th</sup> April, 2022 and concluded on 8<sup>th</sup> April, 2022;
- Establishment Inspection Report was received on 24<sup>th</sup> June, 2022.

Except the aforesaid, there was no material changes and commitments affecting the financial performance of the Company which occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report (i.e. from 1<sup>st</sup> April, 2022 to 9<sup>th</sup> August, 2022).

**5. PROCEEDINGS UNDER IBC CODE**

As per the requirements of Rule 8(5)(xi) and (xii) of the Companies (Accounts) Rules, 2014, there were no proceedings against your Company under the Insolvency and Bankruptcy Code, 2016 & No one time settlement of financial dues during the period under review.

**6. 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.

**7. DIVIDEND**

As per the requirements of Section 134(3)(k) of the Companies Act, 2013, Board of Directors of your Company have recommended a dividend of ₹1.50 (Rupee One and Fifty paise only) per equity share of face value of ₹10/- (Rupees Ten only) each for the year ended 31<sup>st</sup> March, 2022 i.e. 15% (Fifteen per cent) on the equity share capital of your Company, subject to the approval of the Shareholders at the ensuing 16<sup>th</sup> (Sixteenth) Annual General Meeting of the Company.

The Dividend, if declared, will be paid to the Shareholders whose names appear in the Register of Members of the Company as on Friday, 23<sup>rd</sup> September, 2022, out of the profits of the Company, 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), as the beneficial owners as on the even date.

The Shareholders 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 1<sup>st</sup> 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. 18 to the Notice convening the 16<sup>th</sup> (Sixteenth) 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.



#### 8. TRANSFER OF UNPAID/ UNCLAIMED DIVIDEND

There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in the year 2021-22 as required under Section 124(6) of the Companies Act 2013. However, the Shareholders are requested to read the instructions given in Note no. 19 to the AGM Notice, forming a part of this Annual Report. Details of unclaimed dividends and sale proceeds of fractional shares are available on the website of the Company at [www.smslife.in/shareholding-information.php](http://www.smslife.in/shareholding-information.php).

#### 9. TRANSFER TO RESERVES

During the period under review, your Board of Directors in its meeting held on 28<sup>th</sup> May, 2022 has approved to transfer ₹200 lakhs to the general reserve, with such transfer the General Reserves of the Company stood at ₹6,812.02 lakhs as on 31<sup>st</sup> March, 2022.

#### 10. CREDIT RATING

Company has received Credit rating from CARE Ratings Limited (CARE) vide letter no. CARE/HRO/RR/2021-22/1037 dated 5<sup>th</sup> July, 2021. CARE has assigned the following Credit rating in respect of Bank facilities:

(₹ in Crores)

Facilities/Instruments	Amount	Ratings
Long Term Bank Facilities	19.00 <i>(Reduced from 19.25)</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)
<b>Total Bank Facilities</b>	<b>49.32</b>	

#### 11. PARTICULARS OF LOANS, INVESTMENTS AND GUARANTEES

As per the requirements of Section 186 and Section 134(3)(g) of the Companies Act, 2013, we would like to inform that details of loans, guarantees, securities and investments made by the Company, are provided in the notes to the financial statements forming part of the Annual Report.

During the period under review, there were no loans or advances in the nature of loans extended to any firms/ companies in which directors are interested, either by the Company or its subsidiary.

#### 12. 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 31<sup>st</sup> March, 2022]

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

**Listing of shares:** Equity shares of your Company are listed in National Stock Exchange of India (NSE) and BSE Limited (BSE) with effect from 17<sup>th</sup> August, 2017. [Listing fees has been paid for the year 2022-23 to both the Exchanges].

#### 13. DEPOSITS

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the Companies Act, 2013 is not applicable.

#### 14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

All the Directors of the Company including the Independent Directors & Senior Management have affirmed Code of Conduct of the Company pursuant to Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular no. CFD/CMD/5/2015 dated 24<sup>th</sup> September, 2015.

##### 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 2/3<sup>rd</sup> of the total number of Directors of a public company shall be liable to retire by rotation and 1/3<sup>rd</sup> 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. Talluri Venkata Praveen was appointed by rotation in the 15<sup>th</sup> AGM, so Board has proposed Mrs. Sudeepthi Gopineedi as the Director to “Retire by rotation” in the 16<sup>th</sup> AGM.

Detailed information as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as **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:

<b>Appointment / re-appointment:</b>			
<b>Name</b>	<b>Category</b>	<b>DIN</b>	<b>Event date</b>
Mrs. Sudeepthi Gopineedi	Executive Director	09102540	02.09.2021
Mr. Mannam Malakondaiah	Independent Director	01431923	13.11.2021
Mr. Srinivas Samavedam	Independent Director	02488555	13.11.2021
Mr. Sarath Kumar Pakalapati**	Independent Director	01456746	11.02.2022
Mr. TVVSN Murthy###	Managing Director	00465198	28.05.2022

\*\*Re-appointed for the second term of 5 (five) years as “Independent Director” w.e.f. 25<sup>th</sup> May, 2022.

###Re-appointed for further period of 3 (three) years as “Managing Director” w.e.f. 1<sup>st</sup> June, 2022.

<b>Resignation:</b>			
<b>Name</b>	<b>Category</b>	<b>DIN</b>	<b>Event date</b>
Mr. P. Ramesh Babu	Non-Executive Director	00166381	18.06.2021
Dr. (Mrs.) T Neelaveni	Independent Director	00065571	02.09.2021
Mr. Shravan Kudaravalli	Independent Director	06905851	13.11.2021

**Note:** appropriate resolutions for re-appointment of Mr. Sarath Kumar Pakalapati as “Independent Director” and re-appointment of Mr. TVVSN Murthy as “Managing Director” are being moved by the means of Postal Ballot notice dated 21<sup>st</sup> July, 2022, which has already commenced from Tuesday, 26<sup>th</sup> July, 2022 and shall conclude on Wednesday, 24<sup>th</sup> August, 2022, voting results of the same shall be declared on Thursday, 25<sup>th</sup> August, 2022 to the Stock Exchanges and hosted at the website of the Company.

### C. DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors have furnished declarations of independence under Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. They have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

Further, the Board after taking these declarations / disclosures on record and acknowledging the veracity of the same, concluded that the Independent Directors are persons of integrity and possess the relevant expertise and experience to qualify as Independent Directors of the Company and are Independent of the Management.

➤ **Registration of Independent Directors in Independent Directors Databank:**

All the Independent Directors of the Company have been registered and are members of Independent Directors Databank maintained by 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.

In terms of the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 dealing with the requirement for Independent Directors to pass proficiency self-assessment test conducted by IICA:

- a) Mr. Venkatasubbarao Potluri and Mr. Sarath Kumar Pakalapati are exempted from appearing for the proficiency self-assessment test;
- b) Mr. Mannam Malakondaiah and Mr. Srinivas Samavedam will appear for the proficiency self-assessment test during the year 2022-23, within the mandatory timelines applicable to them.

### D. VIGIL MECHANISM/WHISTLE-BLOWER POLICY:

Your Company already has in place “Vigil Mechanism Policy” (Whistle Blower Policy) for Directors and employees of the Company pursuant to the provisions of Section 177 (9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and Regulation 22 of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, which provide a mechanism to ensure adequate safeguards to employees and Directors and the same can be accessed from the website of the Company at [www.smslife.in/pdf/whistle-blower-protection-policy-vigil-mechanism.pdf](http://www.smslife.in/pdf/whistle-blower-protection-policy-vigil-mechanism.pdf) .

The employees of the Company have the right/option to report their concerns / grievances to the Chairman of the Audit Committee. The Company is committed to adhering to the highest standards of ethical, moral and legal conduct of business operations. The contact details for the vigil mechanism are available at the website of the Company at [www.smslife.in/contact-us.php](http://www.smslife.in/contact-us.php).

### E. DIRECTORS’ RESPONSIBILITY STATEMENT

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

- a) that in the preparation of the annual accounts / financial statements for the year ended 31<sup>st</sup> March 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b) that the accounting policies as mentioned in the financial statements were selected and applied consistently and reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the profit and loss of the Company for that period;

- c) that proper and sufficient care had been taken 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;
- d) that the annual accounts were prepared on a going concern basis;
- e) that proper internal financial controls were in place and that such internal financial controls are adequate and were operating effectively; and
- f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

**F. NON-DISQUALIFICATION OF DIRECTORS:**

None of the Directors of the Company is disqualified under the provisions of the Companies Act, 2013 or under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Your Company has obtained a Certificate from Mr. C. Sudhir Babu, Company Secretary in Practice, Hyderabad (ICSI Memb. 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 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.

**G. EVALUATION OF THE BOARD'S PERFORMANCE**

The performance evaluation of the Board / Committees/ Executive Directors were carried out by the Nomination & Remuneration Committee meeting held on 11<sup>th</sup> February, 2022 and were overall satisfied with the evaluation results, which reflected the overall engagement and performance of the Board / Committees/ Executive Directors of the Company.

The Board of Directors in the meeting held on 28<sup>th</sup> May, 2022 evaluated the individual performance of the Independent Directors of the Company based on the specified criteria pursuant to Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and were satisfied with their performance.

➤ **Disclosure of Expertise / Skills / Competencies of the Board of Directors:**

The list of core skills / expertise / competencies identified by the Board of Directors of the Company as required in the context of its business and sector(s) for it to function effectively and those actually available with the Board, form part of the Corporate Governance Report.

**H. DIRECTORS' APPOINTMENT AND REMUNERATION POLICY**

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" and Remuneration criteria of Non-executive Directors are provided in the website of the Company at [www.smslife.in/policies.php](http://www.smslife.in/policies.php)

**I. FAMILIARIZATION PROGRAMME**

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 are provided on the website of the Company and can be accessed at [www.smslife.in/pdf/familiarisation-program-for-independentnt-directors-2022.pdf](http://www.smslife.in/pdf/familiarisation-program-for-independentnt-directors-2022.pdf)

#### J. MEETINGS OF THE BOARD OF DIRECTORS

As per the requirements Section 134 (3) (b) of the Companies Act, 2013, we want to inform you that, the Board of Directors met 6 [six] times during this year under review.

Sl. No.	Date and time	No. of Directors present
1.	18 <sup>th</sup> June, 2021 [04.00 pm]	06
2.	13 <sup>th</sup> August, 2021 [04.00 pm]	07
3.	2 <sup>nd</sup> September, 2021 [05.15 pm]	07
4.	13 <sup>th</sup> November, 2021 [05.00 pm]	06
5.	30 <sup>th</sup> November, 2021 [05.00 pm]	06
6.	11 <sup>th</sup> February, 2022 [02.00 pm]	07

The Meetings of the Board of Directors are prescheduled and intimated to all the Directors in advance, in order to help them to plan their schedule. The details of Board Meetings and the attendance of the Directors thereat are provided in the Corporate Governance Report.

The intervening time gap between two consecutive Meetings of the Board was within the limit prescribed under the Companies Act, 2013, i.e., the same was not exceeding 120 (One Hundred and Twenty) days, except for the meeting held on 18<sup>th</sup> June, 2021 (previous meeting held on 12<sup>th</sup> February, 2021), in lieu of the relaxations granted by SEBI vide circular no. SEBI/HO/CFD/CMD1/P/CIR/2021/556 dated 29<sup>th</sup> April, 2021, due to the second wave 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.

➤ **Separate Independent Directors Meeting:**

A separate meeting of the Independent Directors without the presence of Non- Independent Directors and members of management had taken place on 11<sup>th</sup> February 2022 at the Registered Office of the Company located at Hyderabad in which the Independent Directors had appreciated the performance of the Executive Directors and the Board as a whole.

They also concluded that the Board as a collective body is also performing satisfactorily and the flow of information between the Company's Management and the Board in terms of quality, quantity and timeliness is satisfactory. Further, the Independent Directors had appreciated the quality of discussions at the Board and the Committee Meetings and commended for improvement of the corporate governance structure that allows and encourages the Board to fulfill its responsibilities.

#### K. KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of the Company as on 31<sup>st</sup> March, 2022 in accordance with the provisions of Section 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is as below:

- Mr. TVVSN Murthy, Managing Director.
- Mr. N Rajendra Prasad, Chief Financial Officer
- Mr. Trupti Ranjan Mohanty, Company Secretary

There is No change in KMP's of the Company during the year.



➤ **Directors and Officers Liability Insurance ('D&O')**

The Company has suo-moto taken Directors and Officers Liability Insurance ('D&O insurance') for all its Directors and members of the Senior Management pursuant to Regulation 25(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**15. 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 in **Annexure III**.

**16. PROMOTER/ PROMOTER GROUP OF THE COMPANY**

The shareholding of promoter / promoter group of the Company as on 31<sup>st</sup> March, 2022 as compared to previous year.

Sl. No.	Name of Promoter/ Promoter Group	As on 31 <sup>st</sup> March, 2021		As on 31 <sup>st</sup> March, 2022		% Changes during the year
		No. of Shares	%age	No. of Shares	%age	
1.	TVVSN Murthy*	4,80,034	15.88	4,80,034	15.88	-
2.	TVVSN Murthy – HUF*	2,27,190	7.51	2,27,190	7.51	-
3.	Ramesh Babu Potluri*	2,40,190	7.94	2,40,190	7.94	-
4.	Suresh Babu Potluri <sup>#</sup>	5,151	0.17	2,539	0.08	(50.71%)
5.	Hima Bindu Potluri <sup>#</sup>	83,333	2.76	83,333	2.76	-
6.	Annapurna Talluri <sup>#</sup>	7,35,584	24.33	7,42,436	24.56	0.93%
7.	Rajeswara Rao Gopineedi <sup>#</sup>	37	-	100	-	-
8.	Venkata Praveen Talluri <sup>#</sup>	46,262	1.53	67,988	2.25	46.96%
9.	Hari Kishore Potluri <sup>#</sup>	15,859	0.52	8,664	0.29	(45.37%)
10.	Sudeepthi Gopineedi <sup>#</sup>	62,500	2.07	72,114	2.39	15.38%
11.	Venkata Chaitanya Gopineedi <sup>#</sup>	-	-	105	-	-
12.	Sukumari Koneru <sup>#</sup>	714	0.02	714	0.02	-
13.	Vamsi Krishna Potluri <sup>#</sup>	73,234	2.42	73,234	2.42	-
14.	Trilok Potluri <sup>#</sup>	78,141	2.58	78,141	2.58	-
15.	Satyavani Potluri <sup>#</sup>	-	-	-	-	-
16.	Potluri Laboratories Pvt. Ltd. <sup>#</sup>	-	-	-	-	-
17.	Potluri Infra Projects LLP <sup>#</sup>	8,000	0.26	8,000	0.26	-
18.	Pixelot Labs Private Limited <sup>#</sup>	7,412	0.25	-	-	(100.00%)
<b>Total</b>		<b>20,63,641</b>	<b>68.26</b>	<b>20,84,782</b>	<b>68.96</b>	<b>1.02%</b>

\*Promoters | #Promoters Group

List of Top 10 shareholders (other than Promoter) of the Company as on 31<sup>st</sup> March, 2022 is provided separately in **Annexure IV**.

## 17. RECLASSIFICATION OF PROMOTERS

Your Company had made an application to Stock Exchanges on 27<sup>th</sup> October, 2021 for reclassification of following erstwhile members of Promoter group of the Company and the same was approved by the Stock Exchanges on 13<sup>th</sup> April, 2022.

Sl. No.	Name of the erstwhile promoters group	No. of Shares	% of holding
1.	Mr. Suresh Babu Potluri	2,539	0.08
2.	Mr. Hari Kishore Potluri	8,664	0.29

## 18. AUDITORS & AUDITORS' REPORT

### A. STATUTORY AUDITORS:

M/s. Rambabu & Co. (firm Registration No. 0029765) were appointed as Statutory Auditors of your Company in the 15<sup>th</sup> Annual General Meeting (AGM) held on 30<sup>th</sup> September, 2021 for a term of 5 (Five) consecutive years pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

The Auditor's Report for the year ended 31<sup>st</sup> March, 2022, on the financial statements of the Company is provided along with financial statements forming part of this Report and the same does not contain any qualification, adverse remark, reservation or disclaimer and therefore, does not call for any further comments from the Board under Section 134(3) of the Companies Act, 2013.

### 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. Company accordingly maintains the required cost accounts and records as per the requirements of Section 148 of the Companies Act, 2013.

The Board has, on the recommendations made by the Audit Committee in their meeting held on 28<sup>th</sup> May, 2022, reappointed 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 2022-23, subject to approval of their remuneration at the ensuing 16<sup>th</sup> (Sixteenth) Annual General Meeting.

### C. SECRETARIAL AUDITOR:

Board of Directors had, upon recommendation of the Audit Committee, at its Meeting held on 18<sup>th</sup> June, 2021, appointed M/s. SVVS & Associates Company Secretaries LLP, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of your Company for the year 2021-22 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 Company Secretaries LLP, Secretarial Auditors for the year ended 31<sup>st</sup> March, 2022, which is an unqualified report, is annexed herewith as **Annexure V**.

Board of Directors has, upon recommendation of the Audit Committee, at its Meeting held on 28<sup>th</sup> May, 2022, re-appointed M/s. SVVS & Associates Company Secretaries LLP, as the "Secretarial Auditors" of your Company for the year 2022-23. Further, Company has received consent from M/s SVVS & Associates Company Secretaries LLP to act as the auditor for conducting an audit of the secretarial records for the year ending 31<sup>st</sup> March, 2023.

➤ **Annual Secretarial Compliance Report:**

Company has obtained Annual Secretarial Compliance Report from Mr. C. Sudhir Babu, Practicing Company Secretary (Proprietor, CSB Associates) on 28<sup>th</sup> May, 2022, pursuant to SEBI circular no. CIR/CFD/CMD1/27/2019 dated 8<sup>th</sup> February, 2019; forms part of this Report as **Annexure VI** and the same was also submitted to the Stock Exchange(s) on 30<sup>th</sup> May, 2022. The aforesaid Report do not contain any qualification, reservation or adverse remarks.

**D. INTERNAL AUDITOR:**

Board of Directors had, upon recommendation of the Audit Committee, at its Meeting held on 27<sup>th</sup> July, 2020, reappointed M/s Adusumilli & Associates, Chartered Accountants (Firm No. 06983S) as the Internal Auditors of the Company (perpetually, unless decided otherwise by the Board), in accordance with the provisions of Section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014.

The Internal Auditors submit their report on quarterly basis to the Audit Committee. Based on the report of internal audit, management undertakes corrective action in the respective areas and takes necessary steps to strengthen the levels of Internal Financial and other operational controls.

➤ **Reporting of Frauds by Auditors**

During the year under review, the Statutory Auditors, the Cost Auditors, Internal Auditor and Secretarial Auditors have not reported any instances of fraud committed in the Company by its Directors or Officers or Employees to the Audit Committee under Section 143(12) of the Companies Act, 2013.

**19. CODE FOR PREVENTION OF INSIDER TRADING**

Your Company has adopted an amended Code of Conduct to regulate, monitor and report trading by Designated Persons and their Immediate Relatives under the SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code of Conduct also includes code of practices and procedures for fair disclosure of unpublished price sensitive information and has been made available on the Company's website at [www.smslife.in/policies.php](http://www.smslife.in/policies.php).

Board 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.

Report pursuant to Clause I of Schedule B (Minimum Standards for Code of Conduct) of SEBI (Prohibition of Insider Trading) Regulations, 2015 and Clause 6 of Code for Regulation & Prohibition of Insider Trading of the Company, is submitted to the Board of Directors on a quarterly basis.

**20. MARKET CAPITALIZATION [RANKING]**

National Stock Exchange of India Limited and BSE Limited has released a list of ranking of the Companies as on 31<sup>st</sup> March, 2022 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	1363
BSE Limited	1577

**Note:** Based on the aforesaid ranking, Business Responsibility and Sustainability reporting (BRSR) constitution of Risk Management Committee, adopting Dividend Distribution Policy and appointment of Women Independent Director, is not applicable to your Company.

## 21. CORPORATE GOVERNANCE

In compliance with Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Corporate Governance Report for the year 2021-22 as required under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 of the Company is attached to this report as **Annexure VII**.

M/s. Rambabu & Co., Statutory Auditors of the Company 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 VIIA**.

## 22. SECRETARIAL STANDARDS

Your Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS - 1) and General Meetings (SS - 2) issued by the Institute of Company Secretaries of India (ICSI) and approved by the Central Government.

## 23. UPDATION OF EMAIL IDS FOR RECEIVING NOTICES /DOCUMENTS IN ELECTRONIC MODE

Shareholders who have not registered their email addresses with the Company are requested to register their email addresses with the Company to enable the Company to deliver notices /documents through e-mail. Shareholders holding their shares in demat mode also have an option to register / update their email addresses, KYC and Bank details with their depository, through their depository participant.

## 24. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Your Company has 1 (one) subsidiary i.e. Mahi Drugs Private Limited (CIN: U24233AP2012PTC084875) and no joint venture or Associate Companies as on 31<sup>st</sup> March, 2022 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 VIII**.

No company has ceased to be a subsidiary/ associate/ joint venture of the Company during the year. However, Mahi Drugs Private Limited has ceased as a "Wholly-owned Subsidiary" of the Company w.e.f. 7<sup>th</sup> February, 2022 but shall continue as subsidiary company. (Detail mentioned in point no. 3).

Your Company has separately placed audited financial statements of the subsidiary on the website of the Company at [www.smslife.in/financials.php](http://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. Further, the policy for determining material subsidiaries pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is available on the website of the Company at [www.smslife.in/pdf/Policy%20for%20determining%20Material%20Subsidiaries.pdf](http://www.smslife.in/pdf/Policy%20for%20determining%20Material%20Subsidiaries.pdf).

## 25. 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(s) of the Company located at Plot No. C-23, Industrial Estate, Sanathnagar, Hyderabad, Telangana.

During the year, Company has spent ₹305.14 lakhs (previous year ₹288.43 lakhs) towards Research and Development and is putting continuous efforts in R&D to develop the new products & business process for optimization of resources.

## 26. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

The Board of Directors have reconstituted Corporate Social Responsibility (CSR) Committee in its meeting held on 13<sup>th</sup> November, 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 31<sup>st</sup> March, 2022, in the prescribed format pursuant to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 dated 22<sup>nd</sup> January, 2021, is provided as **Annexure IX** to this Report.

➤ **Corporate Social Responsibility Policy:**

The policy was amended pursuant to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 dated 22<sup>nd</sup> January, 2021, by the Board of Directors at its meeting held on 12<sup>th</sup> February, 2021 as per the recommendations of the CSR Committee meeting and is uploaded on the Company's website at [www.smslife.in/pdf/Corporate-Social-Responsibility-\[CSR\]-Policy.pdf](http://www.smslife.in/pdf/Corporate-Social-Responsibility-[CSR]-Policy.pdf)

**27. DEPOSITORY SYSTEM**

Your Company's Equity Shares are available for dematerialization through National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL").

The ISIN Number of your Company for both NSDL and CDSL is **INE320X01016**.

**28. RELATED PARTY TRANSACTIONS**

All Related Party Transactions that were entered into during the year under review were in the ordinary course of business and on an arm's length basis and were in compliance with the applicable provisions of SEBI Regulations and Companies Act, 2013 read with rules made there under 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 X**.

There was 1 (one) material significant Related Party Transactions pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, entered into by the Company during the year under review as mentioned below:

[₹ in Crores]

Name of Related party	Nature of Transaction	Threshold Limit*	Aggregate Transaction value
Mahi Drugs Private Limited	Sales & Purchase	26.55	34.95

**\*10% of consolidated turnover of the Company for the year 2020-21**

The Audit Committee and the Board of Directors in their respective meetings held on 28<sup>th</sup> May, 2022 have approved the same, subject to ratification of the Shareholders in the ensuing Annual General Meeting.

**Note:** Appropriate resolution for ratification of all the Related Party Transactions for the year ended 31<sup>st</sup> March, 2022 is being moved at the ensuing 16<sup>th</sup> (Sixteenth) AGM, which the Board of Directors recommends for your approval.

Your Directors draw attention of the members to Notes No. 47 to the standalone financial statement, forming part of the Annual Report, which sets out related party disclosures. All related party transactions are placed before the Audit Committee for its review, on quarterly basis.

➤ **Policy on Related Party Transactions:**

The policy was amended pursuant to SEBI notification dated 9<sup>th</sup> November, 2021 read with clarification issued by SEBI dated 30<sup>th</sup> March, 2022 and 8<sup>th</sup> April, 2022, by the Board of Directors at its meeting held on 28<sup>th</sup> May, 2022 as per the recommendations of the Audit Committee and is uploaded on the Company's website at [www.smslife.in/policies.php](http://www.smslife.in/policies.php).



### 29. ANNUAL RETURN

As per the requirements of Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Amendment Rules, 2021, draft Annual return in Form MGT-7 is hosted on the website of the Company at [www.smslife.in/financials.php](http://www.smslife.in/financials.php).

### 30. INTERNAL FINANCIAL CONTROLS

In order to ensure orderly and efficient conduct of the business, safeguard the assets, ensure the accuracy and completeness of the accounting records and timely preparation of reliable financial information and financial statements, the Company has put in place adequate Internal Financial Controls procedures. Adequacy and effectiveness of the Internal Financial Controls of the Company are validated on annual basis by the Audit Committee based on the report submitted by the Statutory Auditors.

### 31. RISK MANAGEMENT

The Management of the Company will take adequate steps in identifying, assessing, controlling and mitigating the risks associated with different areas of its business operations.

### 32. SIGNIFICANT OR MATERIAL ORDER PASSED BY REGULATORS/COURTS

During the year under review, there were no significant or material orders passed by the Regulators or Court or Tribunals impacting the going concern status and Company Operations in future.

### 33. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company is committed to provide a healthy environment to all its employees. There is zero tolerance of discrimination and/or harassment in any form. Your Company has in place a Prevention of Sexual Harassment Policy and an Internal Complaints Committee as per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

- **Policy:** [www.smslife.in/pdf/policy-on-prevention-of-sexual-harrasment.pdf](http://www.smslife.in/pdf/policy-on-prevention-of-sexual-harrasment.pdf)
- **Internal Complaints Committee:** [www.smslife.in/contact-us.php](http://www.smslife.in/contact-us.php)

During the financial year under review, there was **NO COMPLAINT** received by the Internal Complaints Committee.

### 34. 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 XI**.

### 35. MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES

The information required under 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 XII**.

Disclosure as per Rule 5 (2) and Rule 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is as mentioned below:

<b>Name</b>	: Mr. TVVSN Murthy
<b>Age</b>	: 62 years
<b>Designation</b>	: Managing Director
<b>Remuneration**</b>	: ₹2.01 Crores
<b>Qualification</b>	: Graduate in Chemistry
<b>Experience</b>	: More than 40 years' experience in Pharma sector
<b>Date of commencement of employment</b>	: 01.04.2016
<b>Nature of employment</b>	: Contractual (as approved by shareholders)
<b>Last employment</b>	: SMS Pharmaceuticals Limited
<b>Shareholding as on 31<sup>st</sup> March, 2022</b>	: 23.39% (including indirect holding)
<b>Relationship with other Directors</b>	: Father of Mr. TV Praveen, Executive Director and Mrs. Sudeepthi Gopineedi, Whole-time Director.

**\*\*Includes salary & other perquisites.**

**Note** - The remuneration paid to Directors, Key Managerial Personnel and other employees of the Company during the year 2021-22 was in conformity with the Nomination and Remuneration Policy of the Company and within the limits approved by the shareholders.

### 36. HUMAN RESOURCE/INDUSTRIAL RELATIONS

Your Company continues to accord paramount importance to health and safety of its employees and workforce. Necessary on-job training has been provided to employees on Safety, Quality and Standard Operating Procedures (SOP) aspects. The Company continued its welfare measures to its employees and workforce by way of canteen, personal protective equipment (PPE), etc.

During second wave of Covid-19 pandemic, awareness and precautionary measures were taken in the Company to prevent the employees from getting effected by the Covid 19 Virus.

The total number of employees of the Company as on 31<sup>st</sup> March, 2022 was 571 (previous year 516).

### 37. 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 at [www.smslife.in/policies.php](http://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.

### 38. LEGAL AND REGULATORY

Your Company being in pharmaceutical sector, the compliance with various laws and regulations is an essential and integral part of your Company's business operations. We are subject to various laws and regulations in diverse areas as product safety, product claims, competition, employee health and safety, the environment, corporate governance, listing and disclosure, employment, and taxes.

Frequent changes in legal and regulatory regime and introduction of newer regulations with multiple authorities regulating same areas lead to complexity in compliance. We closely monitor and review our practices to ensure that we remain compliant with relevant laws and legal obligations.

### 39. MD AND CFO – 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 XIII** to this report.

### 40. GENERAL DISCLOSURE

Your Directors states 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 the absence of any transaction or the inapplicability of the provisions:

- a) Your Company has not issued any shares with differential rights and hence no information as per provisions of Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.
- b) Your Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.
- c) Your Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.
- d) There are no instances where the Board has not accepted the recommendation of the Audit Committee/ Nomination and Remuneration Committee.
- e) No receipt of any remuneration or commission from the Subsidiary Company by the Managing Director or the Whole-time Directors of the Company, as per section 197(14) of the Companies Act, 2013.
- f) No transactions, with person(s) or entity(ies) belonging to the Promoter / Promoter Group which hold(s) 10% or more shareholding in Your Company, as per Schedule V (2A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the period under review, except the managerial remuneration and interest on unsecured loan paid to Mr. TVVSN Murthy, Promoter and Managing Director of the Company.

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.

### 41. APPRECIATION

Your Directors would like to express their deep appreciation to employees at all levels for their hard work, dedication, and commitment.

The Board also places on record its appreciation and gratitude for the continued cooperation and support received by your Company during the year from shareholders, Strategic investors (ChemWerth Inc.), Bankers, customers, business partners, all Regulatory and Government Authorities, and other stakeholders.

By Order of the Board  
**For SMS Lifesciences India Limited**

Date: 09.08.2022  
Place: Hyderabad

**TV Praveen**  
DIN: 08772030  
Executive Director

**TVVSN Murthy**  
DIN: 00465198  
Managing Director

#### Cautionary Statement:

The statements in the Board's Report describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable Securities laws and regulations. Actual results may differ materially from those expressed herein. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigations and industrial relations.

**DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT**

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

<b>Name of the Director</b>	<b>Mrs. Sudeepthi Gopineedi</b>
<b>Director Identification Number (DIN)</b>	09102540
<b>Date of Birth</b>	2 <sup>nd</sup> March, 1987 [34 years]
<b>Nationality</b>	Indian
<b>Date of first appointment on Board</b>	2 <sup>nd</sup> September, 2021
<b>Qualification</b>	<ul style="list-style-type: none"> <li>▪ Post graduate from BITS-Pilani campus, with a Masters in Chemistry</li> <li>▪ Bachelors in Computer Science Engineering</li> </ul>
<b>Experience</b>	<p>Before joining the Company as General Manager (operations), in 2018, she gained varied experience working in multinational technology companies like Amazon and Oracle in India. During her 7 years 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. The Company has successfully completed its first ever US-FDA audit during her term and many other customer audits all of which have been instrumental for Company's growth.</p>
<b>Names of listed entities in which the person also holds the Directorship and the membership of Committees of the Board</b>	Nil
<b>Directorships /chairmanship held in other public Companies</b>	Nil
<b>Relationship between Directors Inter-se</b>	Daughter of Mr. TVVSN Murthy, Managing Director and Sister of Mr. TV Praveen, Executive Director
<b>Shareholding</b>	87,018 (2.88%)
<b>Terms and conditions of appointment / Re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person.</b>	Terms and conditions of re-appointment are as per the Policy of the Company as displayed on the Company's website.

**Notes:** Information pertaining to the remuneration paid to aforesaid Director and the number of Board Meetings attended by her during the year 2021-22 has been provided in the Corporate Governance Report forming part of the Annual Report.

By Order of the Board  
**For SMS Lifesciences India Limited**

Date: 09.08.2022  
Place: Hyderabad

<b>TV Praveen</b>	<b>TVVSN Murthy</b>
DIN: 08772030	DIN: 00465198
Executive Director	Managing Director

## 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 verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://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 31<sup>st</sup> March, 2022, 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
9.	Srinivas Samavedam****	02488555	13-11-2021
10.	Mannam Malakondaiah****	01431923	13-11-2021

\*resigned w.e.f. 18-06-2021 as Non-Executive Director of the Company

\*\*resigned w.e.f. 02-09-2021 as Independent Director of the Company

\*\*\*appointed as an Additional Director in Executive Director Category w.e.f. 02-09-2021  
and ratified by shareholders in the AGM held on 30-09-2021

\*\*\*\*appointed as Independent Directors w.e.f. 13-11-2021 and ratified by shareholders through Postal Ballot w.e.f. 28-01-2022.

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: 28-05-2022

Name: C. Sudhir Babu,  
Membership No.: 2724, C.P. No.: 7666,  
**UDIN: F002724D000412221**



**MANAGEMENT DISCUSSION AND ANALYSIS**

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

Since its demerger from SMS Pharmaceuticals Limited in 2017, your Company has emerged as a prominent player in Active Pharmaceutical Ingredients (API) manufacturing of various Bulk Drugs like Ranitidine HCL, Famotidine and its Intermediates, catering to both Indian and global markets at a large. The Company is proud of developing products, processes and systems according to industry benchmarks and achieving sustained improvements to deliver quality products.

Management Discussion & Analysis report sets out developments in the business, environment and Company’s performance since our last report. The analysis supplements the Directors’ Report and audited financial statements which together form part of this Annual Report.

**Cautionary Statement:**

This report describes the Company’s objectives, projections, estimates, and expectations may be “forward-looking statements” within applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company’s operations include economic conditions affecting demand-supply and price conditions in the domestic and overseas markets. It operates changes in the government regulations, tax laws, and other statutes & other incidental factors.

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

**Global Economy & Outlook:**

As the world enters the third year of the pandemic, global economic developments have been both encouraging and troubling. Output in many countries rebounded in 2021 after a sharp decline in 2020, aided by pick-up in international trade, high commodity prices, stimulus infused by government and lower incidences of foreign debt restructurings and domestic financial crises. Rapid advancement in vaccination rates in advanced and middle-income countries also aided opening up of the economy and gradually getting back to normal.

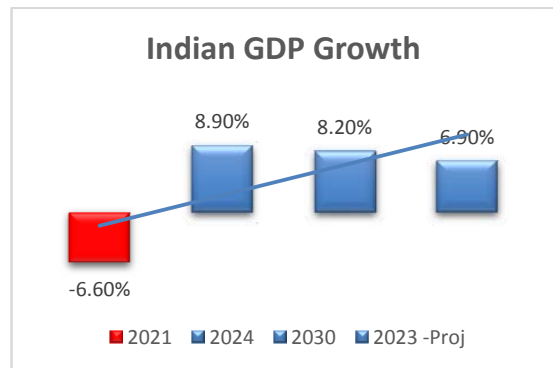
However, evolving geopolitical disturbances and continued inflationary pressure present uncertainties and risks. The growth is likely to face headwinds in 2022 in the light of factors such as pandemic flare-ups, inflationary pressure and in turn, gradual unwinding of accommodative policies and persistent supply chain challenges.

Global inflation continued its upward journey during the year which has been further aggravated by the Russia-Ukraine conflict.

**Indian Economy & Outlook:**

Indian economy continued to display broad-based recovery during the year 2021- 22 as indicated by various health parameters of economy after an exceptional fiscal 2020-21 when the pandemic led to the contraction of the economy.

The year 2021-22 commenced on a difficult note for the country as the second wave of the pandemic, which emerged in the mid of March, 2021 spread rapidly across the country and put an unprecedented stress on the healthcare ecosystem of India. However, with gradual reduction in daily cases since the second half of May, 2021, the economy started showing signs of revival on the back of targeted fiscal relief, monetary policy measures and a rapid vaccination drive and the economy recovered fully from the impact of pandemic as real GDP for the year 2021- 22.



Source: IMF



Source: ibef.org

## Overview of Pharmaceutical Sector

### INDUSTRY OVERVIEW:

API is an important segment of the Indian pharma industry, contributing to 35% of the market. The Indian active pharmaceuticals ingredients market stood at USD 11.8 billion in 2020-21 and is anticipated to grow at a CAGR of 12.24% till 2026-27.

This growth is anticipated due to the growing pharmaceutical sector in the country. Besides, the spurt in geriatric population in India is expected to steer demand over the forecasted period of 2021-27. Growing incidence of chronic diseases such as cardiovascular diseases, diabetes, cancer, respiratory disorders among others is anticipated to drive the market.

The Government of India has rolled out Performance-linked Incentive schemes (PLI schemes) with an aim to increase the efficiency and competitiveness of the Indian Pharmaceutical industry. This is aimed to reduce dependence of importation and increase self-reliance for key pharmaceutical inputs. The scheme has seen positive response from industry participants and would help in solidifying India's positioning as a leading supplier of high quality pharmaceutical products, including key APIs and intermediates. The 'Archetype of Affordable Healthcare' has made significant contributions to improving public health outcomes in India and worldwide.

**The API industry is on a growth trajectory. It caters to around 20% of the global market.**

### Key highlights:

- Indian drug & pharmaceutical exports stood at US\$ 24.60 billion in the year 2021-22 as compared to US\$ 24.44 billion in 2020-21.
- In June 2021, Finance Minister Ms. Nirmala Sitharaman announced an additional outlay of ₹197,000 crore (US\$ 26,578.3 million) that shall be utilized over 5 (five) years for the pharmaceutical PLI scheme in 13 key sectors such as active pharmaceutical ingredients, drug intermediaries and key starting materials.
- The FDI inflows in the Indian Drugs and Pharmaceuticals sector reached US\$ 19.41 billion between April 2000- March 2022.
- The domestic market is expected to grow 3X in the next decade as per the Indian Economic Survey 2021.
- CARE Ratings expect India's pharmaceutical business to develop at an annual rate of 11% over the next two years to reach more than US\$ 60 billion in value.
- In November 2021, PM Mr. Narendra Modi inaugurated the first Global Innovation Summit of the pharmaceuticals sector.
- In March 2022, under the Strengthening of Pharmaceutical Industry (SPI) Scheme, a total financial outlay of ₹500 crore (US\$ 665.5 million) for the period FY 2021-22 to FY 2025-26 were announced.

The Indian Government's initiatives to encourage the domestic manufacture of active pharmaceutical ingredients and key raw materials are expected to increase backward integration and reduce the dependence of domestic drug makers on foreign markets. These incentives could address major pricing competitiveness concerns and funding, aiding investment decisions of the local pharma companies.

Additionally, the world's largest and first smart ecosystem-based "Pharma City" is planned in the outskirts of Hyderabad, which shall set a new international benchmark for sustainable industrial cities and help the world to minimize the reliance on Chinese drug ingredients.

## Opportunities, Threats and Outlook

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

Your Company aims to foray into and establish its presence in a few more frontier and regulated markets over the current decade. The Company's short-term goal is to capture incremental market share in the existing geographies and establish strong beachheads for sustained organic growth in the United States and European Union.

**The recent successful USFDA audit is a testimony to the same.**

Your Company has also set its eyes on entering various additional markets and also aims to develop 6 to 8 products each year, few in collaboration with ChemWerth Inc, a full-service generic API company based in the United States. Given the growing importance of health and disease management by the world's population, the Company plans to leverage and grow in challenging frontier markets where affordability and health consciousness within the population is steadily increasing by using its existing business model, solid management expertise and market knowledge.

Your Company is continuously adding / upgrading capacity in its facilities in Hyderabad and Vizag to ensure robust offerings to its customers along with necessary resources for new product and growth possibilities.

In a way, the Company is not only charting out its short-term potential for growth but also its longer term ambitions for becoming a reliable, efficient and compliant API / Intermediates Pharmaceutical manufacturing Company that is equally prominent in both semi and highly regulated markets. Your Company is focusing on regularly adding clientele globally in generics, contract manufacturing and custom synthesis.

**Ranitidine update:** the Ranitidine issue has gradually settled and sales of ranitidine along with its intermediaries have considerably increased by 62% as compared to previous year.

## Financial performance with respect to Operational Performance

(₹ in Crores)

Particulars	FY 2021-22	FY 2020-21	Growth %
Revenue from operations	345.62	260.25	32.80%
Other Income	1.53	1.33	15.04%
<b>Total Income</b>	<b>347.16</b>	<b>261.58</b>	<b>32.72%</b>
<b>EBITDA</b>	<b>32.90</b>	<b>31.06</b>	<b>5.92%</b>
Depreciation	7.99	7.21	10.82%
PBIT	24.90	23.85	4.40%
<b>Profit Before Tax</b>	<b>20.28</b>	<b>19.35</b>	<b>4.81%</b>
Exceptional income**	12.69	-	-
Tax Expense	7.59	6.18	22.82%
<b>Profit after Tax</b>	<b>25.38</b>	<b>13.16</b>	<b>92.86%</b>

\*\*profit on sale of Investments and non-revenue generating tangible assets

During the year, your Company's turnover improved to ₹345.62 crore compared to ₹260.25 crore, resulting in a sustainable growth rate of 32.80%. However, the bottom line has grown meagerly by approx. 5% during the period. Moving forward, your Company has executed the **"Product Development Agreement" with ChemWerth Inc.**, a Strategic partner, which will assist your Company in tabbing the unexplored regulatory market in the ensuing years.

## Human Resources

Your Company believes that its dedicated and motivated employees are its greatest asset and has offered competitive compensation, a healthy work environment and the employee performances are recognized through a planned reward and recognition program, in order to develop a workplace where every employee can recognize and attain his or her true power.

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 31<sup>st</sup> March, 2022 stood at 571.

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

Particular	31.03.2022	31.03.2021	%Change	Reason
Debtors Turnover Ratio	11.12	9.21	-	-
Days	32.80	39.61	20.77%	-
Inventory Turnover Ratio	4.89	4.34	-	-
(Days)	74.67	87.45	(14.61%)	-
Interest Coverage Ratio	5.39	5.30	(1.58%)	-
Current Ratio	1.36	1.29	6.00%	-
Debt Equity Ratio	0.40	0.35	12.00%	-
Operating Profit Margin	9.48%	11.88%	20.21%	-
Net Profit Margin	7.30%	5.03%	45.00%	Variance is due to Exceptional Income
Return on Net worth	16.79%	10.42%	61.03%	

Company' robust business model enables us to deliver effective products to our chosen Marketplaces, generate attractive returns for our stakeholders and build a sustainable business.

## Internal Control Systems & their adequacy

The internal control system is organized and employed accordingly with the principles and criteria set up in the corporate governance code of the Company. It is an inherent part of the general structure of the Company and involves a various persons to work and coordinate amongst each other to complete their respective duties.

The internal controls of the Company are being reviewed by Statutory 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 25<sup>th</sup> 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.

### Risks & Concerns

Company faces risks and uncertainties that are typical to that faced by players within the other pharmaceuticals industry. These along with few other issues as mentioned below are some of the major risks / potential pitfalls in the immediate future:

- ❑ Disruption of operations on account of implementation of various measures to contain the pandemic.
- ❑ Frequent political changes in different geographies resulting in uncertainty,
- ❑ Unavailability of raw materials and adverse currency fluctuations.
- ❑ Non-receipt / significant delay in receipt of approvals for new products from the regulatory authorities can severely affect the growth of the business.

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.

### Moving ahead

With the sharp recovery in the Indian economy and more focus on healthcare after the pandemic, the domestic pharmaceutical market is expected to grow significantly and your Company through its subsidiary is aggressively looking at entering into collaboration with national and international entities to leverage its sales and marketing, distribution and manufacturing facilities. Your Company is confident to continue to outperform the current achievements and provide sustainable growth to all the stakeholders.

By Order of the Board  
**For SMS Lifesciences India Limited**

	<b>TV Praveen</b>	<b>TVVSN Murthy</b>
Date: 09.08.2022	DIN: 08772030	DIN: 00465198
Place: Hyderabad	Executive Director	Managing Director



**Top 10 Shareholder (other than Promoters)**

Sl. No.	Name of Shareholders	No of Shares	
		31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
1.	Chereddi Ramachandra Naidu	63,462	15,060
2.	Jaganathan V G	31,046	12,028
3.	Sasikala.C.V.S	29,000	2,500
4.	Lakshmi Devi Kantheti	25,000	25,000
5.	Akanksha Chugh	19,348	1,120
6.	Saibabu Bandla	19,000	19,000
7.	Vijay Kumar Sanghvi	17,925	8,521
8.	Harita Projects Private	16,123	5,923
9.	Dhanpati Devi	15,757	15,757
10.	Shradha Gupta	13,045	13,045

By Order of the Board  
For SMS Lifesciences India Limited

Date: 09.08.2022  
Place: Hyderabad

**TV Praveen**  
DIN: 08772030  
Executive Director

**TVVSN Murthy**  
DIN: 00465198  
Managing Director

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2022**

**[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 31<sup>st</sup> March, 2022 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 31<sup>st</sup> March, 2022 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 thereunder;
- (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. Ramesh Babu Potluri has resigned as Director of the Company with effect from 18<sup>th</sup> June, 2021;
- b) Ms. Sudeepthi Gopinnedi is appointed as an Additional Director designated as Executive Director with effect from 2<sup>nd</sup> September, 2021, and is approved by the Shareholders in the Annual General Meeting held on 30<sup>th</sup> September, 2021;
- c) Dr. Neelaveni Thummala has resigned as Director of the Company with effect from 2<sup>nd</sup> September, 2021;
- d) Mr. Mannam Malakondaiah is appointed as an Additional Director in Independent category with effect from 13<sup>th</sup> November, 2021 and is approved by the Shareholders through postal ballot by e-voting process on 28<sup>th</sup> January, 2022;
- e) Mr. Srinivas Samavedam is appointed as an Additional Director in Independent category with effect from 13<sup>th</sup> November, 2021 and is approved by the Shareholders through postal ballot by e-voting process on 28<sup>th</sup> January, 2022;
- f) Mr. Sravan Kudravalli has resigned as Director of the Company with effect from 13<sup>th</sup> November, 2021;
- g) The Company has sold 10% of its stake in held in wholly-owned subsidiary namely, M/s. Mahi Drugs Private Limited by way of sale of equity shares and the subsidiary has further issued fresh equity through preferential allotment of equity shares thereby diluting the stake of the Holding Company from 100% to 60% of the paid-up capital.

For **SVVS & Associates**  
Company Secretaries LLP

**C. SUDHIR BABU**  
Designated Partner  
FCS: 2724; C P No.: 7666  
**UDIN: F002724D000412485**

Place: Hyderabad  
Date: 28-05-2022

**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

**C. SUDHIR BABU**  
Designated Partner  
FCS: 2724; C P No.: 7666  
**UDIN: F002724D000412485**

Place: Hyderabad  
Date: 28-05-2022

**SECRETARIAL COMPLIANCE REPORT OF SMS LIFESCIENCES INDIA LIMITED  
FOR THE YEAR ENDED MARCH 31, 2022**

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, 2022 (“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”)
- c) 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;
- i) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;



and circulars/ guidelines issued thereunder and based on the above examination, we hereby report that during the Review Period:

- 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 Clause 6(A) and 6(B) of Circular No. CIR/CFD/CMD1/114/2019 dated October 18, 2019 issued by Securities Exchange Board of India on "Resignation of Statutory Auditors from listed entities and their material subsidiaries" is not applicable during the Review Period.

For **SVVS & Associates**  
Company Secretaries LLP

**C. SUDHIR BABU**  
Designated Partner  
FCS: 2724; C P No.: 7666  
**UDIN: F002724D000412485**

Place: Hyderabad  
Date: 28-05-2022

## 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 will continue to be at the forefront of its diverse interests and sustain growth activities through the emphasis on Total Quality Management, adoption of emerging technologies, innovation through research, good corporate governance, adherence to fair business practices and effective use of physical, technological, Research & Development, information and financial resources, thus fulfilling the aspirations of customers, shareholders, employees and financiers.

[Your 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 the Board of Directors Report or its annexures shall be deemed to be reported in this report.]

Your Company firmly believes that good corporate governance is essential to achieve long-term corporate goals and enhance stakeholders' value. Critical elements of corporate governance are transparency, internal controls, risk management, internal and external communications, high standards of safety, health, environment, accounting fidelity and product and service quality.

The Board of Directors of the Company (the "Board") has empowered responsible persons to implement its policies and guidelines and has set up adequate review processes/ mechanisms to serve this purpose.

The Corporate Governance report is presented below.

### 2. BOARD OF DIRECTORS:

#### a) Composition and category of Directors:

The Board is the highest governance body constituted to oversee the Company's overall functioning. The responsibility of Board is to provide strategic guidance to the Company, to ensure effective monitoring of the management and to be accountable to the Company and the shareholders.

The Board consists of eminent individuals from industry, management, technical, financial and legal fields. 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. The Board of the Company comprises of an optimum mix of Executive and Non-Executive Directors, with more than 50% of the Board as Independent Directors, as your Company has no regular non-executive chairperson.

As on 31<sup>st</sup> March, 2022, the strength of the Board consists of 7 (seven) Directors, of which 3 (three) are Executive Directors and 4 (four) are Non-Executive Independent Directors. 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.

The composition of the Board of Directors is summarized below: -

Sl. No.	Name of Director	DIN	Designation	Category
1.	Mr. TVVSN Murthy	00465198	Managing Director	Promoter group & Executive
2.	Mr. Venkata Praveen Talluri	08772030	Executive Director	Promoter group & Executive
3.	Mrs. Sudeepthi Gopineedi	09102540	Whole-time Director	Promoter group & Executive
4.	Mr. Sarath Kumar Pakalapati	01456746	Independent Director	Non-Executive & Independent
5.	Mr. Venkatasubbarao Potluri	00099066	Independent Director	Non-Executive & Independent
6.	Mr. Mannam Malakondaiah	01431923	Independent Director	Non-Executive & Independent
7.	Mr. Srinivas Samavedam	02488555	Independent Director	Non-Executive & Independent

**Changes in Board composition during the year:**

- Mr. P Ramesh Babu resigned as “Non-Executive Director” w.e.f. 18<sup>th</sup> June, 2021,
- Mrs. Sudeepthi Gopineedi was appointed as “Women Director” w.e.f. 2<sup>nd</sup> September, 2021, in the “Executive Director” category,
- Dr. (Mrs.) Neelaveni Thummala resigned as “Independent Director” w.e.f. 2<sup>nd</sup> September, 2021
- Mr. Shravan Kudaravalli resigned as “Independent Director” w.e.f. 13<sup>th</sup> November, 2021.
- Mr. Mannam Malakondaiah and Mr. Srinivas Samavedam were appointed as “Independent Director” w.e.f. 13<sup>th</sup> November, 2021.

Details of the Director seeking reappointment by rotation at the ensuing Annual General Meeting is provided separately in **Annexure I** of this report.

The Company has 1 (one) Woman Director pursuant to the second proviso to Section 149(1) read with Rule 3 of the Companies (Appointment and Qualification of directors) Rules, 2014.

The following information relating to the business, operations and risks affecting the Company is quarterly placed before the Board for its consideration pursuant to Regulation 17(7) and “Part A” of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- Annual operating plans and budgets and any updates
- Capital budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of the Audit Committee and other Committees of the Board of Directors
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.

- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as nonpayment of dividend, delay in share transfer etc.

**b) Attendance of each Director at the Board Meetings, last Annual General Meeting (15<sup>th</sup> AGM):**

The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company. The notice and detailed agenda along with the relevant notes and other material information are sent in advance separately to each Director.

During the year 2021-22, the Board met 6 (six) times on (i) 18<sup>th</sup> June, 2021 (ii) 13<sup>th</sup> August, 2021 (iii) 2<sup>nd</sup> September, 2021 (iv) 13<sup>th</sup> November, 2021 (v) 30<sup>th</sup> November, 2021 and (vi) 11<sup>th</sup> February, 2022; gap between any two meetings during the year under review, has been less than 120 days, except for the meeting held on 18<sup>th</sup> June, 2021 (previous meeting held on 12<sup>th</sup> February, 2021), in lieu of the relaxations granted by SEBI vide circular no. SEBI/HO/CFD/CMD1/P/CIR/2021/556 dated 29<sup>th</sup> April, 2021, due to the second wave 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 30.09.2021
	Eligible to attend	Attended	
Mr. TVVSN Murthy	06	06	Yes
Mr. P. Ramesh Babu	01	01	Not Applicable
Mr. TV Praveen	06	06	Yes
Mrs. Sudeepthi Gopineedi	04	04	Not Applicable
Mr. P. Sarath Kumar	06	06	Yes
Mrs. (Dr.) T. Neelaveni	03	03	Not Applicable
Mr. Shravan Kudaravalli	04	03	Yes
Mr. Venkatasubbarao Potluri	06	04	Yes
Mr. Mannam Malakondaiah	02	02	Not Applicable
Mr. Srinivas Samavedam	02	02	Not Applicable

**Note:**

- Mr. Shravan Kudaravalli was granted Leave of Absence in the meeting held on 2<sup>nd</sup> September, 2021 and Mr. Venkatasubbarao Potluri was granted Leave of Absence in the meetings held on 13<sup>th</sup> August, 2021 and 30<sup>th</sup> November, 2021.

- ❑ Mrs. Sudeepthi Gopineedi was appointed in the Board Meeting held on 2<sup>nd</sup> September, 2021 & Mr. Mannam Malakondaiah and Mr. Srinivas Samavedam were appointed the Board Meeting held on 13<sup>th</sup> November, 2021.
- ❑ Mr. P Ramesh Babu, Dr. (Mrs.) Neelaveni Thummala and Mr. Shravan Kudaravalli have resigned from the Board w.e.f. 18<sup>th</sup> June, 2021, 2<sup>nd</sup> September, 2021 and 13<sup>th</sup> November, 2021, respectively.

**c) Number of shares held by Directors as on 31<sup>st</sup> March, 2022:**

<b>Name of Directors</b>	<b>No. of Shares</b>	<b>(% age)</b>
Mr. TVVSN Murthy (including indirect holding)	7,07,224	23.39%
Mr. Venkata Praveen Talluri	67,988	2.25%
Mrs. Sudeepthi Gopineedi	72,114	2.39%
Mr. Sarath Kumar Pakalapati (including indirect holding)	3,035	0.10%
Mr. Venkatasubbarao Potluri	-	
Mr. Mannam Malakondaiah	-	
Mr. Srinivas Samavedam	-	
<b>Total</b>	<b>8,50,361</b>	<b>28.13%</b>

\*\*detailed report provided in point no. 16 of Directors report

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

**d) Number of directorships, committee memberships and committee chairmanships held by the aforementioned Directors in other companies as on 31<sup>st</sup> March, 2022 are given below:**

<b>Name &amp; Designation</b>	<b>Number of Directors in other company</b>	<b>Number of other committees</b>		<b>Names of Listed Companies in which Directorship is held and Category of Directorship</b>
		<b>Chairman</b>	<b>Member</b>	
Mr. TVVSN Murthy**	01	-	-	-
Mr. Venkata Praveen Talluri	01	-	-	-
Mrs. Sudeepthi Gopineedi	-	-	-	-
Mr. Sarath Kumar Pakalapati	02	01	02	Independent Director in SMS Pharmaceuticals Limited
Mr. Venkatasubbarao Potluri	07	-	-	
Mr. Mannam Malakondaiah	02	-	-	
Mr. Srinivas Samavedam	03	-	-	

\*\*Resigned from the Board of SMS Pharmaceuticals Limited w.e.f 28<sup>th</sup> May, 2021.

**Note:**

- ❑ Including all companies (i.e. private, public, foreign, Section 8), except SMS Lifesciences India Limited.
- ❑ 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:**

During the year, Mr. TVVSN Murthy, Mr. P Ramesh Babu, Mr. TV Praveen, Mrs. Sudeepthi Gopineedi were promoter Directors of the Company. None of the other Directors have any inter-se relationship.

**f) Website links:**

The Weblink of “Terms and Conditions of appointment of Independent Directors”, “Remuneration criteria of Non-executive Directors” and “Familiarization Program for Independent Directors Policy” can be accessed at [www.smslife.in/policies.php](http://www.smslife.in/policies.php)

**g) Skills/ Expertise/ Competence of the Board of Directors:**

The Company is engaged in the business of manufacturing API’s and Bulk Drugs and caters to Indian and Global Markets, in order to manage the operations and to formulate long term strategies for its growth, different skill sets are required. The list of core skills / expertise / competencies identified by the Board of Directors of the Company as required in the context of its business and sector for it to function effectively and those actually available with the Board is as under:

Skill	Description	Name of Directors
General	Finance, Operations, Commercial, Legal, Risk and Human resources related.	Mr. P Sarath Kumar, Dr. (Mr.) Srinivas Samavedam, Mr. Venkatasubbarao Potluri, Mr. TV Praveen & Mr. TVVSN Murthy
Global Business	Understanding of global business dynamics, across various geographical markets, industry verticals relating to the operations of the Company	Mr. TV Praveen and Mrs. Sudeepthi Gopineedi
Strategy, Planning & Marketing	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.	Mr. TVVSN Murthy, Mr. TV Praveen and Mrs. Sudeepthi Gopineedi
Corporate Governance	Knowledge of governance processes and compliance to applicable laws and regulations to service best interests of all stakeholders, maintaining Board and Management accountability and corporate ethics and values	Dr. (Mr.) Mannam Malakondaiah, Mr. P. Sarath Kumar, Dr. (Mr.) Srinivas Samavedam and Mr. Venkatasubbarao Potluri
Leadership	Extended leadership experience for a significant enterprise, resulting in a practical understanding of the business,	Mr. TVVSN Murthy, Mr. TV Praveen and Mr. P. Sarath Kumar
Technology	Knowledge of technology related to Company’s current and future products and business opportunities.	Mr. TV Praveen and Mrs. Sudeepthi Gopineedi

The Board comprises of highly qualified members who possess the required skills, expertise and competencies that allow them to make an effective contribution to the deliberations of the Board and its Committees. Detailed profile of the Board members can be accessed on the website of the Company at [www.smslife.in/composition-of-the-board.php](http://www.smslife.in/composition-of-the-board.php)



**h) Independent Directors:**

**Declaration:**

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.

**Separate meeting:**

Meeting of Independent Directors of the Company was held on 11<sup>th</sup> February, 2022 and discussed the matters enumerated in the Schedule IV to the Companies Act, 2013 and Regulation 25(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Familiarization program:**

2 (two) out of the 4 (four) Independent Directors are associated with the Company for more than 5 (five) years. They are familiar 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 other 2 (two) Independent Directors are familiarised through various programmes on an ongoing basis.

**Reason of resignation:**

Dr. (Mrs.) Neelaveni Thummala and Mr. Shravan Kudaravalli resigned from the Board w.e.f. 2<sup>nd</sup> September, 2021 and 13<sup>th</sup> November, 2021, respectively. They have confirmed that there is no other material reason for resignation, other than the reason cited in their resignation letter.

**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

**Snapshot of the 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	Member <sup>%</sup>	Chairman	-	Member
Mr. P. Ramesh Babu	-	Member*	-	-
Mr. TV Praveen	-	Member <sup>%</sup>	-	-
Mrs. Sudeepthi Gopineedi	-	-	-	-
Mr. P. Sarath Kumar	Chairman	-	Member	Chairman <sup>%</sup>

Name of Director	Position in Committee (whether Chairperson / Member)			
	Audit Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee
Mrs. (Dr.) T. Neelaveni	Member*	-	Member*	Chairman*
Mr. Shravan Kudaravalli	Member*	-	Member*%	-
Mr. Venkatasubbarao Potluri	Member	Member*	Chairman*	Member*
Mr. (Dr.) Mannam Malakondaiah	Member%	Member%	Chairman%	-
Mr. (Dr.) Srinivas Samavedam	-	Member%	Member%	Member%

\*ceased | %appointed during the year 2021-22

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 respective members for their comments in accordance with Secretarial Standard on (SS-1) and then, the Minutes are entered in the Minutes Book within 30 days of the conclusion of the 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
<b>Meeting held</b>	<b>06</b>	<b>02</b>	<b>04</b>	<b>01</b>
<b>Attendance of Directors</b>				
Mr. TVVSN Murthy	02	02	-	01
Mr. P. Ramesh Babu	-	-	-	-
Mr. TV Praveen	-	02	-	-
Mrs. Sudeepthi Gopineedi	-	-	-	-
Mr. P. Sarath Kumar	06	-	04	-
Mrs. (Dr.) T. Neelaveni	03	-	02	01
Mr. Venkatasubbarao Potluri	04	-	03	01
Mr. Shravan Kudaravalli	03	-	01	-
Mr. (Dr.) Mannam Malakondaiah	02	01	-	-
Mr. (Dr.) Srinivas Samavedam	-	01	01	-

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:**

**a) Terms of reference:**

The terms of reference of the Audit Committee encompass the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

**b) Role and Responsibilities of the Audit Committee:**

Role and Responsibilities of the Audit Committee, are as specified under Section 177 of the Companies Act, 2013, and the rules made thereunder and Part - C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI Regulations and regulatory requirements that may come into force from time to time; any other statutory / regulatory provisions and any other role authorized by the Board of Directors from time to time.

**c) Composition of the Audit Committee as on 31<sup>st</sup> March, 2022:**

Name	Designation	Category
Mr. P. Sarath Kumar	Chairman	Non-Executive
Mr. Venkatasubbarao Potluri	Member	Non-Executive
Dr. (Mr.) Mannam Malakondaiah	Member	Non-Executive
Mr. TVVSN Murthy	Member	Executive

**Changes in Audit Committee composition during the year:**

- Mrs. (Dr.) T. Neelaveni and Mr. Shravan Kudaravalli ceased from the Audit Committee w.e.f. 2<sup>nd</sup> September, 2021 and 13<sup>th</sup> November, 2021 respectively.
- Mr. (Dr.) Mannam Malakondaiah and Mr. TVVSN Murthy were appointed in the Audit Committee w.e.f. 13<sup>th</sup> November, 2021.

**d) Meeting and Attendance:**

There were 6 (six) Audit Committee Meetings held during the year 2021-22. Meetings were scheduled well in advance and requisite quorum was duly present; gap between any two meetings has been less than 120 days, except for the meeting held on 18<sup>th</sup> June, 2021 (previous meeting held on 12<sup>th</sup> February, 2021), in lieu of the relaxations granted by SEBI vide circular no. SEBI/HO/CFD/CMD1/P/CIR/2021/556 dated 29<sup>th</sup> April, 2021, due to the second wave of the Covid19 pandemic.

**Audit Committee Meetings held during the year 2021-22 and attendance details:**

Sl. No.	Date of meeting	Eligible to attend	attended
1)	18 <sup>th</sup> June, 2021	04	04
2)	13 <sup>th</sup> August, 2021	04	03
3)	2 <sup>nd</sup> September, 2021	04	03
4)	13 <sup>th</sup> November, 2021	03	03
5)	30 <sup>th</sup> November, 2021	04	03
6)	11 <sup>th</sup> February, 2022	04	04

**Note:** Leave of Absence was granted to Mr. Venkatasubbarao Potluri from attending the Audit Committee Meeting held on 13<sup>th</sup> August, 2021 & 30<sup>th</sup> November, 2021 and Mr. Shravan Kudaravalli from attending the Audit Committee Meeting held on 2<sup>nd</sup> September, 2021.

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 15<sup>th</sup> AGM to answer the shareholder queries.

Executive Directors, Chief Financial officer and Company Secretary are permanent invitees in all the Meetings of the Committee. The Statutory Auditors, Secretarial Auditors and Internal Auditors are invited to attend the Audit Committee Meetings. They attend the Meetings and share their observations to the Audit Committee.

**B. NOMINATION AND REMUNERATION COMMITTEE:**

**a) Terms of reference:**

The terms of reference of Nomination & Remuneration Committee encompass the requirements of Section 178 of Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

**b) Role and Responsibilities of the Nomination and Remuneration Committee:**

Role and Responsibilities of the Nomination and Remuneration Committee are as specified under the Companies Act, 2013, Rules made thereunder and Part – D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time; any other statutory / regulatory provisions and any other role authorized by the Board of Directors from time to time.

**c) Composition of the Nomination and Remuneration Committee as on 31<sup>st</sup> March, 2022:**

Name	Designation	Category
Dr. (Mr.) Mannam Malakondaiah	Chairman	Non-Executive
Mr. P. Sarath Kumar	Member	Non-Executive
Dr. (Mr.) Srinivas Samavedam	Member	Non-Executive

**Changes in Nomination and Remuneration Committee composition during the year:**

- Dr. (Mrs.) T. Neelaveni and Mr. Venkatasubbarao Potluri ceased from the Nomination and Remuneration Committee w.e.f. 2<sup>nd</sup> September, 2021 and 11<sup>th</sup> February, 2022, respectively.
- Mr. Shravan Kudaravalli was appointed in the Nomination and Remuneration Committee w.e.f. 2<sup>nd</sup> September, 2021 and ceased w.e.f. 13<sup>th</sup> November, 2021
- Dr. (Mr.) Srinivas Samavedam and Dr. (Mr.) Mannam Malakondaiah were appointed in the Nomination and Remuneration Committee w.e.f. 13<sup>th</sup> November, 2021 and 11<sup>th</sup> February, 2022, respectively.
- Dr. (Mr.) Mannam Malakondaiah was designated as “Chairman of the Nomination and Remuneration Committee” w.e.f. 11<sup>th</sup> February, 2022, in lieu of cessation of Mr. Venkatasubbarao Potluri from the Nomination and Remuneration Committee.

**d) Meeting and Attendance:**

There were 4 (four) Nomination and Remuneration Committee Meetings held during the year 2021-22. Meetings were scheduled well in advance and requisite quorum was duly present.

**Nomination & Remuneration Committee Meetings held during the year 2021-22 and attendance details:**

Sl. No.	Date of meeting	Eligible to attend	attended
1)	13 <sup>th</sup> August, 2021	03	02
2)	2 <sup>nd</sup> September, 2021	03	03
3)	13 <sup>th</sup> November, 2021	03	03
4)	11 <sup>th</sup> February, 2022	03	03

**Note:** Leave of Absence was granted to Mr. Venkatasubbarao Potluri from attending the Nomination and Remuneration Committee Meeting held on 13<sup>th</sup> August, 2021.

**e) Performance evaluation criteria for Independent Directors:**

The Nomination and Remuneration Committee of the Board has laid down the criteria for performance evaluation of Independent Directors. The performance evaluation has been done by the entire Board of Directors, except for the concerned Director being evaluated.

The criteria for performance evaluation are as follows:

- Understanding the nature and role of Independent Directors' position.
- Understanding of risks associated with the business.
- Application of knowledge for rendering advice to management for resolution of business issues.
- Offer constructive challenges to management strategies and proposals.
- Active engagement with the management and attentiveness to the progress of decisions taken.
- Commitment to role & fiduciary responsibilities as a Board member.
- Attendance and active participation.
- Proactive, strategic and lateral thinking.

**f) Remuneration Policy:**

The objective of the remuneration policy is to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognizing the interest of Company's stakeholders.

Remuneration policy can be accessed from the website of the Company at [www.smslife.in/policies.php](http://www.smslife.in/policies.php)

**C. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

**a) Terms of reference:**

The terms of reference of Corporate Social Responsibility (CSR) encompass the requirements of the provisions of Section 135 of the Companies Act, 2013 read with Rules made thereunder.

**b) Role and Responsibilities of the CSR Committee**

Role and Responsibilities of the CSR Committee are as specified under Section 135 of the Companies Act 2013, Rules made there under; any other statutory / regulatory provisions and any other role authorized by the Board of Directors from time to time.

**Key Role of the Committee is as follows:**

- i. Formulate, review and recommend to the Board, CSR Policy which shall indicate the CSR activities to be undertaken by the Company as specified in the Companies Act, 2013;
- ii. Recommend the amount of expenditure to be incurred on CSR activities; and
- iii. Monitor the CSR Policy of the Company from time to time.

**c) Composition of the CSR Committee as on 31<sup>st</sup> March, 2022:**

Name	Designation	Category
Mr. TVVSN Murthy	Chairman	Executive
Dr. (Mr.) Mannam Malakondaiah	Member	Non-Executive
Mr. TV Praveen	Member	Executive
Dr. (Mr.) Srinivas Samavedam	Member	Non-Executive

**Changes in CSR Committee composition during the year:**

- Mr. Ramesh Babu and Mr. Venkatasubbarao Potluri ceased from the CSR Committee w.e.f. 18<sup>th</sup> June, 2021 and 13<sup>th</sup> November, 2021, respectively.
- Mr. TV Praveen was appointed in the CSR Committee w.e.f. 18<sup>th</sup> June, 2021 and Dr. (Mr.) Srinivas Samavedam and Dr. (Mr.) Mannam Malakondaiah on 13<sup>th</sup> November, 2021.

**d) Meeting and Attendance:**

There were 2 (two) CSR Committee Meetings held during the year 2021-22. Meetings were scheduled well in advance and requisite quorum was duly present.

**CSR Committee Meetings held during the year 2021-22 and attendance details:**

Sl. No.	Date of meeting	Eligible to attend	attended
1)	13 <sup>th</sup> August, 2021	03	02
2)	11 <sup>th</sup> February, 2022	04	04

**Note:** Leave of Absence was granted to Mr. Venkatasubbarao Potluri from attending the CSR Committee Meeting held on 13<sup>th</sup> August, 2021.

**e) CSR policy:**

The new CSR policy of the Company as adopted pursuant to Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 can be accessed from the website of the Company at [www.smslife.in/pdf/Corporate%20Social%20Responsibility%20Policy.pdf](http://www.smslife.in/pdf/Corporate%20Social%20Responsibility%20Policy.pdf)

Pursuant to Section 135(5) of the Companies Act, 2013, an amount of 2% of the average Net Profits of the Company made during the three immediately preceding financial years, which works out to ₹35 lakhs (approx.) is to be spent towards CSR Activities during the year 2022-23.



**D. STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

**a) Terms of reference:**

The terms of reference of Stakeholders' Relationship Committee encompass the requirements of Section 178 of Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

**b) Role and Responsibilities of the Stakeholders' Relationship Committee:**

Role and Responsibilities of the Stakeholders' Relationship Committee are as specified under Section 178 of the Companies Act, 2013, Rules made thereunder and Part - D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time; any other statutory / regulatory provisions and any other role authorized by the Board of Directors from time to time.

**c) Composition of the Stakeholders' Relationship Committee as on 31<sup>st</sup> March, 2022:**

Name	Designation	Category
Mr. P. Sarath Kumar	Chairman	Non-Executive
Mr. TVVSN Murthy	Member	Executive
Dr. (Mr.) Srinivas Samavedam	Member	Non-Executive

**Changes in Stakeholders' Relationship Committee composition during the year:**

- Mrs. (Dr.) T. Neelaveni and Mr. Venkatasubbarao Potluri ceased from the Stakeholders' Relationship Committee w.e.f. 2<sup>nd</sup> September, 2021 and 13<sup>th</sup> November, 2021, respectively.
- Mr. P. Sarath Kumar and Dr. (Mr.) Srinivas Samavedam were appointed in the Stakeholders' Relationship Committee w.e.f. 2<sup>nd</sup> September, 2021 and 13<sup>th</sup> November, 2021, respectively.
- Mr. P. Sarath Kumar was designated as "Chairman of the Stakeholders' Relationship Committee" w.e.f. 2<sup>nd</sup> September, 2021, in lieu of cessation of Mrs. (Dr.) T. Neelaveni from the Stakeholders' Relationship Committee.

**d) Meeting and Attendance:**

There were 1 (one) Stakeholders' Relationship Committee Meetings held during the year 2021-22. Meeting was scheduled well in advance and the requisite quorum was duly present.

**Stakeholders' Relationship Committee Meetings held during the year 2021-22 and attendance details:**

Sl. No.	Date of meeting	Eligible to attend	attended
1)	18 <sup>th</sup> June, 2021	03	03

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

The Stakeholders Relationship Committee specifically looks into redressing of shareholders/ investors complaints in matters such as transfer of shares, non-receipt of declared dividends and ensures expeditious share transfer process and also approves issue of duplicate / split share certificates, transmission of shares etc.

The details of Investor Complaints during the year 2021-22 are as following:

Complaints outstanding as on 1 <sup>st</sup> April, 2021	-
(+) Complaints received during the year ended 31 <sup>st</sup> March, 2022	01
(-) Complaints resolved during the year ended 31 <sup>st</sup> March, 2022	01
Complaints outstanding as on 31 <sup>st</sup> March, 2022	-

#### 4. DETAILS OF REMUNERATION TO DIRECTORS:

a) **Details of pecuniary relationship or transaction of Non-Executive Directors with the Company:**

No pecuniary relationship or transaction of Non-Executive Directors with the Company except payment of sitting fees to the Director for attending Board Meetings and various Committees of the Board.

**Sitting fees paid to Non-executive Directors:**

Name of Directors	Board Meeting	Audit Committee Meeting	Nomination & remuneration Committee meeting	Corporate Social responsibility meeting	Stakeholders relationship committee meeting	Total
Mr. P. Sarath Kumar	2,65,000	2,75,000	60,000	-	-	6,00,000
Mrs. (Dr.) T. Neelaveni	1,15,000	1,25,000	30,000	-	10,000	2,80,000
Mr. Venkatasubbarao Potluri	1,65,000	1,75,000	45,000	-	10,000	3,95,000
Mr. Shravan Kudaravalli	1,15,000	1,25,000	15,000	-	-	2,55,000
Dr. (Mr.) Mannam Malakondaiah	1,00,000	1,00,000	-	15,000	-	2,15,000
Dr. (Mr.) Srinivas Samavedam	1,00,000	-	15,000	15,000	-	1,30,000
<b>Total</b>	<b>8,60,000</b>	<b>8,00,000</b>	<b>1,65,000</b>	<b>30,000</b>	<b>20,000</b>	<b>18,75,000</b>

The aforesaid sitting fee paid to the Non-Executive Director for attending various meetings are within the limits specified in Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

No Commission was paid to Directors during the year 2021-22.

b) **Criteria of making payments to Non-Executive Directors:**

The Company has adopted policy for “Criteria for making payment to Non-Executive Director”, which describes the criteria of making payments to Non-Executive Directors. The Policy is available in the website of the Company at [www.smslife.in/pdf/criteria-for-making-payment-to-non-executive-director.pdf](http://www.smslife.in/pdf/criteria-for-making-payment-to-non-executive-director.pdf)

c) **Remuneration to Executive Directors during the year ended 31<sup>st</sup> March, 2022 is given below:**

Name of Executive Directors	Basic	HRA	perks	Others	Total
Mr. TVVSN Murthy, MD	1,80,00,000	18,00,000	2,92,348	-	2,00,92,348
Mr. TV Praveen, ED	72,00,000	-	-	-	72,00,000
Mrs. Sudeepthi Gopineedi, WTD	19,35,000	-	-	-	19,35,000
<b>Total</b>	<b>2,71,35,000</b>	<b>18,00,000</b>	<b>2,92,348</b>	<b>-</b>	<b>2,92,27,348</b>

**MD- Managing Director | ED – Executive Director | WTD – Whole-time Director**

The aforesaid remuneration paid are within the limits approved by the Shareholders through Postal Ballot dated 28<sup>th</sup> January, 2022.

**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
15	2020-21	30.09.2021	3.00 pm	Video Conferencing (VC)	<input type="checkbox"/> Appointment of Mrs. Sudeepthi Gopineedi as Whole-time Director <input type="checkbox"/> Reappointment of Mr. Venkatasubbarao Potluri as Independent Director <input type="checkbox"/> Ratification of Related Party Transactions (F21)
14	2019-20	30.09.2020	3.00 pm	Video Conferencing (VC)	<input type="checkbox"/> Appointment of Mr. TV Praveen as Executive Director <input type="checkbox"/> Ratification of Related Party Transactions (F20) <input type="checkbox"/> Approval of remuneration payable to Mr. TVVSN Murthy for remaining term of his tenure.
13	2018-19	30.09.2019	11.30 am	JRC Conventions, Jubilee Hills	<input type="checkbox"/> Appointment of Mr. TV Praveen as Senior Vice President <input type="checkbox"/> Ratification of Related Party Transactions (F19)

b) **Postal Ballot Resolution:**

During the year 2021-22, Postal Ballot was conducted by the Company for obtaining the approval of the members for the following resolutions. The details of the Postal Ballot conducted are mentioned below:

**Date of Postal Ballot notice:** 30<sup>th</sup> November, 2021

**Voting period:** 30<sup>th</sup> December, 2021 (9.00 am) to 28<sup>th</sup> January, 2022 (5.00 pm)

**Date of declaration of results:** 29<sup>th</sup> January, 2022

**Voting results:**

Sl. No.	Description	Type of Resolution	No. of Votes Polled	Votes in Favour		Votes in Against	
				No. of Votes	%age	No. of Votes	%age
1)	Appointment of Dr. (Mr.) Mannam Malakondaiah (DIN: 01431923) as Non-Executive & Independent Director of the Company, for a period of 5 (five) consecutive years.	Special Resolution	23,90,168	23,90,076	99.99	92	00.01
2)	Appointment of Dr. (Mr.) Srinivas Samavedam (DIN: 02488555) as Non-Executive & Independent Director of the Company, for a period of 5 (five) consecutive years.	Special Resolution	23,90,168	23,90,076	99.99	92	00.01
3)	Approval for increase in overall managerial remuneration limits payable to Executive Directors pursuant to Section 197 of the Companies Act, 2013.	Special Resolution	3,52,397	3,51,299	99.68	1,098	0.32
4)	Approval for increase aggregate annual remuneration payable to Executive Directors pursuant to Regulation 17(6) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	Special Resolution	3,52,397	3,51,301	99.68	1,096	0.32

**c) Procedure for Postal Ballot:**

In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 read with applicable general circulars issued by the Ministry of Corporate Affairs and circular no. SEBI/HO/CFD/ CMD2/CIR/P/2022/62 dated 13<sup>th</sup> May, 2022 issued by SEBI, the Postal Ballot Notice was sent only by way of email to those members whose e-mail ids were registered with the Depository Participants / M/s Aarthi Consultant Private Limited, Company's Registrar and Share Transfer Agent ("RTA"). The Physical copy of the Notice along with Postal Ballot Form and pre-paid business reply envelopes were not sent to the members for these postal ballots in accordance with MCA Circulars.

The Company had appointed CDSL for providing the e-voting facility to all its members. The Company also published a notice in the newspapers declaring the details and requirements as mandated by the Companies Act, 2013 and applicable rules. Voting Rights were in proportion to the shares held by members whose names appeared in the Register of Members/ List of Beneficial Owners in the total paid-up equity share capital of Company on the cut-off date. Members were requested to vote through remote e-voting only on or before the close of voting period.

Mr. C Sudhir Babu, Practicing Company Secretary, CSB Associates was appointed as scrutinizer for conducting the postal ballot/e-voting process in a fair and transparent manner. The Scrutinizer completed the scrutiny and submitted his report to the Managing Director of the Company Thereafter, the results of the Postal Ballot along with the Scrutinizer's report were hosted at [www.smslife.in](http://www.smslife.in) and were also communicated to stock exchanges on 29<sup>th</sup> January, 2022.

**d) Proposed Postal Ballot Resolution:**

Currently, Postal Ballot is being conducted by the Company for obtaining the approval of the members for the following Special Resolution through Postal Ballot notice dated 25<sup>th</sup> July, 2022:

- 1) Reappointment of Mr. Sarath Kumar Pakalapati (DIN: 01456746) as an Independent Director
- 2) Reappointment of Mr. TVVSN Murthy (DIN: 00465198) as Managing Director.

**Postal Ballot [timeline]:**

<b>Commenced on</b>	: Tuesday, 26 <sup>th</sup> July, 2022 (9.00 am)
<b>Concluded on</b>	: Wednesday, 24 <sup>th</sup> August, 2022 (5.00 pm)

Results of Postal Ballot shall be declared on 25<sup>th</sup> August, 2022.

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

**6. GENERAL SHAREHOLDER INFORMATION:**

<b>16<sup>th</sup> Annual General Meeting through video conferencing (VC)</b>	
<b>Date</b>	: Thursday, 30 <sup>th</sup> September, 2022
<b>Time</b>	: 3.00 pm
<b>Deemed Venue</b>	: Registered office: Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad – 500096
<b>Financial Year</b>	: 1 <sup>st</sup> April, 2021 to 31 <sup>st</sup> March 2022
<b>Date of book closure</b>	: 23 <sup>rd</sup> September, 2022 to 30 <sup>th</sup> September, 2022
<b>Dividend payment date</b>	: Within 30 days of AGM (i.e. 30 <sup>th</sup> October, 2022)
<b>The equity shares of ₹10/-each of the Company are listed on</b>	: <input type="checkbox"/> <b>National Stock Exchange of India Limited (NSE)</b> Regd. Office : "Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India  <input type="checkbox"/> <b>BSE Limited (BSE)</b> New Trading Ring, Rotunda Building, P.J Towers, Dalal Street, Fort, Mumbai - 400 001, Maharashtra, India
<b>Listing fee</b>	: The annual listing fees have been paid to the above exchanges and there is no outstanding payment towards the exchanges, as on date.

<b>Payment of Depository Fees</b>	:	Annual Custody / Issuer Fee for the year 2021-22 has been paid by the Company to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
<b>Equity shares' stock code / symbol</b>	:	BSE Code : 540679 NSE Symbol : SMSLIFE
<b>ISIN of Company's equity shares</b>	:	INE320X01016
<b>Corporate Identification Number (CIN)</b>	:	L74930TG2006PLC050223

## 7. MARKET PRICE DATA:

Table 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 31<sup>st</sup> March, 2022:

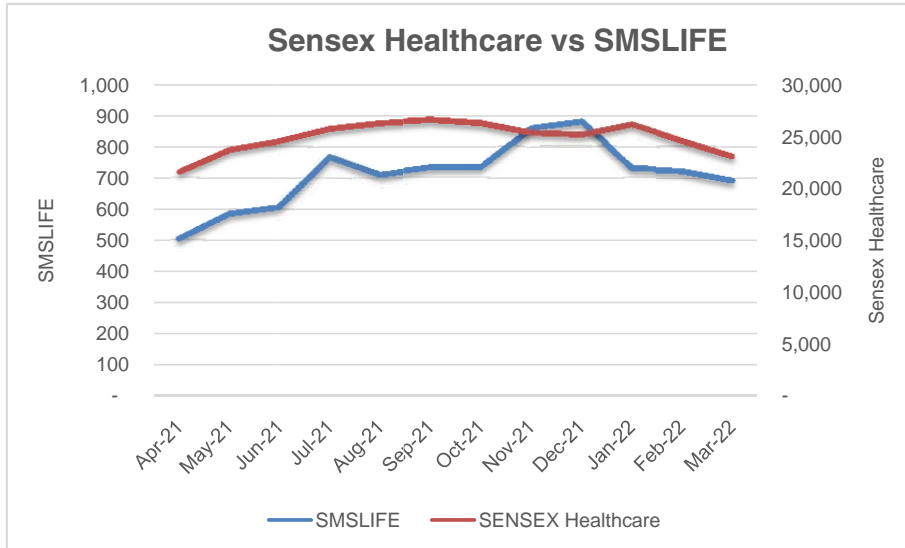
Month	BSE			NSE		
	High (₹)	Low (₹)	Total traded	High (₹)	Low (₹)	Total traded
Apr 21	717.40	477.00	64,423	658.90	470.00	5,49,955
May 21	633.00	579.65	14,502	636.70	580.00	1,28,011
June 21	885.80	588.95	2,12,193	885.65	593.25	18,66,756
July 21	813.00	695.55	26,882	812.10	693.30	1,92,013
Aug 21	812.00	703.00	51,204	814.30	703.85	2,25,355
Sept 21	772.60	691.95	16,973	771.75	700.20	1,05,885
Oct 21	1,022.50	720.00	57,347	1024.90	734.00	3,92,412
Nov 21	939.95	818.00	11,929	905.95	816.05	1,01,938
Dec 21	881.60	728.40	7,727	889.95	728.05	57,418
Jan 22	769.70	692.00	14,597	783.00	691.00	59,706
Feb 22	772.00	625.00	20,595	770.70	642.65	1,16,161
Mar 22	785.05	667.80	8,590	790.00	662.45	60,162

**There was no suspension of trading in the Securities of the Company during the year 2021-22.**

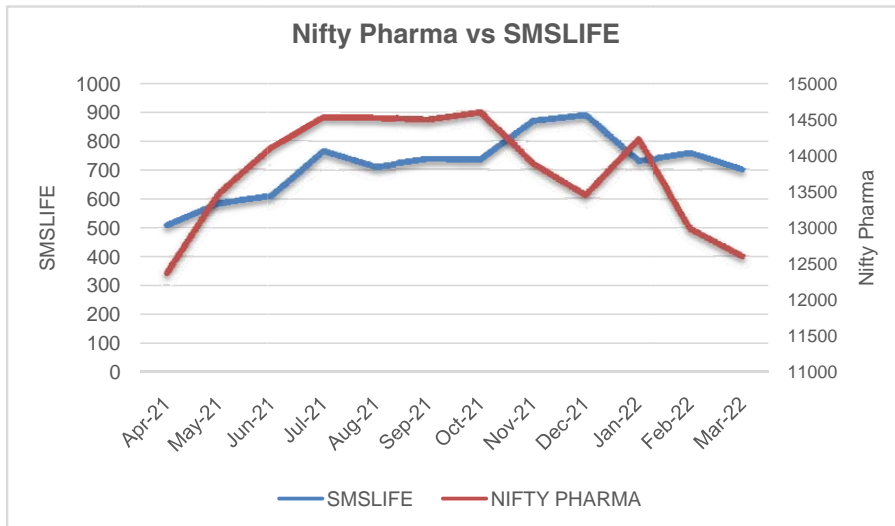


**8. PERFORMANCE OF THE COMPANY'S SHARE PRICE WITH BSE SENSEX AND NSE NIFTY PHARMA:**

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



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



<b>Registrar and Transfer Agents and contact person thereat</b>	: M/s Aarthi Consultants Private Limited Domalguda, Hyderabad - 500029 Email: info@arthiconsultants.com
<b>Address for correspondence at the Company / Registered Office</b>	: SMS Lifesciences India Limited Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad – 500096
<b>Compliance Officer and contact person at the Company</b>	: Mr. Trupti Ranjan Mohanty, Company Secretary Email: <a href="mailto:cs@smslife.in">cs@smslife.in</a>   Website: <a href="http://www.smslife.in">www.smslife.in</a> Contact: 040 - 6628 8888

#### 9. SHARE TRANSFER SYSTEM:

- 99.68% of the shares of the Company are held in dematerialised form.
- The requests received from shareholders are processed and dispatched to the shareholders within a maximum period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. The Stakeholders' Relationship Committee monitors the transfer & transmission of shares and issue of duplicate share certificates.
- The shares of the Company can be transferred / traded only in dematerialised form. Shareholders holding shares in physical form are advised to avail the facility of dematerialisation. During the year, the Company has obtained, on yearly basis, a certificate from a Company Secretary in Practice, certifying that all certificates for transfer, transmission, subdivision, consolidation, renewal, exchange and deletion of names, were issued as required under Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This certificate was duly filed with the Stock Exchanges.

#### 10. DISTRIBUTION OF SHAREHOLDING:

##### a) Class-wise distribution of equity shares as on 31<sup>st</sup> March, 2022

Category (Amount)	Shareholders	Shareholders %	Total shares	Total Amount	Total %
0-5000	8,623	97.51	2,59,194	25,91,940	8.57
5001-10000	86	0.97	64,567	6,45,670	2.14
10001-20000	53	0.60	75,633	7,56,330	2.50
20001-30000	16	0.18	42,607	4,26,070	1.41
30001-40000	12	0.14	40,745	4,07,450	1.35
40001-50000	8	0.09	35,760	3,57,600	1.18
50001-100000	23	0.26	1,61,955	16,19,550	5.36
100001 & Above	22	0.25	23,42,826	2,34,28,260	77.49
<b>Total:</b>	<b>8,843</b>	<b>100.00</b>	<b>30,23,287</b>	<b>3,02,32,870</b>	<b>100.00</b>

The details given above are as per BENPOS received from M/s Aarthi Consultants Private Limited, Registrar and Share Transfer Agent as on 31<sup>st</sup> March, 2022.

**b) Shareholding Pattern as on 31<sup>st</sup> March, 2022:**

Category	No of shareholders	No of share	% to equity
Promoters / Promoter Group	17	20,84,782	68.96
Body Corporates	51	56,763	1.88
Individual / HUF's	8,632	8,59,461	28.43
Non-Resident Indians	117	12,632	0.41
Clearing Members	24	9,571	0.32
Others	2	78	-
<b>Total</b>	<b>8,843</b>	<b>30,23,287</b>	<b>100.00</b>

The details given above are as per BENPOS received from M/s Aarthi Consultants Private Limited,  
Registrar and Share Transfer Agent as on 31<sup>st</sup> March, 2022.

**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 31<sup>st</sup> March, 2022 are given below:

Particulars	No. of shares	%age
NSDL	8,78,804	29.06
CDSL	21,34,633	70.61
Physical	9,850	0.33
<b>Total</b>	<b>30,23,287</b>	<b>100.00</b>

**12. PLANT LOCATION:**

<p><b>Unit 1:</b> Sy. No. 180/2, Kazipally (V) Jinnaram Mandal, Sanga Reddy Dist. 502 319, - Telangana, India Phone : 08458277067 / 68 Email : <a href="mailto:admin_unit1@smslife.in">admin_unit1@smslife.in</a></p>	<p><b>Unit 4:</b> Phase-1, Plot No.66/B-2 IDA Jeedimetla, Medchal Malkajgiri District Hyderabad-500 090, Telangana, India Phone : 040-23095233 Fax : 040-23735639 Email : <a href="mailto:warehouse_unit4@smslife.in">warehouse_unit4@smslife.in</a></p>
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**In house R&D:** No. C-23, Industrial Estate, Sanathnagar, Hyderabad-500 018

**13. OUTSTANDING GLOBAL DEPOSITORY RECEIPTS/AMERICAN DEPOSITORY RECEIPTS OR WARRANTS:**

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence, as on 31<sup>st</sup> March, 2022, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

**14. 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.

**15. 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 31<sup>st</sup> December, 2002. CSB Associates, Practicing Company Secretaries were assigned to conduct such an audit.

RSCA Report 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.

**16. 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 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).

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

Shares in suspense account as on 01.04.2021	:	17
Request for transfer from suspense account	:	Nil
Shares transferred from suspense account	:	Nil
Transferred to IEPF	:	Nil
Shares in suspense account as on 31.03.2022	:	17

**18. 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](http://www.smslife.in). The said codes were adhered during the year under review.

**19. 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	Regional Daily	Date
1.	Financial Express	Andhraprabha	19.06.2021
2.	Financial Express	Andhraprabha	14.08.2021
3.	Financial Express	Navatelangana	14.11.2021
4.	Financial Express	Navatelangana	12.02.2022

Results are displayed at the website of the Company at [www.smslife.in/financials.php](http://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](http://www.smslife.in)).

**20. 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 Meeting, for approval and ratification. During the year under review there was a 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 28 of the Directors report.

However, there were no such other materially significant transactions made by the Company with its Promoters, Directors or the management and subsidiary 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. RPT Policy can be accessed from the website of the Company at [www.smslife.in/pdf/Policy-on-materiality-of-Related-Party-Transactions-&dealing-with-Related-Party-Transactions.pdf](http://www.smslife.in/pdf/Policy-on-materiality-of-Related-Party-Transactions-&dealing-with-Related-Party-Transactions.pdf)

**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.

**c) Establishment of vigil mechanism / Whistle Blower Policy:**

In terms of the requirements of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any. The details of the vigil mechanism are displayed on the website of the Company at [www.smslife.in/contact-us.php](http://www.smslife.in/contact-us.php)

The Audit Committee reviews the functioning of the vigil / whistle blower mechanism from time to time. There were no allegations / disclosures / concerns received during the year under review in terms of the vigil mechanism established by the Company.

- 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.

Policy: [www.smslife.in/pdf/whistle-blower-protection-policy-vigil-mechanism.pdf](http://www.smslife.in/pdf/whistle-blower-protection-policy-vigil-mechanism.pdf)

**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:

- (i) **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.
- (ii) **Reporting of Internal Auditor:** Internal Auditor of the Company directly reports to the Audit Committee.
- (iii) **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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**h) 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 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.

**i) Loans and advances:**

Loan and advances to related parties are provided in form AOC 2 forming part of the Directors Report in Annexure X.

**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 2021-22.

**k) Consolidated Fees to Statutory Auditors:**

Company has paid the following fees to M/s Rambabu & Co. during the year 2021-22:

SMS Lifesciences India Limited	₹ 11 lakhs
Mahi Drugs private Limited	₹ 4 lakhs
<b>Consolidated fees paid</b>	<b>₹ 15 lakhs</b>

**l) Disclosures in relation to the Sexual Harassment:** Details provided vide point No. 33 of the Directors' Report.

**m) Credit Rating:** Details provided vide point No. 10 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 can be accessed from the Company's website at [www.smslife.in/pdf/code-of-conduct-for-board-and-senior-management.pdf](http://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:**

During the year, your Company did not had any 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. However, Mahi Drugs Private Limited ("Mahi Drugs") shall be considered as a material subsidiary of the Company during the year 2022-23, pursuant to Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015:

**Working for ascertaining "Material Subsidiary":**

(₹ in lakhs)

Particulars	Net Worth	Income
<b>Standalone (Mahi)</b>	3,805.40	3,253.40
<b>Consolidated (SMS Life)</b>	15,223.23	35,385.10
<b>%age</b>	<b>25.00%</b>	<b>9.31%</b>



In this regard, the Board of Directors of Mahi Drugs at its Meeting held on 9<sup>th</sup> August, 2022, has approved the appointment of the following:

- ❑ Mr. P Sarath Kumar (DIN: 01456746) as Independent Director pursuant to Regulation 24(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, subject to the approval of Shareholders of Mahi Drugs in the ensuing general meeting.
- ❑ M/s SVVS & Associates Company Secretaries LLP as Secretarial Auditors for the year 2022-23 pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audited Annual Financial Statements of the Mahi Drugs is tabled at the Board Meetings. Copies of the Minutes of the Board Meetings of Mahi Drugs is given to all the Directors and are tabled at the subsequent Board Meeting. Further, the policy for determining material subsidiaries pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is available on the website of the Company at [www.smslife.in/pdf/Policy%20for%20determining%20Material%20Subsidiaries.pdf](http://www.smslife.in/pdf/Policy%20for%20determining%20Material%20Subsidiaries.pdf).

**p) Preservation of Documents:**

The Company has adopted the policy on preservation of documents in accordance with Regulation 9 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Documents Preservation Policy is available on the website of the Company at [www.smslife.in/pdf/documents-preservation-policy.pdf](http://www.smslife.in/pdf/documents-preservation-policy.pdf)

**q) Policy on dissemination of information on the Material Events to Stock Exchanges:**

The Company has adopted the policy on dissemination of information on the material events to stock exchanges in accordance with the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said policy is available on the website of the Company at [www.smslife.in/pdf/policy-on-disclosure-of-material-events-information.pdf](http://www.smslife.in/pdf/policy-on-disclosure-of-material-events-information.pdf)

By Order of the Board  
For SMS Lifesciences India Limited

Date: 09.08.2022  
Place: Hyderabad

**TV Praveen**  
DIN: 08772030  
Executive Director

**TVVSN Murthy**  
DIN: 00465198  
Managing Director

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## 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 31<sup>st</sup> March, 2022.

For and on behalf of the Board of Directors

Place: Hyderabad  
Date : 09.08.2022

**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 31<sup>st</sup> March, 2022, as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022.

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

**In our opinion and to the best of our information and according to the explanations given to us and 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.

**For Rambabu & Co.**  
Chartered Accountants  
Firm Regn no. 002976S

Place: Hyderabad  
Date: 09.08.2022

**GVL Prasad**  
Partner  
Memb no. 026548  
**UDIN: 22026548AORHKD8425**

**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	31-03-2022
Reporting currency and Exchange rate of subsidiaries if any	₹ (In lakhs)
Share Capital	636.85
Other Equity	3,168.55
Total assets	8,710.74
Total Liabilities (Excl. Share Capital, Reserves & Surplus)	4,905.32
Investments	-
<b>Turnover</b>	<b>3,257.40</b>
Profit before taxation	(24.60)
Provision for taxation	(14.45)
<b>Profit after taxation</b>	<b>(8.14)</b>
Proposed Dividend	-
% of shareholding**	66.63%

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

**Note –**

\*\*Mahi Drugs Private Limited status has changed from “Wholly-owned Subsidiary” to “Subsidiary” of the Company w.e.f. 7<sup>th</sup> February, 2022, pursuant to the sale of shares and allotment of fresh equity through private placement, to ChemWerth Inc. Strategic Investor.

**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 Companies and Joint Ventures.

By Order of the Board  
For SMS Lifesciences India Limited

Date: 09.08.2022  
Place: Hyderabad

TV Praveen  
DIN: 08772030  
Executive Director

TVVSN Murthy  
DIN: 00465198  
Managing Director

## 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

The Company will continue to enhance value creation in the society and community in which it operates, through its conduct, services and CSR initiatives it will strive to promote sustained growth in the surrounding environment. The CSR Policy of the Company focuses on Education, Health, Environment and Rural Development.

### 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	02	02
2.	Mr. TV Praveen** [Member]	Executive and Non-Independent	02	02
3.	Dr. (Mr.) Mannam Malakondaiah^^ [Member]	Non-Executive and Independent	01	01
4.	Dr. (Mr.) Srinivas Samavedam^^ [Member]	Non-Executive and Independent	01	01
5.	Mr. P Ramesh Babu* [Member]	Non-Executive and Non-Independent	-	-
6.	Mr. Venkatasubbarao Potluri### [Member]	Non-Executive and Independent	01	-

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

\*\*appointed as a member of CSR Committee w.e.f. 18<sup>th</sup> June, 2021

^^appointed as a member of CSR Committee w.e.f. 13<sup>th</sup> November, 2021

### ceased from the CSR Committee w.e.f. 13<sup>th</sup> November, 2021

### 3. WEBLINKS:

- Composition of CSR Committee: [www.smslife.in/composition-of-committees.php](http://www.smslife.in/composition-of-committees.php)
- CSR Policy / CSR Projects: [www.smslife.in/pdf/Corporate-Social-Responsibility-\[CSR\]-Policy.pdf](http://www.smslife.in/pdf/Corporate-Social-Responsibility-[CSR]-Policy.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 ₹)
2021-22	0.72 lakhs	0.72 lakhs

6. Average net profit of the Company for last three financial years: ₹1,881.50 lakhs.

7. a.	2% of the Average Net Profit of the Company as per Section 135(5)	₹37.63 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	₹0.72 lakhs
d.	Total CSR obligation for the financial year (7a+7b-7c)	₹36.90 lakhs

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

Total amount spent for the financial year 2021-22	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
₹ 21.60 lakhs	₹15.50 lakhs	31.03.2022	NA	Nil	NA

- b. Details of CSR amount spent against 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		Project duration.	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) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration No.
1.	Construction of Public Healthcare Center (PHC) building in Kazipally village.	Health Care – (Schedule VII(i))	Yes	Telangana	Sanga Reddy	3 years	20.50 lakhs	5 lakhs	15.50 lakhs	Yes	NA	NA
<b>Total Spent on Ongoing Projects for the Financial Year</b>							<b>20.50 lakhs</b>	<b>5 lakhs</b>	<b>15.50 lakhs</b>			

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.	Setting up of converting plant of PSA Nitrogen plant to PSA Oxygen Plant in Gandhi hospital, Hyderabad.	Disaster Management - (Schedule VII(xii))	Yes	Telangana	Sanga Reddy	16.60 lakhs	16.60 lakhs	Nil	Yes	NA	NA
<b>Total Spent on other than Ongoing Projects</b>						<b>16.60 lakhs</b>	<b>16.60 lakhs</b>	<b>Nil</b>			

- 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) : **₹37.10 lakhs**  
g. Excess Amount for set off, if any : **₹0.20 lakhs**

Sl. No.	Particular	Amount (₹)
1.	Two percent of average net profit of the company as per Section 135(5)	<b>36.90 lakhs</b>
2.	Total amount spent for the financial year	<b>37.10 lakhs</b>
3.	Excess amount spent for the financial year [(ii)-(i)]	<b>0.20 lakhs</b>
4.	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	<b>Nil</b>
5.	Amount available for set off in succeeding financial years [(iii)-(iv)]	<b>0.20 lakhs</b>

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): **ref Point no. 35 of the standalone financials.**
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

**TV Praveen**  
Executive Director

Date: 09.08.2022  
Place: Hyderabad

**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 transaction 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 31<sup>st</sup> March, 2022.

**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	Mrs. Sudeepthi Gopineedi	TVVSN Murthy,
b)	Nature of relationship	Executive Director	Whole time Director**	Managing Director
c)	Nature of contracts/ arrangements/ transaction	Remuneration payable to related party under office of place of profit <sup>##</sup> in the Company	Remuneration payable to related party under office of place of profit <sup>##</sup> in the Company	Interest paid on unsecured loan
d)	Duration of the contracts/ arrangements/ transaction	Appointed w.e.f. 1 <sup>st</sup> September, 2020	Appointed w.e.f. 2 <sup>nd</sup> September, 2021	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 "Whole-time Director" and "General manager (Operations)" of the Company at an annual remuneration of ₹19.35 lakhs.	Total amount credited ₹42.83 Lakhs on loan amount of ₹505.43 lakhs.
f)	Date of approval by the Board	21 <sup>st</sup> August, 2020	2 <sup>nd</sup> September, 2021	5 <sup>th</sup> February 2018.
g)	Amount paid as advances, if any	NIL	NIL	NIL

**\*\*Appointed in the Board meeting held on 2<sup>nd</sup> September, 2021 as "Whole-time Director"**

**##Mr. TV Praveen & Mrs. Sudeepthi Gopineedi are in full time employment of the Company, designated as Senior Vice President & General Manager (Operations), respectively.**



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 KMP or his relatives has significant influence	Other related party with which Company had transaction during the year	Wholly-owned Subsidiary^^
c)	Nature of contracts/ arrangements/ transaction	Job Work assignment for conversion process for an intermediate of API on Job work basis. (contract executed) Sale & purchase of material in Ordinary Course of Business.	Sale & purchase of material in the Ordinary Course of Business.	Sale & purchase of material 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 2021-22.	Transactions done within 2021-22.	Transactions done within 2021-22.
e)	Salient terms of the contracts or arrangements or transaction including the value, if any	<b>Availing services:</b> ₹1,784.13 lakhs <b>Sales:</b> ₹212.07 Lakhs. <b>Purchases:</b> ₹277.42 Lakhs.	<b>Sales:</b> ₹705.77 Lakhs	<b>Sales:</b> ₹793.48 Lakhs <b>Purchase:</b> ₹2,702.04 Lakhs
g)	Date of approval by the Board	18 <sup>th</sup> June, 2021	18 <sup>th</sup> June, 2021	18 <sup>th</sup> June, 2021
h)	Amount paid as advances, if any	₹ 111.00 Lakhs	-	₹ 1,760.76 Lakhs

^^ceased to be wholly-owned Subsidiary w.e.f. 7<sup>th</sup> February, 2022

By Order of the Board  
For SMS Lifesciences India Limited

Date: 09.08.2022  
Place: Hyderabad

**TV Praveen**  
DIN: 08772030  
Executive Director

**TVVSN Murthy**  
DIN: 00465198  
Managing Director

## **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]

### **A. CONSERVATION OF ENERGY**

#### **i. Steps taken or impact on conservation of energy:**

Your Company has established manufacturing plants with various installations meeting global quality standards, which are regularly reviewed and recognized by various authorities. Your Company continues to have a relentless focus on environmental sustainability as a conscientious corporate citizen and strives to achieve conservation of energy in all its areas of operations.

The various measures adopted by your Company for the conservation of energy during the year 2021-22 include the following:

- Power consumption monitoring is regularly done at the manufacturing facility, to find out energy conservation opportunities.
- Installed energy meter to record total energy consumption
- 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 optimize the consumption of energy.
- Implementation of the measures of Switching of the machineries, light, office equipment during the food break and interval times have resulted in substantial energy saving

During the year, your Company also has done energy audit of plant by a third party certified agency, which has been submitted to the Bureau of Energy Efficiency, Govt. of India. .

#### **ii. Steps taken by the Company for utilizing alternate sources of energy:**

Your Company will take continuous steps to use alternate sources by using cost-effective resources.

#### **iii. Capital investment on energy conservation equipment:**

Not envisaged any additional investment during the coming years.

### **B. TECHNOLOGY ABSORPTION:**

#### **i. The Efforts made towards technology absorption:**

Your Company applies its own technology for its manufacturing processes and 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.

#### **ii. The Benefits derived like product improvement, cost reduction, product development or import substitution:**

- Consistent approach to improve the parameters for quality standards.
- Commercialization of new products and gain valuable process understanding from low value material and process attributes data using machine learning methods.
- Save time by automating repetitive tasks

iii. **Details of technology imported during the past 3 years:**

No technology has been imported during the past 3 years.

iv. **The expenditure incurred on Research and Development:**

₹305.14 lakhs (previous year ₹288.43 lakhs).

C. **Foreign Exchange earnings and outgo**

(₹ in lakhs)

Particulars	2022	2021
<b>Earnings:</b>		
FOB value of Exports	12,833.59	7,666.41
<b>Outgo:</b>		
Sales Commission	98.85	64.78
CIF value of Imports	7,305.75	4,294.24

By Order of the Board  
For SMS Lifesciences India Limited

Date: 09.08.2022  
Place: Hyderabad

**TV Praveen**  
DIN: 08772030  
Executive Director

**TVVSN Murthy**  
DIN: 00465198  
Managing Director

### 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 2021-22, the percentage increase in remuneration of Managing Director, Chief Financial Officer and Company Secretary.

[₹ in lakhs]

SI No.	Name of Director / KMP	Designation	Remuneration			Ratio
			2021-22	2020-21	Change %	
1.	Mr. TVVSN Murthy	Managing Director	200.92	201.22	0.15%	61.46:1
2.	Mr. TV Praveen	Executive Director	72.00	42.00**	-	22.35:1
3.	Mrs. Sudeepthi Gopineedi <sup>1</sup>	Whole-time Director	12.60	-	-	6.70:1
4.	Mr. P. Ramesh Babu <sup>2</sup>	Non-Executive Director	-	-	-	-
5.	Mr. P. Sarath Kumar	Non-Executive & Independent Director	-	-	-	-
6.	Mrs. T Neelaveni <sup>3</sup>	Non-Executive & Independent Director	-	-	-	-
7.	Mr. Venkatasubbarao Potluri	Non-Executive & Independent Director	-	-	-	-
8.	Mr. Shravan Kudaravalli <sup>4</sup>	Non-Executive & Independent Director	-	-	-	-
9.	Dr. (Mr.) Mannam Malakondaiah <sup>5</sup>	Non-Executive & Independent Director	-	-	-	-
10.	Dr. (Mr.) Srinivas Samavedam <sup>5</sup>	Non-Executive & Independent Director	-	-	-	-
11.	Mr. N Rajendra Prasad	Chief Financial Officer	17.63	16.62	6.08%	NA
12.	Mr. Trupti Ranjan Mohanty	Company Secretary	8.21	6.80	20.74%	NA

\*\*remuneration is computed on prorata basis w.e.f. 1<sup>st</sup> September, 2020 during the previous year.

<sup>1</sup>appointed in Board meeting dated 2<sup>nd</sup> September, 2021 | <sup>2</sup>resigned from Board w.e.f. 18<sup>th</sup> June, 2021 |

<sup>3</sup>resigned from Board w.e.f. 2<sup>nd</sup> September, 2021 | <sup>4</sup>resigned from Board w.e.f. 13<sup>th</sup> November, 2021 |

<sup>5</sup>appointed in the Board Meeting dated 13<sup>th</sup> November, 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 in the median remuneration of Employees for the financial year was 9.37%.
- iii. The Company has 571 permanent Employees on the rolls of Company as on 31<sup>st</sup> March, 2022.
- iv. Average percentage increase made in the monthly salaries of Employees other than the managerial personnel in the year was 15.91% whereas the increase in the managerial remuneration was approximately 8.00%.

By Order of the Board  
**For SMS Lifesciences India Limited**

Date: 09.08.2022  
Place: Hyderabad

**TV Praveen**  
DIN: 08772030  
Executive Director

**TVVSN Murthy**  
DIN: 00465198  
Managing Director

**COMPLIANCE CERTIFICATE**

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

- A) We have reviewed financial statements (standalone and consolidated) including the cash flow statement for the year ended 31<sup>st</sup> March, 2022 and these statements:
- 1) Do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) Together present a true and fair view of the Company affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) There are no transactions entered into by the Company during the year 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 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 address these deficiencies.
- D) We have disclosed, wherever applicable, to the auditors and the Audit committee.
1. That there were no deficiencies in the design or operations of internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data including any corrective actions;
  2. That there are no material weaknesses in the internal controls over financial reporting;
  3. That there are no significant changes in internal control over financial reporting during the year;
  4. All significant changes in the accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
  5. That there are no instances of significant fraud of which we have become aware of and involvement therein of 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: 09.08.2022  
Place: Hyderabad

**N. Rajendra Prasad**  
Chief Financial Officer

**TVVSN Murthy**  
Managing Director  
(DIN: 00465198)

## 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 accompanying Ind AS Standalone Financial Statements of **SMS Lifesciences India Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, 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 ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its profit, total comprehensive income, changes in equity and its Cash Flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing ("SA's") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 ethical requirements that are relevant to our audit of the Standalone 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone 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 Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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" (revenue accounting standard)	<p>Principal Audit Procedures</p> <p>We assessed the Company's process to identify the impact of adoption of the 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"> <li>Evaluated the design of internal controls relating to implementation of the revenue accounting standard.</li> </ul>



Sr. No.	Key Audit Matter	Auditor's Response
		<ul style="list-style-type: none"> <li>• 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.</li> <li>• Selected a sample of continuing and new contracts and performed the following procedures:               <ol style="list-style-type: none"> <li>1. Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>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.</li> </ol> </li> </ul>

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone 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 Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

#### **Management's Responsibilities 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 Financial Statements that give a true and fair view of the financial position, financial performance, including Other Comprehensive Income, Changes in Equity and Cash Flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone 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 Standalone Financial Statements.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit 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, 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 Financial Statements comply with the Ind AS specified under Section 133 of the Act read with Companies Ind AS rules 2015 as amended.
  - e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - 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.
  - 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, as amended, 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 on its financial position in its Standalone Financial Statements – Refer Note 48 on contingent liabilities to the Ind AS Financial Statements.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

- iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.

Place: Hyderabad  
Date: 28.05.2022

UDIN: 22026548AJUMKN3513

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

**GVL Prasad**  
Partner  
M. No. 026548

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## **“Annexure A” to the Independent Auditors’ Report**

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of SMS Lifesciences India Limited of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company’s Property, Plant and Equipment and Intangible Assets:
  - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - (B) The Company has maintained proper records showing full particulars of intangible assets.
  - (b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so as to cover all the assets once in every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
  - (d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.
  - (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 as amended and rules made thereunder.
- ii. The physical verification of inventory has been conducted at reasonable intervals by the Management during the year and no discrepancies of 10% or more in aggregate for each class of inventory were noticed on such physical verification.

In our opinion and based on the information and explanation given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operations.

- (b) According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate during the year, from banks or financial institutions on the basis of security of current assets. The returns or statements filed by the Company with such banks or financial institutions are in agreement with the unaudited/audited books of account of the Company of the respective quarters and no material discrepancies have been observed.
- iii. During the year the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Hence, other sub clauses under this clause are not applicable.
- iv. According to the information and explanations given to us and on the basis of our examination of records of the Company, during the year, the Company has neither made any investments nor has it given loans or provided

guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Act (“the Act”) are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. 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.
- vii. In respect of statutory dues:
- (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees’ State Insurance, Income Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees’ State Insurance, Income Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
- (b) There were no statutory dues which have not been deposited as on March 31, 2022 on account of disputes 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. Lakhs)	Amount Unpaid (Rs. Lakhs)
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	156.28	156.28

- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) In our opinion, the Company has not defaulted in repayment of any loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanation given to us by the management term loans were applied for the same purpose for which the loans were obtained.

- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) According to the information and explanation given to us by the management and examination of the records of the Company, the Company is having investment in subsidiary company. However, the Company has not raised any funds from any entity or person of or to meet the obligations of its subsidiary. Accordingly, provisions of the clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) According to the information and explanation given to us by the management and examination of the records of the Company, the Company is having investment in subsidiary company. However, the Company has not raised any loan on pledge of securities held in subsidiary Company. Accordingly, provisions of the clause 3(ix)(f) of the Order is not applicable to the Company.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) During the year the company has not received any whistle blower complaints (and upto the date of this report), while determining the nature, timing and extent of our audit procedures.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors, and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.



- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, further state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. In our opinion and according to the information and explanations given to us, the unspent amount of CSR relates to ongoing projects has been transferred to a special designated bank account.
- xxi. According to the information and explanations given to us, and based on the Audit report of the subsidiary Company there are no qualifications / adverse remarks in the Companies (Auditor's Report) Order (CARO) report of the subsidiary Company included in the Consolidated financial statements.

Place: Hyderabad  
Date: 28.05.2022

UDIN: 22026548AJUMKN3513

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

**GVL Prasad**  
Partner  
M. No. 026548

## **Annexure “B” to the Independent Auditor’s Report**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of SMS Lifesciences India Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting 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, 2022 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 Management of the Company 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 (the “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company 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”) issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are

being made only in accordance with 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 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, to the best of our information and according to the explanations given to us, 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, 2022, based on the criteria for internal financial control over financial reporting 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 ICAI.

Place: Hyderabad  
Date: 28.05.2022

UDIN: 22026548AJUMKN3513

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

**GVL Prasad**  
Partner  
M. No. 026548

## Standalone Balance Sheet as at 31<sup>st</sup> March, 2022

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

Sl. No.	Particulars	Note	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>I</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-Current Assets</b>			
	(a) Property, Plant and Equipment	4	<b>9,630.36</b>	10,028.68
	(b) Right-of-use Assets	5A	<b>230.67</b>	39.89
	(c) Capital Work-in-Progress	4	<b>2,120.75</b>	315.58
	(d) Intangible Assets	6	<b>11.38</b>	14.46
	(e) Financial Assets			
	(i) Investments	7	<b>2,323.67</b>	2,581.40
	(ii) Bank Balances	8	-	97.27
	(iii) Other Financial Assets	9	<b>228.28</b>	217.51
	(f) Other Non-Current Assets	10	<b>423.35</b>	336.73
	<b>Total</b>		<b>14,968.46</b>	<b>13,631.52</b>
<b>2</b>	<b>Current Assets</b>			
	(a) Inventories	11	<b>8,135.69</b>	5,876.12
	(b) Financial Assets			
	(i) Trade Receivables	12	<b>3,377.41</b>	2,999.43
	(ii) Cash and Cash Equivalents	13	<b>94.64</b>	846.35
	(iii) Bank Balances other than (ii) above	14	<b>119.12</b>	43.84
	(c) Other Current Assets	15	<b>4,504.73</b>	3,776.92
	<b>Total</b>		<b>16,231.59</b>	<b>13,542.66</b>
	<b>Total Assets</b>		<b>31,200.05</b>	<b>27,174.18</b>

(Contd.)

## Standalone Balance Sheet (Contd.)

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

Sl. No.	Particulars	Note	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>II EQUITY AND LIABILITIES</b>				
<b>1 EQUITY</b>				
	(a) Equity Share Capital	16	<b>302.33</b>	302.33
	(b) Other Equity	17	<b>14,819.07</b>	12,331.32
	<b>Total</b>		<b>15,121.40</b>	<b>12,633.65</b>
<b>2 LIABILITIES</b>				
<b>A Non-Current Liabilities</b>				
	(a) Financial liabilities			
	(i) Borrowings	18	<b>2,684.67</b>	2,162.81
	(ii) Lease Liabilities	5B	<b>185.33</b>	-
	(b) Other Non Current Liabilities.	19	-	600.00
	(c) Provisions	20	<b>325.36</b>	292.86
	(d) Deferred Tax Liabilities (Net)	21	<b>987.19</b>	985.71
	<b>Total</b>		<b>4,182.55</b>	<b>4,041.38</b>
<b>B Current Liabilities</b>				
	(a) Financial Liabilities			
	(i) Borrowings	22	<b>3,289.46</b>	2,275.12
	(ii) Lease Liabilities	5B	<b>47.89</b>	47.77
	(ii) a. Trade Payables MSME	23	<b>81.70</b>	26.57
	b. Trade Payables otherthan MSME	23	<b>7,003.10</b>	5,607.29
	(iii) Other Financial Liabilities	24	<b>883.95</b>	770.21
	(b) Provisions	20	<b>97.33</b>	81.88
	(c) Other Current Liabilities	25	<b>363.55</b>	1,605.63
	(d) Current Tax Liabilities (Net)	26	<b>129.13</b>	84.68
	<b>Total</b>		<b>11,896.10</b>	<b>10,499.15</b>
	<b>Total Liabilities</b>		<b>16,078.65</b>	<b>14,540.53</b>
	<b>Total Equity and Liabilities</b>		<b>31,200.05</b>	<b>27,174.18</b>
	<b>Significant Accounting Policies</b>	<b>3</b>		

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

**GVL PRASAD**  
Partner  
M.No.026548

Place : Hyderabad  
Date : 28-05-2022

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 31<sup>st</sup> March, 2022

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

Sl. No.	Particulars	Note	Current Year 2021-22	Previous Year 2020-21
<b>1</b>	<b>Income</b>			
	Revenue from Operations	27	34,562.81	26,025.55
	Other Income	28	153.55	133.28
	<b>Total Income</b>		<b>34,716.36</b>	<b>26,158.83</b>
<b>2</b>	<b>Expenses</b>			
	Cost of Materials Consumed	29	21,616.44	13,775.91
	Changes in Inventories	30	(778.72)	190.08
	Manufacturing Expenses.	31	5,832.00	4,665.83
	Employee Benefits Expense	32	3,251.35	2,711.04
	Finance Costs	33	462.50	450.02
	Depreciation and Amortization Expense	34	799.04	721.33
	Other Expenses	35	1,505.27	1,709.18
	<b>Total Expenses</b>		<b>32,687.88</b>	<b>24,223.39</b>
<b>3</b>	<b>Profit Before Exceptional/Extraordinary Items (1-2)</b>		<b>2,028.48</b>	<b>1,935.44</b>
<b>4</b>	<b>Exceptional / Extraordinary Items</b>	36	1,269.22	-
<b>5</b>	<b>Profit Before Tax (3+4)</b>		<b>3,297.70</b>	<b>1,935.44</b>
<b>6</b>	<b>Tax Expense</b>			
	(a) Current Tax			
	(i) relating to Current Year		850.00	525.00
	(ii) relating to Earlier Year	37	(93.98)	(22.31)
	(b) Deferred Tax		3.55	115.92
	<b>Total Taxes</b>		<b>759.57</b>	<b>618.61</b>
<b>7</b>	<b>Profit for the Year (5-6)</b>		<b>2,538.13</b>	<b>1,316.83</b>

(Contd.)

## Standalone Statement of Profit and Loss (Contd.)

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

Sl. No.	Particulars	Note	Current Year 2021-22	Previous Year 2020-21
	<b>Other Comprehensive Income/(Loss)</b>			
	<b>Items that will not be reclassified to Profit/(Loss)</b>			
8	Remeasurement Gain/(Loss) of the defined benefit plans	38	(7.10)	(12.35)
9	Income Tax effect on the above		2.07	3.60
<b>10</b>	<b>Other Comprehensive Income/(Loss) After Tax for the Year (8-9)</b>		<b>(5.03)</b>	<b>(8.75)</b>
<b>11</b>	<b>Total Comprehensive Income/(Loss) for the Year (7+10)</b>		<b>2,533.10</b>	<b>1,308.08</b>
<b>12</b>	<b>Earnings Per Share (Face Value of Rs.10/- each)</b>	<b>39</b>		
	<b>Earnings Per Share (Face Value of Rs.10 each) -Basic / Diluted</b>			
	(i) Including Exponential Income		83.95	43.56
	(ii) Excluding Exponential Income		50.24	43.56
	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

**GVL PRASAD**

Partner

M.No.026548

Place : Hyderabad

Date : 28-05-2022

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 31<sup>st</sup> March, 2022

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

### a. Equity Share Capital

Particulars	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
	Number of Shares	Amount	Number of Shares	Amount
At the Beginning of the Year	30,23,287	302.33	30,23,287	302.33
Changes in Equity Share Capital	-	-	-	-
At the End of the Year	30,23,287	302.33	30,23,287	302.33

### b. Other Equity

Particulars	Capital Reserve	General Reserve	Retained Earnings	Total Other Equity
<b>Balance as at 01st April, 2020</b>	<b>1.00</b>	<b>6,516.02</b>	<b>4,506.22</b>	<b>11,023.24</b>
Profit for the Year			1,316.83	1,316.83
Payment of Dividend.				-
Dividend Tax				-
Other Comprehensive Income for the Year, net of Income Tax			(8.75)	(8.75)
Transferred to General Reserve		100.00	-	100.00
Transferred from Retain Earnings		-	(100.00)	(100.00)
<b>Total Comprehensive Income for the Year</b>	<b>-</b>	<b>100.00</b>	<b>1,208.08</b>	<b>1,308.08</b>
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>1.00</b>	<b>6,616.02</b>	<b>5,714.30</b>	<b>12,331.32</b>
<b>Balance as at 01st April, 2021</b>	<b>1.00</b>	<b>6,616.02</b>	<b>5,714.30</b>	<b>12,331.32</b>
Profit for the Year			2,538.13	2,538.13
Payment of Dividend.			(45.35)	(45.35)
Other Comprehensive Income for the Year, net of Income Tax			(5.03)	(5.03)
Transferred from Retained Earnings		-	(200.00)	(200.00)
Transferred to General Reserve		200.00	-	200.00
<b>Total Comprehensive Income for the Year</b>		<b>200.00</b>	<b>2,287.75</b>	<b>2,487.75</b>
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>1.00</b>	<b>6,816.02</b>	<b>8,002.05</b>	<b>14,819.07</b>

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

**GVL PRASAD**  
Partner  
M.No.026548

Place : Hyderabad  
Date : 28-05-2022

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 31<sup>st</sup> March, 2022

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

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
<b>A. Cash Flow from Operating Activities</b>		
Profit Before Tax	2,028.48	1,935.44
<b>Adjustments for:</b>	-	
Depreciation and amortisation expense	799.04	721.33
Interest Income classified as Investing Cash Flows	(6.97)	(12.07)
Allowance for Doubtful Debts	21.32	(11.66)
Interest on Non Current Borrowings	154.88	216.89
Interest on Unsecured Loans	42.83	43.14
Provision for Employee Benefits	40.84	20.42
Term Loan Processing Fee	1.54	3.85
Loss on Sale of Assets	0.41	-
Profit on Sale of Assets.	(9.07)	(1.06)
Interest on Leased Premises	6.79	8.18
	<b>3,080.09</b>	<b>2,924.46</b>
<b>Change in Operating Assets and Liabilities</b>		
(Increase)/Decrease in Trade Receivables	(399.31)	(793.19)
(Increase)/Decrease in Inventories	(2,259.57)	228.45
Increase/(Decrease) in Trade Payables	1,492.09	1,603.05
(Increase)/Decrease in Other Non Current Financial Assets	(10.77)	(97.31)
(Increase)/Decrease in Other Non Current Asset	(86.62)	(58.14)
(Increase)/Decrease in Other Current Financial Assets	(15.67)	-
(Increase)/Decrease in Other Current Assets	(727.81)	(2,185.41)
(Increase) Decrease in Prepaid Taxes	44.45	-
Increase/(Decrease) in Other Current Financial Liabilities	15.67	26.82
Increase/(Decrease) in Other Non Current Liabilities	(600.00)	-
Increase/(Decrease) in Other Current Liabilities	(1,242.08)	973.81
	<b>(3,789.62)</b>	<b>(301.91)</b>
<b>Cash generated from Operations</b>	<b>(709.52)</b>	<b>2,622.55</b>
Income Taxes Paid	(756.02)	(460.71)
<b>Net Cash Inflow from Operating Activities "A"</b>	<b>(1,465.54)</b>	<b>2,161.84</b>

(Contd.)

## Standalone Statement of Cash Flow (Contd.)

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

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
<b>B. Cash flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(2,496.42)	(1,332.32)
Proceeds from sale of Property, Plant and Equipment	953.12	5.17
Proceeds from sale of Investments	749.70	-
Advance Received for sale of Assets	-	600.00
Margin Money Deposits	37.68	105.91
Proceeds form Fixed Deposits	-	0.79
Interest Received on Margin Money Deposit	6.97	26.08
<b>Net Cash Inflow / (Outflow) from Investing Activities "B"</b>	<b>(748.95)</b>	<b>(594.37)</b>
<b>C. Cash flows from Financing Activities</b>		
Proceeds from Long Term Borrowings	1,169.46	-
Repayment of Long Term Borrowings	(328.73)	(404.91)
Proceeds from Short Term Borrowings	693.92	-
Repayment of Short term Borrowings	-	(76.10)
Repayment of Lease Liability	178.66	(54.00)
Interest paid	(205.18)	(251.55)
Dividends paid to company's shareholders	(45.35)	-
<b>Net Cash Inflow / (Outflow) from Financing Activities "C"</b>	<b>1,462.78</b>	<b>(786.56)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(751.71)</b>	<b>780.91</b>
Cash and Cash Equivalents at the beginning of the Year	846.35	65.44
<b>Cash and Cash Equivalents at the End of the Year</b> Refer Note: 13	<b>94.64</b>	<b>846.35</b>

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.

as per our report of even date  
for **RAMBABU & CO**

Chartered Accountants  
FRN 002976S

**GVL PRASAD**  
Partner  
M.No.026548

Place : Hyderabad  
Date : 28-05-2022

for and on behalf of the Board  
**SMS Lifesciences India Limited**

**TVSN MURTHY**  
Managing Director  
DIN: 00465198

**T V PRAVEEN**  
Executive Director  
DIN: 08772030

**TRUPTI R MOHANTY**  
Company Secretary  
M.No. 60358

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

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## 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 in 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 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, 31<sup>st</sup> March, 2022. These Standalone Financial Statements for the year ended 31<sup>st</sup> March, 2022 were authorized and approved for issue by the Board of Directors on 28<sup>th</sup> May, 2022.

#### 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, 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 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. Most of such revenue is generated from the sale of goods. The Company has generally concluded that it is the principal in its revenue arrangements.

#### (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.
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. Intangibles Assets:**

Intangible assets consist of goodwill, other intangibles, and product development costs.

**3.4. A. Goodwill:**

Goodwill represents the excess of purchase consideration over the net book value of assets acquired of the subsidiary companies as on the date of investment. Goodwill is not amortised but is tested for impairment on a periodic basis and impairment losses are recognised wherever applicable.

**3.4 B. Other 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:**

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contracts, or contains, a lease if the contract conveys the right to control the use of an identified asset

for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves use of an identified asset, whether specified explicitly or implicitly;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- The Company has right to direct the use of the asset by either having right to operate the asset or the Company having designed the asset in a way that predetermines how and for what purpose it will be used.

#### **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 Ventures:**

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., 1<sup>st</sup> 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.

The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment or expense in the period that includes the enactment or substantive enactment date.

#### **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):**

Tax on Dividends declared by the Company is recognized as an appropriation of Profit. Dividend Distribution Tax is not applicable from 1<sup>st</sup> April, 2020.

### **3.12 Non-current assets held for sale:**

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented separately in the Balance Sheet as “Assets Classified as held for Sale”. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

### **3.13 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.

### **3.14 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.

### **3.15 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.

### 3.16 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.

### 3.17 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.

### 3.18 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.

### 3.19 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. 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.

### 3.20 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.

### 3.21 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 expenditure to be capitalized includes the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in the Statement of Profit and Loss as and when incurred. As at 31<sup>st</sup> March, 2022, none of the development expenditure amounts has met the aforesaid recognition criteria.

### 3.22 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.

### 3.23 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.

### 3.24 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.

### 3.25 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.

### 3.26 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.

### 3.27 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 Company based on 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.

**3.28 Recent Accounting Pronouncements:**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23<sup>rd</sup> March, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022. These amendments are not expected to have a material impact on the standalone financial statements of the Company.

**3.29 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)
<b>I. Year ended 31<sup>st</sup> March, 2021</b>											
<b>a. Gross Carrying Amount</b>											
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	-	161.95	1,142.64	0.30	20.44	8.36	3.40	21.48	0.21	1,358.78	1,442.50
3 Disposals	-	-	(34.64)	-	-	-	-	(11.08)	-	(45.72)	(1,373.72)
4 Closing Gross Carrying Amount as at 31 <sup>st</sup> March, 2021 (1+2+3)	304.69	2,592.40	9,636.49	94.41	74.24	88.01	20.91	174.56	34.42	13,020.13	315.58
<b>b. Accumulated Depreciation and Impairment</b>											
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 <sup>st</sup> 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	-
<b>c. Net Carrying Amount as at 31<sup>st</sup> March, 2021 (4-8)</b>	304.69	2,220.59	7,250.10	35.11	28.84	58.61	14.03	98.57	18.14	10,028.68	315.58

(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
<b>II. Year ended 31<sup>st</sup> March, 2022</b>											
<b>a. Gross Carrying Amount</b>											
1. Opening Gross Carrying Amount	304.69	2,592.40	9,636.49	94.41	74.24	88.01	20.91	174.56	34.42	13,020.13	315.58
2. Additions	221.16	11.99	216.66	-	31.19	25.11	1.61	11.48	0.20	519.40	2,324.58
3. Disposals/Transfers	(17.63)	(174.85)	(799.21)	-	(0.28)	(12.28)	(6.68)	(10.75)	-	(1,021.68)	(519.41)
4. Closing Gross Carrying Amount as at 31 <sup>st</sup> March, 2022 (1+2+3)	<b>508.22</b>	<b>2,429.54</b>	<b>9,053.94</b>	<b>94.41</b>	<b>105.15</b>	<b>100.84</b>	<b>15.84</b>	<b>175.29</b>	<b>34.62</b>	<b>12,517.85</b>	<b>2,120.75</b>
<b>b. Accumulated Depreciation or Impairment</b>											
5. Opening Accumulated Depreciation	-	371.81	2,386.39	59.30	45.40	29.40	6.88	75.99	16.28	2,991.45	-
6. Depreciation Charge during the Period	-	97.20	596.02	2.77	11.44	9.48	3.70	24.20	5.71	750.51	-
7. Disposals / Transfers	-	(126.73)	(699.45)	-	(0.28)	(12.28)	(6.68)	(9.05)	-	(854.47)	-
8. Closing Accumulated Depreciation and Impairment as at 31 <sup>st</sup> March, 2022 (5+6+7)	-	342.28	2,282.96	62.07	56.56	26.60	3.90	91.14	21.99	2,887.49	-
<b>c. Net Carrying Amount as at 31<sup>st</sup> March, 2022 (4-8)</b>	<b>508.22</b>	<b>2,087.26</b>	<b>6,770.98</b>	<b>32.34</b>	<b>48.59</b>	<b>74.24</b>	<b>11.94</b>	<b>84.15</b>	<b>12.63</b>	<b>9,650.36</b>	<b>2,120.75</b>

**4.1** Property, Plant and Equipment includes relating to Research and Development activities (Refer Note 42).

**4.2** Refer Note 41 for information on Property, Plant and Equipment pledged as security by the Company.

**4.3** Refer Note 49.1 for disclosure of contractual commitments for acquisition of property, plant and equipment.

## Notes to the Standalone Financial Statements

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

### 4.4 Capital Work -in-Progress (CWIP) ageing Schedule

For the year ended 31<sup>st</sup> March, 2022

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in Progress	2,047.73	73.02	-	-	2,120.75
Projects temporarily suspended	-	-	-	-	-
Balance ast at 31 <sup>st</sup> March, 2022	2,047.73	73.02	-	-	2,120.75

For the year ended 31<sup>st</sup> March, 2021

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Project in Progress	106.22	209.36	-	-	315.58
Projects temporarily suspended	-	-	-	-	-
Balance ast at 31 <sup>st</sup> March, 2021	106.22	209.36	-	-	315.58

## 5 Right of Use Assets and Lease Liabilites

### 5A Right of Use Assets

Following are the changes in the carrying value of Right of Use Assets for the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Opening Balance	39.89	86.95
Additions	235.66	-
Depreciation	44.88	47.06
<b>Closing Balance</b>	<b>230.66</b>	<b>39.89</b>

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

## Notes to the Standalone Financial Statements

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

### 5.B Lease Liabilities

The following is the movement in lease liabilities during the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Opening Balance	47.77	93.59
Additions	240.69	-
Finance cost accrued during the year	6.79	8.18
Payment of lease liabilities	62.02	54.00
<b>Closing Balance</b>	<b>233.22</b>	<b>47.77</b>
Closing balance of Liability		
Current Liability	47.89	47.77
Non Current Liability	185.33	-
<b>Total</b>	<b>233.22</b>	<b>47.77</b>

The table below provides details regarding the contractual maturities of lease liabilities as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021 on discounted basis

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Less than one year	47.89	47.77
One to five years	185.33	-
More than five years	-	-
<b>Total</b>	<b>233.22</b>	<b>47.77</b>

The following are the amounts recognised in the statement of Profit and Loss.

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Depreciation Expense on Right -of- use assets	44.88	47.06
Interest Expense on lease Liabilities	6.79	8.18
Expense relating to short term leases and low value assets (included in Other expenses)	-	-
<b>Total</b>	<b>51.67</b>	<b>55.24</b>

Lease agreement of office premises initially entered for three years in 2019, further extended for another Four years and it expires by 31<sup>st</sup> January 2026.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations 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)
<b>I. Year ended 31<sup>st</sup> March, 2021</b>	
<b>a. Gross Carrying Amount</b>	
1 Opening Gross Carrying Amount	22.39
2 Additions	-
3 Disposals	-
4 <b>Closing Gross Carrying Amount as at 31<sup>st</sup> March, 2021 (1+2+3)</b>	<b>22.39</b>
<b>b. Accumulated Amortisation and Impairment</b>	
5 Opening Accumulated Amortisation	4.10
6 Amortisation Charge during the period	3.83
7 Disposals	-
8 <b>Closing Accumulated Amortisation and Impairment as at 31<sup>st</sup> March, 2021 (5+6+7)</b>	<b>7.93</b>
c. <b>Closing Net Carrying Amount as at 31<sup>st</sup> March, 2021 (4-8)</b>	<b>14.46</b>
<b>II. Year ended 31<sup>st</sup> March, 2022</b>	
<b>a. Opening Gross Carrying Amount</b>	
1. <b>Opening Gross Carrying Amount</b>	<b>22.39</b>
2 Additions	0.57
3 Disposals	-
4 <b>Closing Gross Carrying Amount as at 31<sup>st</sup> March, 2022 (1+2+3)</b>	<b>22.96</b>
<b>b. Accumulated Amortisation or Impairment</b>	
5 Opening Accumulated Amortisation	7.93
6 Amortisation Charge during the Period	3.65
7 Disposals	-
8. <b>Closing Accumulated Amortisation and Impairment as at 31<sup>st</sup> March, 2022 (5+6+7)</b>	<b>11.58</b>
c. <b>Closing Net Carrying Amount as at 31<sup>st</sup> March, 2022 (4-8)</b>	<b>11.38</b>

## 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 <sup>st</sup> March, 2022		as at 31 <sup>st</sup> March, 2021	
		Shares	Amount	Shares	Amount
<b>7</b>	<b>Non-Current Investments</b>				
	( Un quoted, fully paid up carried at cost )				
	<b>(a) Investment in Subsidiaries</b>				
	M/s Mahi Drugs Private Ltd	4,243,590	2,319.56	4,715,100	2,577.29
	<b>(b) Investment in other Companies</b>				
	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
	<b>Total</b>		<b>2,323.67</b>		<b>2,581.40</b>
	Aggregate amount of unquoted investments		<b>2,323.67</b>		2,581.40
	Aggregate amount of quoted investments and market value thereof		-		-
	Aggregate amount of impairment in the value of investment		-		-

**7.1** During the year the Company has sold 4,71,510 Equity shares of Mahi Drugs Private Limited. Further, the said Subsidiary has issued 16,53,389 equity shares of Rs. 10/- each by way of preferential allotment to the minority shareholders. The company's holding in the said subsidiary has been reduced from 100% to 66.63%, as at 31<sup>st</sup> March 2022.

Note No	Particulars	As at	
		31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
<b>8</b>	<b>Bank Balances</b>		
	Margin Money Deposits	-	97.27
	<b>Total</b>	<b>-</b>	<b>97.27</b>
<b>8.1</b>	Margin Money deposits are subject to the first charge against letter of credits.		
<b>9</b>	<b>Other Non-Current Financial Assets</b>		
	Security Deposits	228.28	217.51
	<b>Total</b>	<b>228.28</b>	<b>217.51</b>
<b>10</b>	<b>Other Non-Current Assets</b>		
	Capital Advances	423.35	336.73
	<b>Total</b>	<b>423.35</b>	<b>336.73</b>

**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, the developer. 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 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>11</b>	<b>Inventories</b>		
	(Cost or Net Realisable Value, whichever is lower and as valued and certified by the Management)		
	(a) Raw Materials (including packing materials)	3,971.16	2,482.42
	(b) Stock in Process	1,355.01	1,206.82
	(c) Finished Goods	2,799.57	2,169.04
	(d) Coal & Fuel	9.95	17.84
	<b>Total</b>	<b>8,135.69</b>	<b>5,876.12</b>

**11.1** Rawmaterials includes Port Stock of Rs. 584.51 Lakhs (31<sup>st</sup> March, 2021 Rs. Nil ) and Stock in Transit of Rs.56.69 Lakhs (31<sup>st</sup> March, 2021 Rs. 49.22 Lakhs).

**11.2** Finished Goods includes stock in transit of Rs.1,220.91 Lakhs (31<sup>st</sup> March, 2021 Rs.944.44 Lakhs).

## 12 Trade Receivables

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Unsecured		
Considered good	3,324.04	1,625.30
Receivable from related parties (Refer Note: 12.e)	53.38	1374.13
Credit impaired	105.62	84.30
	<b>3,483.03</b>	<b>3,083.73</b>
Less: Allowance for Doubtful Debts	(105.62)	(84.30)
<b>Total</b>	<b>3,377.41</b>	<b>2,999.43</b>

- a) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.
- b) Trade receivables are non-interest bearing and are generally having credit period of 30-120 days
- c) Of the trade receivables balance of Rs. 2,217.28 Lakhs in aggregate (31<sup>st</sup> March,2021 Rs.2,658.80 Lakhs) is due from the Company's customers individually representing more than 5% of the total trade receivables.
- d) The Company has used practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience. In calculating expected credit loss, the Company has also taken into account estimates of possible effect from the pandemic relating to COVID-19.
- e) Trade Receivables includes due from SMS Pharmaceuticals Limited of Rs. 46.02 Lakhs (Previous Year Rs. 1,347.13 Lakhs) and due from R Chem (Somanahalli) Private Limited of Rs.7.36 Lakhs (previous year Rs. Nil) both are related parties.

## Notes to the Standalone Financial Statements

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

### Movement in the expected credit loss allowance

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Balance at the beginning of the year	84.30	95.96
Movement in expected credit loss allowance on trade receivables	21.32	(11.66)
<b>Balance at the end of the year</b>	<b>105.62</b>	<b>84.30</b>

### Trade Receivables ageing schedule for the year ended 31<sup>st</sup> March, 2022

Particulars	Outstanding from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade Receivables - Considered good	3,277.30	97.21	-	-	2.91	3,377.41
ii) Undisputed Trade Receivables - Which have significant increase in Credit Risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit impaired	102.49	3.04	-	-	0.09	105.62
iv) Disputed Trade receivables	-	-	-	-	-	-
<b>Total</b>	<b>3,379.79</b>	<b>100.25</b>	<b>-</b>	<b>-</b>	<b>3.00</b>	<b>3,483.03</b>

### Trade Receivables ageing schedule for the year ended 31<sup>st</sup> March, 2021

Particulars	Outstanding from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade Receivables - Considered good	2,979.66	5.97	1.64	12.16	-	2,999.43
ii) Undisputed Trade Receivables - Which have significant increase in Credit Risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit impaired	83.74	0.17	0.05	0.34	-	84.30
iv) Disputed Trade receivables	-	-	-	-	-	-
<b>Total</b>	<b>3,063.40</b>	<b>6.14</b>	<b>1.69</b>	<b>12.50</b>	<b>-</b>	<b>3,083.73</b>

## Notes to the Standalone Financial Statements

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

Note No	Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>13</b>	<b>Cash and Cash Equivalents</b>		
	(a) Balances with Banks		
	- in Current Accounts	15.13	20.54
	- in EEFC account	75.22	72.71
	(b) Deposits with Maturity of less than three months	-	751.00
	(c) Cash in Hand	4.29	2.10
	<b>Total</b>	<b>94.64</b>	<b>846.35</b>
<b>14</b>	<b>Other Bank Balances</b>		
	Margin Money Deposits	103.06	43.46
	Unclaimed Dividend	0.56	0.38
	Unspent CSR Expenditure Account	15.50	-
	<b>Total</b>	<b>119.12</b>	<b>43.84</b>
<b>14.1</b>	Margin Money deposits are subject to the first charge against Bank Gurantee and / or letter of credits.		
<b>15</b>	<b>Other Current Assets</b>		
	(Unsecured Considered Good)		
	GST Credit Receivable	1,697.53	855.02
	Advance to Suppliers (Note 15.1)	2,438.17	2,790.28
	Export Benefits Receivable	73.01	21.25
	Income Tax Refund Receivable	52.23	35.12
	Prepaid Expenses	195.15	43.21
	Interest Receivable	6.86	6.85
	Other Advances and Receivables	41.78	25.19
	<b>Total</b>	<b>4,504.73</b>	<b>3,776.92</b>
<b>15.1</b>	Advance to Suppliers includes an amount of Rs.111.00 Lakhs (31 <sup>st</sup> March, 2021 Rs. 271.11 Lakhs) to R Chem (Somanahalli) Pvt Ltd, a related Party and an amount of Rs.1,760.76 Lakhs (31 <sup>st</sup> March, 2021 Rs.2,081.89 Lakhs) to Mahi Drugs Private Limited , a Subsidiary.		
<b>15.2</b>	Prepaid Expenses includes an amount of Rs.174.24 Lakhs paid to Pollution Control Board in connection with expanding its capacities at Kazipalli facility.		



## Notes to the Standalone Financial Statements

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

Note No.	Particulars	as at 31 <sup>st</sup> March, 2022		as at 31 <sup>st</sup> March, 2021	
		Number of shares	Amount	Number of shares	Amount
<b>16</b>	<b>Equity Share Capital</b>				
	<b>Authorised Share Capital</b>				
	Equity Shares of Rs. 10/- each	<b>35,00,000</b>	<b>350.00</b>	35,00,000	350.00
	<b>Issued, Subscribed and Fully Paid Up</b>				
	Equity Shares of Rs. 10/- each	<b>30,23,287</b>	<b>302.33</b>	30,23,287	302.33
	<b>TOTAL</b>	<b>30,23,287</b>	<b>302.33</b>	<b>30,23,287</b>	<b>302.33</b>

**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 <sup>st</sup> March, 2022		as at 31 <sup>st</sup> March, 2021	
	Number of shares	Amount	Number of shares	Amount
<b>Equity Shares</b>				
At the beginning of the Year	<b>30,23,287</b>	<b>302.33</b>	30,23,287	302.33
Issued/(Reduced) during the Year	-	-	-	-
<b>At the end of the Year</b>	<b>30,23,287</b>	<b>302.33</b>	<b>30,23,287</b>	<b>302.33</b>

### 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 <sup>st</sup> March, 2022		as at 31 <sup>st</sup> March, 2021	
	Number of shares	% holding	Number of shares	% holding
Talluri Annapurna	<b>7,42,436</b>	<b>24.56</b>	7,35,584	24.33
TVVSN Murthy**	<b>7,07,224</b>	<b>23.39</b>	7,07,224	23.39
Ramesh Babu Potluri	<b>2,40,190</b>	<b>7.94</b>	2,40,190	7.94
	<b>16,89,850</b>	<b>55.89</b>	<b>16,82,998</b>	<b>55.66</b>

\*including 2,27,190 Shares ( 2,27,190 Shares as at 31<sup>st</sup> March, 2021) held in the capacity of Karta of HUF

## Notes to the Standalone Financial Statements

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

### 16.5 Details of shares held by the promoters of the Company

Equity shares held by the promoters as at 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2021

Particulars	as at 31 <sup>st</sup> March, 2022			as at 31 <sup>st</sup> March, 2021		
	Number of shares	% holding	% Changes during the year	Number of shares	% holding	% Changes during the year
TVVSN Murthy	4,80,034	15.88%	-	4,80,034	15.88%	63.38%
TVVSN Murthy – HUF	2,27,190	7.51%	-	2,27,190	7.51%	59.78%
Ramesh Babu Potluri	2,40,190	7.94%	-	2,40,190	7.94%	(53.64%)
Suresh Babu Potluri	2,539	0.08%	(0.09%)	5,151	0.17%	-
Hima Bindu Potluri	83,333	2.76%	-	83,333	2.76%	(71.45%)
Annapurna Talluri	7,42,436	24.56%	0.23%	7,35,584	24.33%	139.76%
Rajeswara Rao Gopineedi	100	-	-	37	-	-
Venkata Praveen Talluri	67,988	2.25%	0.72%	46,262	1.53%	-
Hari Kishore Potluri	8,664	0.29%	(0.24%)	15,859	0.52%	3.26%
Sudeepthi Gopineedi	72,114	2.39%	0.32%	62,500	2.07%	-
Venkata Chaitanya Gopineedi	105	-	-	-	-	-
Sukumari Koneru	714	0.02%	-	714	0.02%	-
Vamsi Krishna Potluri	73,234	2.42%	-	73,234	2.42%	-
Trilok Potluri	78,141	2.58%	-	78,141	2.58%	-
Potluri Laboratories Pvt. Ltd.	-	-	-	-	-	(100.00%)
Potluri Infra Projects LLP	8,000	0.26%	-	8,000	0.26%	(96.25%)
Pixalot Labs Private Limited	-	-	(0.25%)	7,412	0.25%	100.00%
<b>Total</b>	<b>20,84,782</b>	<b>68.96%</b>	<b>0.70%</b>	<b>20,63,641</b>	<b>68.26%</b>	<b>44.83%</b>

### 17 Other Equity

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Reserves and Surplus</b>		
Capital Reserve	1.00	1.00
General Reserve	6,816.02	6,616.02
Retained Earnings	8,002.05	5,714.30
<b>Total</b>	<b>14,819.07</b>	<b>12,331.32</b>

## Notes to the Standalone Financial Statements

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

Note No.	Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
<b>17.1 Capital Reserve</b>			
	Opening balance	1.00	1.00
	Adjustments-	-	-
	<b>Closing Balance</b>	<b>1.00</b>	<b>1.00</b>
<b>17.2 General Reserve</b>			
	Opening balance	6,616.02	6,516.02
	Adjustments	-	-
	Transfer from Retained Earnings	200.00	100.00
	<b>Closing Balance</b>	<b>6,816.02</b>	<b>6,616.02</b>
<b>17.3 Retained Earnings</b>			
	Opening balance	5,714.30	4,506.22
	Net profit for the Year	2,538.13	1,316.83
	Dividend	(45.35)	-
	Dividend Tax	-	-
	Transferred to Genral Reserve	(200.00)	(100.00)
	Items of Other Comprehensive Income		
	Remeasurement Gain/(Loss) of the Defined Benefit Plans, net of tax	(5.03)	(8.75)
	<b>Closing balance</b>	<b>8,002.05</b>	<b>5,714.30</b>

### 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 appropriates 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.38)

Re-measurements of defined plans comprises actuarial gains and losses and return on plan assets

## Financial Liabilities

Note No.	Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
<b>18</b>	<b>Non Current Liabilities</b>		
<b>18.1</b>	<b>Financial liabilities</b>		
	<b>(i) Borrowings</b>		
	<b>Secured (note 18.1.1)</b>		
	Term Loans from Banks		
	(a) Export Import Bank of India TL-II	1,344.35	1,667.81
	(b) Export Import Bank of India GECL	344.00	-
	(c) RBL Bank Limited GECL Loan	501.32	-
	<b>Sub Total</b>	<b>2,189.67</b>	<b>1,667.81</b>
<b>18.2</b>	<b>Unsecured</b>		
	From Directors (note 18.2.1)	495.00	495.00
	<b>Sub Total</b>	<b>495.00</b>	<b>495.00</b>
	<b>Total</b>	<b>2,684.67</b>	<b>2,162.81</b>
<b>18.3</b>	<b>Current Maturities of Non Current Borrowings</b>		
	<b>Secured</b>		
	(a) Term Loans from Banks		
	(i) Export Import Bank of India TL-II	325.00	250.00
	(ii) Export Import Bank of India GECL	-	-
	(iii) RBL Bank GECL Loan	250.68	-
	(b) Hire Purchase Loans	-	5.27
	<b>Total</b>	<b>575.68</b>	<b>255.27</b>
	Amount disclosed under the head "Current Borrowings"	<b>(575.68)</b>	<b>(255.27)</b>
	<b>Total</b>	<b>-</b>	<b>-</b>

### 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 T.V.Praveen, Executive Director of the Company in their personal capacity.
- (b) Long Term Working Capital Loan GECL (Gauranteed Emergency Credit Line) availed from Export-Import Bank of India is Gauranteed National Credit Gaurantee Trustee, secured by second 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.

## Notes to the Standalone Financial Statements

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

- (c) Long Term Working Capital Loan GECL (Gauranteed Emergency Credit Line) availed from RBL Bank is Gauranteed by National Credit Gaurantee Trustee and Second charge of all movable and immovable fixed assets both present and future and of all current assets both present and future.
- (e) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 41.

### 18.1.2 Rate of Interest:

- (a) The above said Term Loan II carries an interest rate @ 7.80% p.a (LTMLR+115 bps p.a.)
- (b) The above said GECL Loan EXIM Bank carries an interest rate @ 8.05% p.a (LTMLR p.a.)
- (c) The above said GECL Loan RBL Bank carries an interest rate @ 7.85% 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

GECL Term Loan availed from Export Import Bank of India amounting to Rs 344.00 lakhs is for Long term working capital. The said loan is repayable in 36 Monthly Installments commencing from April 2024.

GECL Term Loan availed from RBL Bank Limited amounting to Rs 752.00 lakhs for Long term working capital. The said loan is repayable in 36 Monthly Installments commencing from April, 2022.

### 18.2.1 Un-Secured Loans

The 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.

## 18.4 Debt Reconciliation as required by Ind AS -7, Statement of Cash Flows

Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
Opening Borrowings	2,162.81	2,366.54
Add: Opening Current Maturities	255.27	452.59
Add: Amortisation of Transaction Cost	1.54	3.86
Add: Received during the year	1,169.46	-
Less: Paid during the year	(328.73)	(404.91)
Closing Borrowings	<u>3,260.35</u>	<u>2,418.08</u>
Less: Closing Current Maturities	575.68	255.27
<b>Non Current Borrowings as per Balance Sheet</b>	<b><u>2,684.67</u></b>	<b><u>2,162.81</u></b>

## Notes to the Standalone Financial Statements

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

Note No.	Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
<b>19</b>	<b>Other Non Current Liabilities</b>		
	Advance Received for Sale of Land	-	600.00
<b>20</b>	<b>Provisions</b>		
	<b>Employee Benefit Obligations</b>		
	<b>Non Current</b>		
	Gratuity	266.88	245.35
	Leave Encashment	58.48	47.51
	<b>Sub Total</b>	<b>325.36</b>	<b>292.86</b>
	<b>Current</b>		
	Gratuity	61.73	54.86
	Leave Encashment	35.60	27.02
	<b>Sub Total</b>	<b>97.33</b>	<b>81.88</b>
	<b>Total</b>		
	Gratuity	328.61	300.22
	Leave Encashment	94.08	74.53
	<b>Grand Total</b>	<b>422.69</b>	<b>374.75</b>
<b>20.1</b>	For details of Post Employment Obligations. Refer Note 40.		
<b>21</b>	<b>Deferred Tax Liabilities (net)</b>		
	The balance comprises Temporary Differences attributable to:		
	<b>(a) Deferred Tax Liability</b>		
	(i) Property, Plant and Equipment	1,284.02	1,246.34
	(ii) Others	69.58	16.01
	<b>Total</b>	<b>1,353.60</b>	<b>1,262.35</b>
	<b>(b) Deferred Tax Asset</b>		
	(i) Expenses allowable on Payment basis	139.63	112.51
	(ii) Others	226.78	164.13
	<b>Total</b>	<b>366.41</b>	<b>276.64</b>
	<b>Net Deferred Tax Liabilities (a)-(b)</b>	<b>987.19</b>	<b>985.71</b>

## Notes to the Standalone Financial Statements

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

### (c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Other Items	Total
As at 31 <sup>st</sup> March, 2020	1,130.16	3.29	1,133.45
Charged/(Credited)	116.18	12.72	128.90
As at 31 <sup>st</sup> March, 2021	1,246.34	16.01	1,262.35
Charged/(Credited)	37.68	53.57	91.25
As at 31 <sup>st</sup> March, 2022	1,284.02	69.58	1,353.60

### (d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on Payment basis	Other Items	Total
As at 31 <sup>st</sup> March, 2020	104.28	155.79	260.07
Charged/(Credited)	8.23	8.34	16.57
As at 31 <sup>st</sup> March, 2021	112.51	164.13	276.64
Charged/(Credited)	27.12	62.65	89.77
As at 31 <sup>st</sup> March, 2022	139.63	226.78	366.41

Note No.	Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
<b>22</b>	<b>Current Borrowings</b>		
	<b>Secured</b>		
	Working Capital Loans from Banks		
	--- RBL Bank Ltd	2,713.78	2,019.85
	Current Maturities of Long term Debt	575.68	255.27
	<b>Total</b>	<b>3,289.46</b>	<b>2,275.12</b>

#### 22.1.1 Security Terms

- (a) Working capital facility sanctioned by RBL Bank Limited of an amount of Rs. 3,000.00 Lakhs 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 TVVSN 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 41.

#### 22.1.2 Rate of Interest: The above loan carries an interest rate of 8.40% p.a

## Notes to the Standalone Financial Statements

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

**22.1.3 Repayment Terms:** The above working capital facilities are repayable on demand and subject to renewal every year

### 22.2 Debt Reconciliation as required by Ind AS -7, Statement of Cash Flows

Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
Opening Balance	2,019.85	2,095.96
Add: Received during the year	693.92	-
Less: Paid during the year	-	(76.11)
<b>Current Borrowings as per Balance Sheet</b>	<b>2,713.77</b>	<b>2,019.85</b>

**22.3** Maximum Utilisation of Working Capital loans during the year ended 31<sup>st</sup> March, 2022 is Rs. 2,714.00 Lakhs (Previous Year is Rs. 2,376.00 Lakhs)

**22.4** Average Utilisation of Working Capital loans during the year ended 31<sup>st</sup> March, 2022 is Rs. 1,980.79 Lakhs (Previous Year is Rs. 1,829.15 Lakhs)

### 23 Trade Payables

(a) Creditors for Supply of Materials

(i) Due to Micro, Small and Medium Enterprises	81.70	26.57
(ii) Other than MSME	7,003.10	5,607.29
<b>Total</b>	<b>7,084.80</b>	<b>5,633.86</b>

#### Trade Payables

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
<b>Valued at amortised cost</b>		
Total Outstanding dues to creditors other than micro enterprises and small enterprises	7,003.10	5,607.29
Outstanding dues to related parties	-	-
<b>Total</b>	<b>7,003.10</b>	<b>5,607.29</b>
Total outstanding dues to micro enterprises and small enterprises	81.70	26.57
<b>Total</b>	<b>7,084.80</b>	<b>5,633.86</b>

Terms and conditions of the above financial liabilities:

Trade Payables are non-interest bearing and normally settled on 30-120 day terms.

For explanations on the company's credit risk management processes, refer note no.45.

#### Trade payables ageing schedule for the year ended 31<sup>st</sup> March,2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) MSME	81.70	-	-	-	81.70
ii) Others	6,987.31	6.89	5.08	3.82	7,003.10
iii) Disputed dues-MSME & others	-	-	-	-	-
<b>Total</b>	<b>7,069.01</b>	<b>6.89</b>	<b>5.08</b>	<b>3.82</b>	<b>7,084.80</b>



## Notes to the Standalone Financial Statements

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

### Trade payables ageing schedule for the year ended 31<sup>st</sup> March, 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) MSME	26.57	-	-	-	26.57
ii) Others	5,594.96	6.89	2.56	2.88	5,607.29
iii) Disputed dues-MSME & others	-	-	-	-	-
<b>Total</b>	<b>5,621.53</b>	<b>6.89</b>	<b>2.56</b>	<b>2.88</b>	<b>5,633.86</b>

## 24 Other Financial Liabilities

### Current

Creditors for Expenses	<b>570.47</b>	529.32
Capital Creditors	<b>276.17</b>	211.79
Interest Accrued but not due	<b>10.81</b>	18.00
Interest on Unsecured Loan	<b>10.44</b>	10.72
Unspent CSR Expenditure	<b>15.50</b>	-
Unclaimed Dividend	<b>0.56</b>	0.38
<b>Total</b>	<b>883.95</b>	<b>770.21</b>

## 25 Other Current Liabilities

Statutory dues Payable	<b>60.31</b>	112.62
Advance from Customers	<b>286.99</b>	1,481.36
Employee Benefits Payable	<b>16.25</b>	11.65
<b>Total</b>	<b>363.55</b>	<b>1,605.63</b>

## 26 Current Tax Liabilities (Net)

**129.13**      84.68

### 26.1 Movement in Current Tax Assets/(Liabilities)

Provision for Income Tax	<b>850.00</b>	525.00
Less: Advance Tax	<b>700.00</b>	425.00
Less: TDS & TCS Receivable	<b>20.87</b>	15.32
<b>Sub Total</b>	<b>129.13</b>	<b>84.68</b>

## Notes to the Standalone Financial Statements

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

Note No.	Particulars	Current Year 2021-22	Previous Year 2020-21
<b>27</b>	<b>Revenue from Operations</b>		
	<b>(a) Sale of Products</b>	<b>37,585.04</b>	27,639.02
	Less: Goods and Service Tax	<b>3,340.30</b>	2,637.49
	<b>Net Revenue from Sales</b>	<b>34,244.74</b>	<b>25,001.53</b>
	<b>(b) Sale of Services</b>		
	(i) Conversion Charges	<b>82.67</b>	235.91
	Less: Goods and Service Tax	<b>8.86</b>	25.28
	<b>Net Revenue from Services</b>	<b>73.81</b>	210.63
	<b>(c) Other Operating Income</b>		
	Export Incentives	<b>244.26</b>	85.58
	Other Operating Revenue	-	727.81
		<b>244.26</b>	<b>813.39</b>
	<b>Total Net Income from Operations (a+b+c)</b>	<b>34,562.81</b>	<b>26,025.55</b>
<b>28</b>	<b>Other Income</b>		
	(a) Interest Income	<b>17.20</b>	22.03
	(b) Profit on Sale of Assets	<b>9.07</b>	1.06
	(c) Net Gain on Foreign Exchange Fluctuations	<b>101.81</b>	92.50
	(d) Miscellaneous Income (Net of GST)	<b>25.47</b>	17.69
	<b>Total</b>	<b>153.55</b>	<b>133.28</b>
<b>28.1</b>	Profit on sale of assets represents profit on sale of redundant Assets in the normal course of business.		
<b>29</b>	<b>Cost of Materials Consumed</b>		
	<b>Raw Materials &amp; Packing Materials</b>		
	Stock at the Beginning of the Year	<b>2,482.42</b>	2,508.06
	Add: Purchases	<b>23,105.18</b>	13,750.27
	Less: Stock at the End of the Year	<b>3,971.16</b>	2,482.42
	<b>Total Materials Consumed</b>	<b>21,616.44</b>	<b>13,775.91</b>
<b>30</b>	<b>Changes in Inventories</b>		
	<b>(a) Opening Stock of Inventory:</b>		
	Finished Goods	<b>2,169.04</b>	1,347.61
	Stock in Process	<b>1,206.82</b>	2,218.33
	<b>Sub Total (a)</b>	<b>3,375.86</b>	3,565.94
	<b>(b) Closing Stock of Inventory</b>		
	Finished Goods	<b>2,799.57</b>	2,169.04
	Stock in Process	<b>1,355.01</b>	1,206.82
	<b>Sub Total (b)</b>	<b>4,154.58</b>	3,375.86
	<b>(Increase)/Decrease in Stocks (a) - (b)</b>	<b>(778.72)</b>	190.08

## Notes to the Standalone Financial Statements

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

Note No.	Particulars	Current Year 2021-22	Previous Year 2020-21
<b>31</b>	<b>Manufacturing Expenses</b>		
	Power and Fuel	2,459.87	1,806.24
	Consumable Stores	238.85	176.29
	Testing Charges	73.20	53.32
	Water Charges	172.32	145.62
	Conversion Charges	1,916.09	1,800.66
	Effluent Treatment Charges	324.41	219.82
	Repairs and Maintenance		
	to Plant & Machinery	519.55	367.96
	to Buildings	40.67	24.14
	Factory Maintenance	87.04	71.78
	<b>Total</b>	<b>5,832.00</b>	<b>4,665.83</b>
<b>32</b>	<b>Employee Benefits Expense</b>		
	Salaries, Wages and Bonus	2,842.36	2,362.81
	Contribution to Provident Fund	183.32	150.95
	Contribution to ESI	11.20	10.57
	Staff Welfare Expenses	214.47	186.71
	<b>Total</b>	<b>3,251.35</b>	<b>2,711.04</b>
<b>33</b>	<b>Finance Cost</b>		
	Interest on Non Current Borrowings	197.71	260.03
	Interest on Current Borrowings	202.05	131.29
	Interest on Others	14.85	16.30
	Bank Charges	47.89	42.40
	<b>Total</b>	<b>462.50</b>	<b>450.02</b>
<b>34</b>	<b>Depreciation and Amortisation Expense</b>		
	Depreciation on Property, Plant and Equipment	750.51	670.44
	Right of use of Assets	44.88	47.06
	Amortisation of Intangible Assets	3.65	3.83
	<b>Total</b>	<b>799.04</b>	<b>721.33</b>

## Notes to the Standalone Financial Statements

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

Note No.	Particulars	Current Year 2021-22	Previous Year 2020-21
<b>35</b>	<b>Other Expenses</b>		
	Rent	7.86	2.31
	Rates and Taxes	51.81	38.58
	Repairs & Maintenance to other Assets	5.70	7.71
	Insurance	95.81	89.52
	Directors Remuneration	285.52	243.22
	Travelling and Conveyance	12.54	4.80
	Communication Expenses	10.72	9.27
	Printing and Stationery	41.97	41.49
	Payments to Auditors (note 35.1)	12.00	12.00
	Cost Audit Fee	0.75	0.50
	Vehicle Maintenance	59.08	40.48
	Interest on Indirect Taxes	5.24	6.94
	Loss on Sale of Assets	0.41	-
	General Expenses	114.64	177.42
	Unrealised Debts on Account of NDMA issue	-	293.65
	Business Promotion Expenses	7.90	10.41
	Sales Commission	225.07	199.46
	FDA Registration & Filing Fee	51.75	41.31
	Carriage Outward	458.08	460.38
	Provision for Doubtful Debts	21.32	-
	Corporate Social Responsibility	37.10	29.73
	<b>Total</b>	<b>1,505.27</b>	<b>1,709.18</b>
<b>35.1</b>	<b>Details of payment to Auditors</b>		
	Statutory Audit Fee	9.00	9.00
	Tax Audit Fee	3.00	3.00
	<b>Total</b>	<b>12.00</b>	<b>12.00</b>

## Notes to the Standalone Financial Statements

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

### 35.2 Corporate Social Responsibility Expenditure

Note No.	Particulars	Current Year 2021-22	Previous Year 2020-21
	As per requirement of the Companies Act, 2013, gross amount required to be spent by the Company during the year is Rs.37.63 Lakhs (Previous Year Rs.29.01 Lakhs).		
(i)	Construction / acquisition of Assets.	37.10	26.53
(ii)	Others	-	3.20
	<b>Total Amount spent during the year</b>	<b>37.10</b>	<b>29.73</b>
	Setoff from Previous Years	0.72	-
	<b>Total</b>	<b>37.82</b>	29.73
	Amount required to be spent as per section 135 of the Companies Act, 2013	37.63	29.01
	<b>Amount Carried forward to subsequent years</b>	<b>0.19</b>	<b>0.72</b>

**35.2.1** Amount spent Includes Rs 15.50 Lakhs deposited in CSR Unspent Account

### 36 Exceptional Items

Gain on sale of Tangible Assets	777.25	-
Gain on sale of Investments.	491.97	-
<b>Total</b>	<b>1,269.22</b>	-

**36.1** Rs. 777.25 Lakhs represents profit on sale of Non Revenue generating Land and Building.

**36.2** Rs. 491.97 Lakhs represents profit on sale of Equity shares held by the company in Subsidiary

### 37 Income Tax Expense

#### Current Tax

Current Tax on Profits for the Year	850.00	525.00
Adjustments for Current Tax of Prior Years	(93.98)	(22.31)
<b>Total Current Tax</b>	<b>756.02</b>	<b>502.69</b>

#### Deferred Tax

Increase(Decrease) in Deferred Tax Liabilities	91.25	128.90
Decrease(increase) in Deferred Tax Assets	(89.77)	(16.57)
Actuarial (Gain)/Loss	2.07	3.60
<b>Total Deferred Tax Expense/(Benefits)</b>	<b>3.55</b>	<b>115.92</b>
<b>Total Tax Expenses</b>	<b>759.57</b>	<b>618.61</b>

There are no unrecognised Deferred Tax Assets and Deferred Tax Liabilities as at 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2021

## Notes to the Standalone Financial Statements

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

Particulars	Current Year 2021-22	Previous Year 2020-21
<b>37.1 Income Tax Recognised in Statement of Profit and Loss</b>		
(a) Profit Before Income Tax Expenses	3,297.70	1,935.44
Less: Exceptional Income	1,269.22	-
	<b>2,028.48</b>	1,935.44
(b) Enacted Tax Rate in India	29.12%	29.12%
<b>(c) Expected Tax Expenses (a)x(b)</b>	<b>590.69</b>	<b>563.60</b>
<b>(d) Tax Effect of :</b>		
Provision for tax on exceptional Items	250.00	-
Expenses not allowed under Tax Laws	34.31	59.87
Adjustment for allowable Expenses under Tax Laws	(21.46)	17.45
Tax expenses of Earlier Years	(93.98)	(22.31)
<b>Total Adjustments</b>	<b>168.87</b>	<b>55.01</b>
Curent Tax Expenses as per Profit & Loss	759.57	618.61
Effective Tax Rate	23.03%	31.96%
<b>38 Other Comprehensive Income</b>		
Actuarial Gain/(Loss) on Post Employment Benefit Expenses	7.10	11.65
Return on Plan Assets excluding net interest	-	0.70
	<b>7.10</b>	12.35
Deferred Taxes on above	(2.07)	(3.60)
<b>Net Comprehensive Income</b>	<b>5.03</b>	<b>8.75</b>
<b>39 Earnings Per Share</b>		
<b>i Including Exceptional Income</b>		
(a) Net Profit	2,538.13	1,316.83
(b) No. of Equity Shares	3,023,287	30,23,287
(c) Earnings Per Share	83.95	43.56
<b>ii Excluding Exceptional Income</b>		
(a) Net Profit	1,518.91	1,316.83
(b) No. of Equity Shares	30,23,287	30,23,287
(c) Earnings Per Share	50.24	43.56

## Notes to the Standalone Financial Statements

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

### 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.183.32 Lakhs (31<sup>st</sup> March, 2021 Rs. 150.95 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 expense recognised during the period towards ESI Contribution is Rs.11.20 Lakhs (31<sup>st</sup> March, 2021 - Rs. 10.57 Lakhs).

#### 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 <sup>st</sup> March, 2022		31 <sup>st</sup> March, 2021	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
<b>40.2.1 Net Employee Benefit Expense</b>				
(recognised in Employee Benefit Expenses)				
Current Service Cost	35.94	16.26	28.67	15.42
Adjustment to Opening Balance	(1.65)	-	-	-
Interest Cost	19.08	4.15	17.84	3.40
Contribution Paid	(32.08)	(1.93)	(36.92)	(3.13)
Actuarial Gain/(Loss) other than OCI	-	1.07	-	(4.86)
<b>Net Employee Benefit Expenses</b>	<b>21.29</b>	<b>19.55</b>	<b>9.59</b>	<b>10.83</b>

## Notes to the Standalone Financial Statements

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

Particulars	31 <sup>st</sup> March, 2022		31 <sup>st</sup> March, 2021	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
<b>40.2.2 Other Comprehensive Income</b>				
Actuarial (Gain)/Loss	7.10	-	11.65	-
Actual return on plan asset	(0.00)	-	0.70	-
<b>Total Actuarial (Gain)/Loss recognized in (OCI)</b>	<b>7.10</b>	<b>-</b>	<b>12.35</b>	<b>-</b>
<b>40.2.3 Amount recognised in the Balance Sheet</b>				
Defined Benefit Obligation	428.86	94.08	370.18	74.53
Fair Value of Plan Assets	(100.25)	-	(69.96)	-
	<b>328.61</b>	<b>94.08</b>	<b>300.22</b>	<b>74.53</b>
<b>40.2.4 Change in the Present Value of the Defined Benefit Obligation</b>				
Opening Defined Benefit Obligation	370.18	74.53	324.28	63.70
Current Service Cost	35.94	16.26	28.67	15.42
Interest Cost	23.31	4.15	20.03	3.40
Contribution Paid	-	-	-	-
Benefits Paid	(7.67)	(1.93)	(14.45)	(3.13)
Net Actuarial (gain)/ losses on Obligation	7.10	1.07	11.65	(4.86)
for the year recognised under OCI				
<b>Closing Defined Benefit Obligation</b>	<b>428.86</b>	<b>94.08</b>	<b>370.18</b>	<b>74.53</b>
<b>40.2.5 Change in the Fair Value of Plan Assets</b>				
Opening Fair Value of Plan Assets	69.96	-	46.00	-
Adjustment to Opening Fair Value of Plan Asset	1.65	-	-	-
Return on Plan Assets Excluding Interest Income	0.00	-	(0.70)	-
Interest Income	4.23	-	2.19	-
Contributions	32.08	-	36.92	-
Benefits Paid	(7.67)	-	(14.45)	-
<b>Closing Fair Value of Plan Assets</b>	<b>100.25</b>	<b>-</b>	<b>69.96</b>	<b>-</b>



## Notes to the Standalone Financial Statements

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

Particulars	31 <sup>st</sup> March, 2022		31 <sup>st</sup> March, 2021	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
<b>40.2.6 Acturial (Gain)/Loss on Obligation</b>				
Due to Demographic Assumption	-	-	-	-
Due to Financial Assumption	(18.54)	-	(1.16)	-
Due to Experience	25.64	-	12.81	-
Return on Plan Assets excluding Interest				
<b>Total Acturial (Gain)/Loss</b>	<b>7.10</b>	<b>-</b>	<b>11.65</b>	<b>-</b>

### 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 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
State Govt Security	49.84	34.78
Central Govt Security	18.83	13.14
NCD/Bonds	22.71	15.85
Others	8.87	6.19
<b>Total</b>	<b>100.25</b>	<b>69.96</b>

Expected Return on Assets is based on rate of return declared by fund managers.

### 40.2.8 Acturial Assumptions for estimating Company's Defined Benefit Obligation:

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Discount rate	7.37%	6.80%
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)	17.64	17.66

- (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.

#### 40.2.9 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
<b>Defined Benefit Obligation</b>	<b>328.61</b>	<b>300.22</b>
Effect of 1% change in assumed discount rate on defined benefit obligation		
Increase : +1%	<b>399.61</b>	343.27
Decrease: -1%	<b>462.40</b>	401.14
Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
Increase : +1%	<b>462.06</b>	400.52
Decrease: -1%	<b>399.49</b>	343.41

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 6.80% to 7.37% and hence there is a decrease in liability leading to actuarial gain due to change in discount rate.

## Notes to the Standalone 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 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.

The Weighted Average duration of the defined benefit obligation is 8.36 years (31st March, 2021 8.79 years). The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	31 March 2022	31 March 2021
1st Year	61.73	54.87
2nd Year	33.98	12.23
3rd Year	51.16	30.16
4th Year	17.23	45.01
5th Year	24.92	14.88
beyond 5th Year	183.04	138.10

## Notes to the Standalone Financial Statements

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

### 40.2.11 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.

## 41 Assets Pledged as Security

### For Non Current Borrowings

Term Loans are Secured by First Charge on Property, Plant and Equipment and Second Charge on Current Assets.

Long Term Working Capital Term Loans are secured by Second charge on Property, Plant and Equipment and Current Assets.

### For Current Borrowings

Secured by First Charge on Current Assets and Second Charge on Property, Plant and Equipment.

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings of an amount of Rs.5,489.94 Lakhs (Previous year Rs.3,955.66 Lakhs) are as follows:

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Property, Plant and Equipment	9,630.36	10,028.68
Current Assets	16,231.59	13,542.66
<b>Total Assets Pledged as Security</b>	<b>25,861.95</b>	23,571.34

## Notes to the Standalone 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 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Salaries & Wages	183.67	122.01
Materials Consumed	50.33	32.03
Repairs and Maintenance	29.05	23.93
Power and Fuel	10.74	9.12
Testing and analysis charges	5.17	3.00
Rates and Taxes	2.47	2.47
General Expenses	6.06	2.93
<b>Total</b>	<b>287.49</b>	<b>195.49</b>

#### 42.2 Details of Property, Plant and Equipment:

	Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total
		(2)	(3)	(4)	(5)	(6)	(8)
1	<b>Gross Carrying Value</b>						
2	As at 31 March, 2020	33.76	142.69	3.80	2.86	-	183.11
3	Additions	0.29	78.50	1.61	11.83	0.71	92.94
4	As at 31 March, 2021 (1+2)	34.05	221.19	5.41	14.69	0.71	276.05
5	Additions	-	10.88	5.95	0.82	-	17.65
6	As at 31 March, 2022 (3+4)	34.05	232.07	11.36	15.51	0.71	293.70
7	<b>Depreciation</b>						
8	As at 31 March, 2020	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 (6+7)	17.72	19.86	0.55	1.64	0.05	39.82
11	Charge for the Year	1.07	20.04	4.67	0.65	0.08	26.51
12	As at 31 March, 2022 (8+9)	18.79	39.90	5.22	2.29	0.13	66.33
13	<b>Net Carrying Value</b>						
14	As at 31 March, 2020 (1-6)	17.10	136.62	3.62	2.41	-	159.75
15	As at 31 March, 2021 (3-8)	16.33	201.33	4.86	13.05	0.66	236.23
16	As at 31 March, 2022(5-10)	15.26	192.17	6.14	13.22	0.58	227.37

## Notes to the Standalone 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 <sup>st</sup> March, 2022		31 <sup>st</sup> March, 2021		
			Carrying Value	Fair Value	Carrying Value	Fair Value	
<b>A. Financial Assets</b>							
a) Measured at amortised							
(i) Non Current							
(a) Investment in Equity Instruments	7	3	2,323.67	2,323.67	2,581.40	2,581.40	97.27
(b) Bank Balances	8	3	-	-	97.27	97.27	
(c) Other Financial Assets	9	3	228.28	228.28	217.51	217.51	
Sub - Total			2,551.95	2,551.95	2,896.18	2,896.18	
(ii) Current							
(a) Trade Receivables	12	refer note	3,377.41	3,377.41	2,999.43	2,999.43	
(b) Cash and Cash Equivalents	13	43.2	94.64	94.64	846.35	846.35	
(c) Other Bank Balances	14		119.12	119.12	43.84	43.84	
Sub - Total			3,591.17	3,591.17	3,889.62	3,889.62	
Total Financial Assets			6,143.12	6,143.12	6,785.80	6,785.80	
<b>B. Financial Liabilities</b>							
a) Measured at amortised							
(i) Non Current							
(a) Borrowings	18	3	2,684.67	2,684.67	2,162.81	2,162.81	
(ii) Current							
(a) Borrowings	22	refer note	3,289.46	3,289.46	2,275.12	2,275.12	
(b) Trade Payables	23	43.2	7,084.80	7,084.80	5,633.86	5,633.86	
(c) Other Financial Liabilities	24		883.95	883.95	770.21	770.21	
Sub - Total			11,258.21	11,258.21	8,679.18	8,679.18	
Total Financial Liabilities			13,942.88	13,942.88	10,842.00	10,842.00	

**43.1** 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.

**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 values due to their short term nature.

**43.3** The management has assessed that fair value of borrowings approximate largely to their carrying amounts 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 Standalone 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 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.

### 45 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 assess the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

#### 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 concentration 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.

## Notes to the Standalone Financial Statements

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

### (ii) Expected Credit Loss for Trade Receivables under simplified approach

For trade receivables, the Company 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.

#### Following are the Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Gross Carrying Amount	3,483.03	3,083.73
Expected Credit Losses (Loss allowance Provision)	(105.62)	(84.30)
Net Carrying Amount of Trade Receivables	3,377.41	2,999.43

#### 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	2,811.51	568.28	103.24	3,483.03
Expected Loss Rate	3.03%	3.03%	3.03%	3.03%
Expected Credit Losses (Loss Allowance Provision)	(85.26)	(17.23)	(3.13)	(105.62)
Net Carrying Amount of Trade Receivables	2,726.25	551.05	100.11	3,377.41

## 45.2 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
<b>31<sup>st</sup> March, 2022</b>					
Non Current Borrowings (including Current Maturities)	575.68	1,462.49	1,222.18	-	3,260.35
Current Borrowings	2,713.78	-	-	-	2,713.78
Trade Payables	7,084.80	-	-	-	7,084.80
Other Financial Liabilities	883.95	-	-	-	883.95
<b>Total</b>	<b>11,258.21</b>	<b>1,462.49</b>	<b>1,222.18</b>	<b>-</b>	<b>13,942.88</b>



## 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
<b>31<sup>st</sup> March, 2021</b>					
Non Current Borrowings (including Current Maturities)	255.27	771.20	797.74	593.87	2,418.08
Current Borrowings	2,019.85	-	-	-	2,019.85
Trade Payables	5,633.86	-	-	-	5,633.86
Other Financial Liabilities	770.20	-	-	-	770.20
<b>Total</b>	<b>8,679.18</b>	<b>771.20</b>	<b>797.74</b>	<b>593.87</b>	<b>10,842.00</b>

### 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 price. Market price comprises 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
31st March, 2022	0.50%	0.50%	(27.40)	27.40
31st March, 2021	0.50%	0.50%	(12.54)	12.54

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
<b>31st March, 2022</b>				
Trade Receivables	USD	12.54	943.36	75.20
Trade Receivables	EURO	5.09	419.63	85.00
Trade Payables	USD	34.55	2,656.82	76.90
<b>31st March, 2021</b>				
Trade Receivables	USD	12.00	858.12	71.50
Trade Payables	USD	22.73	1,684.02	74.10

### (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	
	31st March, 2022	31st March, 2021
<b>USD Sensitivity</b>		
Rs/USD - Increases by 1%	<b>(12.48)</b>	(19.79)
Rs/USD - Decreases by 1%	<b>12.48</b>	19.79

### (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.

## 46 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.

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.

## Notes to the Standalone Financial Statements

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

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Borrowings including Interest Accrued	5,995.38	4,466.65
Less: Cash and Short Term Deposits	94.64	846.35
<b>Net Debt</b>	<b>5,900.74</b>	<b>3,620.30</b>
Equity	302.33	302.33
Other Equity	14,819.07	12,331.32
Total Equity	15,121.40	12,633.65
<b>Total Capital Employed</b>	<b>21,022.14</b>	<b>16,253.95</b>
Gearing Ratio (Net Debt/((Net Debt +Total Equity)))	0.28	0.22

### 47 Related Party Transactions

#### (a) Key Management Personnel(KMP)

Name	Relationship
Sri TVVSN Murthy	Managing Director
Sri. P. Ramesh Babu	Non Executive Director (upto 28.06.2021)
Sri. T V Praveen	Executive Director
Smt .G.Sudeepthi	Whole-time Director (w.e.f. 02.09.2021)
Sri.P Sarath Kumar	Independent Director
Sri.Venkatasubbarao Potluri	Independent Director
Smt. T. Neelaveni	Independent Director (upto 02.09.2021)
Sri.Shravan Kudaravalli	Independent Director (upto 13.11.2021)
Sri.Mannam Malakondaiah	Independent Director (w.e.f. 13.11.2021)
Sri.Srinivas Samavedam	Independent Director (w.e.f. 13.11.2021)
Sri N Rajendra Prasad	Chief Financial Officer
Mr. Trupti Ranjan Mohanty	Company Secretary

#### (b) Subsidiary Company:

Mahi Drugs Private Limited

#### (c) Enterprises over which KMP are able to Exercise Significant Influence:

Rchem(Somanahalli) Private Limited

#### (d) Other Related parties with whom transactions have taken place during the current year and / or previous year:

SMS Pharmaceuticals Limited

## Notes to the Standalone Financial Statements

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

### (e) Transactions with Related Parties:

Name of the Company	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
	Amount	Amount
<b>Key Management Personnel</b>		
Remuneration <i>(Short Term Employee Benefits)</i>	<b>318.12</b>	312.85
Interest on Unsecured Loan	<b>42.83</b>	43.14
Directors Sitting Fees	<b>18.75</b>	7.00
<b>Subsidiary Company</b>		
Mahi Drugs Private Limited		
Purchase of Goods	<b>2,702.05</b>	1,251.86
Sale of Goods	<b>793.49</b>	157.65
<b>Investment made/(disposed) in Subsidiary</b>		
Mahi Drugs Private Limited	<b>(257.73)</b>	-
<b>Enterprise with Significant Influence</b>		
R-Chem (Somanahalli) Private Limited		
Purchase of Goods	<b>277.43</b>	207.49
Sale of Goods	<b>212.08</b>	84.36
Purchase of Services	<b>1,784.13</b>	1,536.10
<b>Other Related party</b>		
SMS Pharmaceuticals Limited		
Purchase of Goods	-	133.65
Sale of Goods	<b>705.77</b>	5,118.92
<b>Balance (Payable)/Receivable at the year end</b>		
Key Management Personnel		
Remuneration Payable	<b>13.65</b>	6.22
Interest payable	<b>10.44</b>	10.73
Unsecured Loan Payable	<b>495.00</b>	495.00
<b>Subsidiary Company</b>		
Mahi Drugs Private Limited	<b>1,760.76</b>	2,081.90
Corporate Gurantee Given	<b>1,597.74</b>	1,790.87
<b>Enterprise with Significant Influence</b>		
R-Chem (Somanahalli) Private Limited	<b>118.36</b>	271.12
<b>Other Related party</b>		
SMS Pharmaceuticals Limited	<b>46.02</b>	1,374.13

### (f) Note:

- The above transactions are in the ordinary course of business and are at arm's length price.
- 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)

### 48 Contingent Liabilities

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
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	257.85	477.80
Disputed Income Tax Demands	22.62	22.62
Interest dues in respect of disputed demands of Income Tax and Central Excise	156.28	147.27
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	1597.74	1,790.87

#### 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 condition 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 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

### 49 Commitments

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
49.1 Capital Commitments	1,321.44	296.61
49.2 Export Obligations	4,648.55	4,171.32

### 50 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.

## Notes to the Standalone Financial Statements

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

### 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 2021-22		Previous Year 2020-21	
	Revenue	%	Revenue	%
Exports	13,109.71	37.93%	8,800.36	33.82%
Deemed Exports	3,104.45	8.98%	1,486.79	5.71%
Domestic	18,104.39	52.38%	15,652.82	60.14%
Export Incentive	244.26	0.71%	85.58	0.33%
<b>Total</b>	<b>34,562.81</b>	<b>100.00%</b>	<b>26,025.55</b>	<b>100.00%</b>

### 51 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 31st March, 2022	As at 31st March, 2021
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	<b>81.70</b>	26.57
(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	<b>2.43</b>	2.95
(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 company. This has been relied upon by the auditors.

## Notes to the Standalone Financial Statements

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

### 52 Impact of Covid-19 Pandemic

The Company has considered the possible effects that may result from the pandemic relating to COVID-19. With a view to ensure minimal disruption with respect to operations including production and distribution activities, the Company has taken several business continuity measures. While the Company has not experienced any significant difficulties with respect to market demand, liquidity, financing, capital, expansion projects, collections so far, the Company has assessed the financial impact of the Covid 19 situation particularly on the carrying amounts of receivables, inventories, property, plant and equipment and intangible assets. The Company has, as at the date of approval of these standalone financial results, used internal and external sources of information, including economic forecasts and estimates from market sources. On the basis of evaluation and current indicators of future economic conditions, the Company believes that it will be in a position to recover the carrying amounts of these assets and does not anticipate any material impact due to impairment to these financial and non-financial assets. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

### 53 Ratios

The following are analytical ratios for the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021

Particulars	Numerator	Denominator	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021	Variance	Reasons for Variance
Current Ratio	Current Assets	Current Liabilities	1.36	1.29	6%	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.40	0.35	12%	
Debt Service Coverage Ratio	Earnings available for debt service	Debt service	4.57	4.46	2%	
Return on Equity (ROE)	Net profit after taxes	Average Shareholder's Equity	8.4%	4.4%	93%	Variance is due to Exceptional Income
Inventory Turnover Ratio	Revenue from Operations	Average Inventory	4.93	4.34	14%	
Trade Receivables Turnover Ratio	Revenue from Operations	Average Receivables.	10.84	10.01	8%	
Trade Payables Turnover Ratio	Purchases	Average Trade Payables	3.63	2.85	28%	Variance is due to Increase in average Payables
Net Capital Turnover Ratio	Revenue from Operations	Working Capital	7.97	8.55	(7%)	
Net Profit Ratio	Net Profit	Revenue from Operations	7.3%	5.1%	45%	Variance is due to Exceptional Income
Return on Capital Employed (ROCE)	Earnings Before Interest and Taxes (EBIT)	Capital Employed	17.0%	13.2%	29%	Variance is due to Exceptional Income
Return on Investment	Income generated from investments	Investment	-	-	-	-

## Notes to the Standalone Financial Statements

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

### 54 Other statutory information

- i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- ii) The Company does not have any transactions with companies struck off.
- iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- v) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- viii) The Company has not any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

**55** Figures have been rounded of to the nearest rupees in Lakhs

**56** 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

**GVL PRASAD**

Partner

M.No.026548

Place : Hyderabad

Date : 28-05-2022

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 Audit of the Consolidated Ind AS Financial Statements

#### Opinion

We have audited the Consolidated Financial Statements of **SMS Lifesciences India Limited** (hereinafter referred to as "the holding Company") and its Subsidiary (Holding Company and its Subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31 March 2022, and the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at 31 March 2022, of its Consolidated Profit and other comprehensive loss, Consolidated changes in equity and Consolidated Cash flows for the year then ended.

#### 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

#### Key Audit Matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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" (revenue accounting standard)	<p>Principal Audit Procedures</p> <p>We assessed the Company's process to identify the impact of adoption of the 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"> <li>• Evaluated the design of internal controls relating to implementation of the revenue accounting standard.</li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
		<ul style="list-style-type: none"> <li>• 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.</li> <li>• Selected a sample of continuing and new contracts and performed the following procedures:               <ol style="list-style-type: none"> <li>1. Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>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.</li> </ol> </li> </ul>

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated 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 Consolidated Financial Statements, our responsibility is to read the other information, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

**Management's Responsibilities for the Consolidated 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 and presentation of these Consolidated Financial Statements that give a true and fair view of the Consolidated Financial position, Consolidated Financial performance including other comprehensive income, Consolidated changes in equity and Consolidated Cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Boards of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 Financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Boards of Directors of the Companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 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 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 company 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 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 Financial Statements, including the disclosures, and whether the Consolidated 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 Financial Statements.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated 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 Financial Statements.

We communicate with those charged with governance of the Company and such other entities included in the Consolidated 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 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.

#### **Other Matter**

- (a) The accompanying Consolidated Financial Statements include the Financial statements and other Financial information in respect of one subsidiary which reflect total assets of Rs.8,710.74 lacs as at March 31, 2022, and total revenues of Rs.3,204.31 lacs and net cash inflows of Rs.(3.32) lacs for the year ended on that date it has been audited by us.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit 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 of the aforesaid Consolidated Financial Statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
  - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Company as on March 31, 2022 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its Subsidiary Company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2022 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 and the operating effectiveness of such controls; refer to our separate Report in “Annexure A” which is based on the auditors’ reports of the Company and its Subsidiary Company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- 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.

- 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i) The Consolidated Financial Statements disclose the impact of pending litigations on the Consolidated Financial position of the Group.
  - ii) Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii) There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022.
  - iv) (a) The respective Managements of the Company and its Subsidiary which are companies incorporated in India, whose Financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such Subsidiary to or in any other person or entity, including foreign entity (“Intermediaries”),with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such Subsidiary (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The respective Managements of the Company and its Subsidiary which are companies incorporated in India, whose Financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such Subsidiary from any person or entity, including foreign entity (“Funding Parties”),with the understanding, whether recorded in writing or otherwise, that the Company or any of such Subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its Subsidiary which are companies incorporated in India whose Financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its Subsidiary included in the Consolidated Financial Statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

Place: Hyderabad  
Date: 28.05.2022

UDIN: 22026548AJUMPW3745

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

**GVL Prasad**  
Partner  
M. No. 026548

## **Annexure “A” to the Independent Auditor’s Report**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **SMS Lifesciences India Limited** of even date)

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

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2022, we have audited the internal Financial controls over Financial reporting of SMS Lifesciences India Limited (hereinafter referred to as the “Company”) and its Subsidiary company, which are companies incorporated in India, as of that date.

### **Management’s Responsibility for Internal Financial Controls**

The respective Boards of Directors of the Company and its Subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal Financial controls based on the internal control over Financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal Financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Act.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its Subsidiary company, which are companies incorporated in India, 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”) issued by the Institute of Chartered Accountants of India (“ICAI”) and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal Financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its Subsidiary company, which are companies incorporated in India.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company’s internal financial control over Financial reporting is a process designed to provide reasonable assurance regarding the reliability of Financial reporting and the preparation of Financial statements for external purposes

in accordance with generally accepted accounting principles. A company's internal Financial control over Financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial statements in accordance with generally accepted accounting principles, and that 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 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 and to the best of our information and according to the explanations given to us, the Company and its Subsidiary company, which are companies incorporated in India, have 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, 2022 based on the criteria for internal Financial control over Financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Place: Hyderabad  
Date: 28.05.2022

UDIN: 22026548AJUMPW3745

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

**GVL Prasad**  
Partner  
M. No. 026548



## Consolidated Balance Sheet as at 31<sup>st</sup> March, 2022

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

Sl. No.	Particulars	Note	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
<b>I ASSETS</b>				
<b>1 Non-Current Assets</b>				
(a)	Property, Plant and Equipment	4	<b>13,960.67</b>	11,228.46
(b)	Right-of-use Assets	5A	<b>230.66</b>	39.89
(c)	Capital Work-in-Progress	4	<b>5,118.04</b>	3,831.19
(d)	Goodwill	6A	-	1,694.79
(e)	Other Intangible Assets	6B	<b>11.38</b>	14.46
(f)	Financial Assets			
(i)	Investments	7	<b>4.11</b>	4.11
(ii)	Bank Balances	8	-	97.27
(iii)	Other Financial Assets	9	<b>271.27</b>	246.95
(g)	Other Non-Current Assets	10	<b>477.09</b>	443.95
	<b>Total</b>		<b>20,073.22</b>	<b>17,601.07</b>
<b>2 Current Assets</b>				
(a)	Inventories	11	<b>8,481.11</b>	6,163.18
(b)	Financial Assets			
(i)	Trade Receivables	12	<b>3,383.16</b>	3,415.02
(ii)	Cash and Cash Equivalents	13	<b>98.60</b>	853.63
(iii)	Bank Balances other than (ii) above	14	<b>340.60</b>	252.75
(c)	Other Current Assets	15	<b>3,298.09</b>	1,944.08
	<b>Total</b>		<b>15,601.56</b>	<b>12,628.66</b>
	<b>Total Assets</b>		<b>35,674.78</b>	<b>30,229.73</b>
<b>II EQUITY AND LIABILITIES</b>				
<b>1 EQUITY:</b>				
(a)	Equity Share Capital	16	<b>302.33</b>	302.33
(b)	Other Equity	17	<b>14,920.90</b>	12,619.29
	<b>Total Equity Attributable to Equity Share Holders of the Parent company</b>		<b>15,223.23</b>	12,921.62
	<b>Non Controlling Interests</b>		<b>1,269.70</b>	-
	<b>Total</b>		<b>16,492.93</b>	<b>12,921.62</b>

(Contd.)

## Consolidated Balance Sheet as at 31<sup>st</sup> March, 2022 (Contd.)

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

Sl. No.	Particulars	Note	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
<b>2</b>	<b>LIABILITIES</b>			
<b>A</b>	<b>Non-Current Liabilities</b>			
(a)	Financial liabilities			
(i)	Borrowings	18	<b>4,033.20</b>	3,914.11
(ii)	Lease Liabilities	5B	<b>185.33</b>	-
(b)	Other Non Current Liabilities.	19	-	600.00
(c)	Provisions	20	<b>350.84</b>	303.58
(d)	Deferred Tax Liabilities (Net)	21	<b>1,068.43</b>	1,082.69
	<b>Total</b>		<b>5,637.80</b>	<b>5,900.38</b>
<b>B</b>	<b>Current Liabilities</b>			
(a)	Financial Liabilities			
(i)	Borrowings	22	<b>3,693.33</b>	2,506.70
(ii)	Lease Liabilities	5B	<b>47.89</b>	47.77
(iii)	a. Trade Payables - MSME	23	<b>89.36</b>	30.56
	b. Trade Payables Otherthan MSME	23	<b>7,699.79</b>	6,083.75
(iv)	Other Financial Liabilities	24	<b>1,282.47</b>	938.06
(b)	Provisions	20	<b>98.45</b>	82.58
(c)	Other Current Liabilities	25	<b>545.02</b>	1,660.12
(d)	Current Tax Liabilities (Net)	26	<b>87.74</b>	58.19
	<b>Total</b>		<b>13,544.05</b>	<b>11,407.73</b>
	<b>Total Liabilities</b>		<b>19,181.85</b>	<b>17,308.11</b>
	<b>Total Equity and Liabilities</b>		<b>35,674.78</b>	<b>30,229.73</b>
	<b>Significant Accounting Policies</b>	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 : 28-05-2022

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 31<sup>st</sup> March, 2022

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

Sl. No.	Particulars	Note	Current Year 2021-22	Previous Year 2020-21
<b>1</b>	<b>Income</b>			
	Revenue from Operations	27	34,974.45	26,559.18
	Other Income	28	206.65	178.10
	<b>Total Income</b>		<b>35,181.10</b>	<b>26,737.28</b>
<b>2</b>	<b>Expenses</b>			
	Cost of Materials Consumed	29	20,447.12	13,516.65
	Changes in Inventories	30	(978.55)	187.20
	Manufacturing Expenses	31	6,507.39	5,020.67
	Employee Benefits Expense	32	3,990.21	3,065.81
	Finance Costs	33	617.39	452.93
	Depreciation and Amortization Expense	34	1,000.60	786.16
	Other Expenses	35	1,593.07	1,751.11
	<b>Total Expenses</b>		<b>33,177.23</b>	<b>24,780.53</b>
<b>3</b>	<b>Profit Before Exceptional and Extraordinary Items and Tax (1-2)</b>		<b>2,003.87</b>	<b>1,956.75</b>
<b>4</b>	<b>Exceptional / Extraordinary Items</b>	36	1,269.22	-
<b>5</b>	<b>Profit Before Tax (3+4)</b>		<b>3,273.09</b>	<b>1,956.75</b>
<b>6</b>	<b>Tax Expense</b>			
	(a) Current Tax			
	(i) relating to Current Year	37	850.00	526.50
	(ii) relating to Earlier Year		(94.13)	(38.93)
	(b) Deferred Tax		(12.76)	113.52
	<b>Total Tax Expense</b>		<b>743.11</b>	<b>601.09</b>
<b>7</b>	<b>Profit for the Year (5-6)</b>		<b>2,529.98</b>	<b>1,355.66</b>

(Contd.)

## Consolidated Statement of Profit and Loss (Contd.)

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

Sl. No.	Particulars	Note	Current Year 2021-22	Previous Year 2020-21
	<b>Other Comprehensive Income/(Loss)</b>			
	<b>Items that will not be reclassified to Profit/(Loss)</b>			
8	Remeasurement Gain/(Loss) of the defined benefit plans	38	(5.09)	(10.39)
9	Income Tax effect on the above		1.51	3.05
10	<b>Other Comprehensive Income /(Loss) after tax for the Year (8-9)</b>		(3.58)	(7.34)
11	<b>Total Comprehensive Income/(Loss) for the Year (7+10)</b>		2,526.40	1,348.32
	<b>Profit for the year attributable to:</b>			
	Equity holders of the parent		2,532.21	1,355.66
	Non-controlling interests		(2.23)	-
	<b>Total comprehensive income for the year attributable to:</b>			
	Equity holders of the parent		2,528.63	1,348.32
	Non-controlling interests		(2.23)	-
12	<b>Earnings per Share (Face Value of Rs.10/- each)</b>	39		
	<b>Basic / Diluted</b>			
	(i) Including Exceptional Income		83.61	44.84
	(ii) Excluding Exceptional Income		49.90	44.84
	<b>Significant Accounting Policies</b>	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 : 28-05-2022

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 Changes in Equity for the Year Ended 31<sup>st</sup> March, 2022

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

### a. Equity Share Capital

Particulars	as at 31 <sup>st</sup> March, 2022		as at 31 <sup>st</sup> March, 2021	
	Number of Shares	Amount	Number of Shares	Amount
At the Beginning of the Year	3,023,287	302.33	3,023,287	302.33
<b>Changes in Equity Share Capital</b>	-	-	-	-
<b>At the End of the Year</b>	<b>3,023,287</b>	<b>302.33</b>	<b>3,023,287</b>	<b>302.33</b>

### b. Other Equity

	Capital Reserve	General Reserve	Retained Earnings	Non Controlling Interests	Total Other Equity
<b>Balance as at 01<sup>st</sup> April, 2020</b>	1.00	6,516.02	4,753.95	-	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 to General Reserve	-	100.00	-	-	100.00
Transferred from Retain Earnings	-	-	(100.00)	-	(100.00)
<b>Total Comprehensive Income for the Year</b>	-	100.00	1,248.32	-	1,348.32
<b>Balance as at 31<sup>st</sup> March, 2021</b>	1.00	6,616.02	6,002.27	-	12,619.29
<b>Balance as at 01<sup>st</sup> April, 2021</b>	1.00	6,616.02	6,002.27		12,619.29
Profit for the Year	-	-	2,532.21	(2.23)	2,529.98
Issuance of additional Equity in Subsidiary	-	-	-	1,271.93	1,271.93
Effect of dilution of Equity in Subsidiary	-	-	(397.81)	-	(397.81)
Addition on account of dilution of Equity in Subsidiary	216.13	-	-	-	216.13
Dividend Paid	-	-	(45.35)	-	(45.35)
Other Comprehensive Income for the Year, net of Income Tax	-	-	(3.58)	-	(3.58)
Transferred to General Reserve	-	200.00	-	-	200.00
Transferred from Retain Earnings	-	-	(200.00)	-	(200.00)
<b>Total Comprehensive Income for the Year</b>	216.13	200.00	1,885.47	1,269.70	3,571.30
<b>Balance as at 31<sup>st</sup> March, 2022</b>	217.13	6,816.02	7,887.75	1,269.70	16,190.60

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 : 28-05-2022

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 Cash Flow for the Year Ended 31<sup>st</sup> March, 2022

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

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>A. Cash Flow from Operating Activities</b>		
Profit Before Income Tax	2,003.87	1,956.75
<b>Adjustments for:</b>		
Depreciation and amortisation expense	1,000.60	786.16
Interest Income classified as Investing Cash Flows	(21.16)	(31.68)
Allowance for Doubtful Debts	21.32	(11.66)
Interest on Non Current Borrowings	303.85	260.02
Interest on Unsecured Loans	42.83	-
Provision for Employee Benefits	58.03	22.69
Term Loan Processing Fee	1.54	4.97
Profit on Sale of Assets	(9.07)	(1.06)
Loss on Sale of Assets	0.41	-
Interest on Leased Premises	6.79	8.18
	<b>3,409.02</b>	<b>2,994.37</b>
<b>Change in Operating Assets and Liabilities</b>		
(Increase)/Decrease in Trade Receivables	10.53	(1,205.80)
(Increase)/Decrease in Inventories	(2,419.50)	266.65
Increase/(Decrease) in Trade Payables	1,735.71	1,701.06
(Increase)/Decrease in Other Non Current Financial Assets	(24.32)	(105.58)
(Increase)/Decrease in Other Non Current Asset	(33.13)	(114.67)
(Increase)/Decrease in Other Current Financial Assets	(28.25)	-
(Increase)/Decrease in Other Current Asset	(2,793.63)	(4,378.06)
(Increase)/Decrease in Other Current Financial Asset	-	26.82
(Increase) Decrease in Prepaid Taxes	44.45	-
Increase/(Decrease) in Other Non Current Liabilities	(600.00)	-
Increase/(Decrease) in Other Current Financial Liabilities	15.67	27.28
Increase/(Decrease) in Other Current Liabilities	330.12	4,798.35
	<b>(3,762.35)</b>	<b>1,016.05</b>
<b>Cash generated from Operations</b>	<b>(353.33)</b>	4,010.42
Income Tax Paid	(770.77)	(493.44)
<b>Net Cash Inflow from Operating Activities "A"</b>	<b>(1,124.10)</b>	<b>3,516.98</b>

(Contd.)

## Consolidated Statement of Cash Flow (Contd.)

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

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>B. Cash flows from Investing Activities</b>		
Purchase for Property, Plant and Equipment	(5,115.31)	(3,555.64)
Proceeds from sale of Property, Plant and Equipment	963.58	8.67
Proceeds from sale of Investments	3,378.59	-
Advance Received for sale of Asset	-	600.00
Margin Money Deposits	37.68	105.91
Fixed Deposits Made	0.01	(201.95)
Proceeds from Fixed Deposits	-	380.79
Interest Received on Margin Money Deposit	21.17	38.74
<b>Net Cash Inflow/(Outflow) from Investing Activities - "B"</b>	<b>(714.28)</b>	<b>(2,623.48)</b>
<b>C. Cash flows from Financing Activities</b>		
Proceeds from Long Term Borrowings	1,169.46	677.59
Repayment of Long Term Borrowings	(731.49)	(550.59)
Proceeds from Short Term Borrowings	866.22	-
Repayment of Short term Borrowings	-	(76.10)
Repayment of Lease Liability	178.66	(54.00)
Interest paid	(354.15)	(251.55)
Dividends paid to company's shareholders	(45.35)	-
<b>Net Cash Inflow/(Outflow) from Financing Activities - "C"</b>	<b>1,083.35</b>	<b>(254.65)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents - (A+B+C)</b>	<b>(755.03)</b>	638.85
Cash and Cash Equivalents at the beginning of the Financial Year	853.63	214.78
<b>Cash and Cash Equivalents at End of the Year (Refer Note: 13)</b>	<b>98.60</b>	<b>853.63</b>

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.

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 : 28-05-2022

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 in 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 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, 31<sup>st</sup> March, 2022. These Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022 were authorized and approved for issue by the Board of Directors on 28<sup>th</sup> May, 2022.

#### 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 M/s. SMS Lifesciences India Ltd and its wholly owned Subsidiary Company, M/s. Mahi Drugs Pvt Ltd, Parawada, Visakhapatnam.

Subsidiaries are all entities that are controlled by the Company. 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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

#### Changes in ownership interests:

Acquisition of some or all of the NCI is accounted for as a transaction with equity holders in their capacity as equity holders. Consequently, the difference arising between the fair value of the purchase consideration paid and the carrying value of the NCI is recorded as an adjustment to retained earnings that is attributable to the parent company. The associated cash flows are classified as financing activities. No goodwill is recognized as a result of such transactions.

#### 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.
- 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.

#### 2.4 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

### 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 revenue is derived from sale of goods, sale of services. Most of such revenue is generated from the sale of goods. The Company has generally concluded that it is the principal in its revenue arrangements.

**(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.

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 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 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. Intangibles Assets:**

Intangible assets consist of goodwill, other intangibles, and product development costs.

**3.4. A. Goodwill:**

Goodwill represents the excess of purchase consideration over the net book value of assets acquired of the subsidiary companies as on the date of investment. Goodwill is not amortised but is tested for impairment on a periodic basis and impairment losses are recognised wherever applicable.

**3.4 B. Other 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:**

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

- The contract involves use of an identified asset, whether specified explicitly or implicitly;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- The Company has right to direct the use of the asset by either having right to operate the asset or the Company having designed the asset in a way that predetermines how and for what purpose it will be used.

**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., 1<sup>st</sup> 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.

The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment or expense in the period that includes the enactment or substantive enactment date.

**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):**

Tax on Dividends declared by the Company is recognized as an appropriation of Profit. Dividend Distribution Tax is not applicable from 1<sup>st</sup> April, 2020.

**3.12 Non-current assets held for sale:**

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented separately in the Balance Sheet as "Assets Classified as held of Sale". Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.



### 3.13 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.

### 3.14 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.

### 3.15 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.

### 3.16 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.

### 3.17 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.

### 3.18 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.

### 3.19 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. 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.

### 3.20 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.

### 3.21 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 expenditure to be capitalized includes the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in the statement of profit and loss as and when incurred. As at 31<sup>st</sup> March, 2022, none of the development expenditure amounts has met the aforesaid recognition criteria.

### 3.22 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.

### **3.23 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.

### **3.24 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.

### **3.25 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.

### **3.26 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.

### 3.27 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 Group based on 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.

**3.28 Recent Accounting Pronouncements:**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022. These amendments are not expected to have a material impact on the standalone financial statements of the Company.

**3.29 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)
<b>I. Year ended 31<sup>st</sup> March, 2021</b>											
<b>a. Gross Carrying Amount</b>											
1. Opening Gross Carrying Amount	539.08	2,822.78	9,494.02	94.11	69.36	96.73	20.46	164.75	34.21	13,335.50	1,576.24
2. Additions	-	161.95	1,142.64	0.30	20.44	8.36	3.40	21.48	0.21	1,358.78	3,628.66
3. Disposals	-	-	(39.09)	-	-	-	-	(11.08)	-	(50.17)	(4,373.71)
4. Closing Gross Carrying Amount as at 31 <sup>st</sup> March, 2021(1+2-3)	539.08	2,984.73	10,597.57	94.41	89.80	105.09	23.86	175.15	34.42	14,644.11	3,831.19
<b>b. Accumulated Depreciation and Impairment</b>											
5. Opening Accumulated Depreciation	-	346.35	2,175.63	56.46	41.26	24.89	5.34	62.41	10.59	2,722.93	-
6. Depreciation Charge during the Year	-	106.87	573.38	2.84	11.60	9.48	2.93	22.47	5.69	735.26	-
7. Disposals	-	-	(33.84)	-	-	-	-	(8.70)	-	(42.54)	-
8. Closing Accumulated Depreciation and Impairment as at 31 <sup>st</sup> March, 2021 (5+6+7)	-	453.22	2,715.17	59.30	52.86	34.37	8.27	76.18	16.28	3,415.65	-
<b>c. Net Carrying Amount as at 31<sup>st</sup> March, 2021 (4-8)</b>	539.08	2,531.51	7,882.40	35.11	36.94	70.72	15.59	98.97	18.14	11,228.46	3,831.19

## 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 Equipment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>II. Year ended 31<sup>st</sup> March, 2022</b>											
<b>a. Gross Carrying Amount</b>											
1 Opening Gross Carrying Amount	539.08	2,984.73	10,597.57	94.41	89.80	105.09	23.86	175.15	34.42	14,644.11	3,831.19
2 Additions	221.16	1,048.40	2,450.45	-	47.23	81.38	1.65	11.48	0.20	3,861.95	5,148.82
3 Disposals/Transfers	(17.63)	(174.85)	(816.18)	-	(0.28)	(12.28)	(6.68)	(10.75)	-	(1,038.65)	(3,861.96)
4 Closing Gross Carrying Amount as at 31 <sup>st</sup> March, 2022 (1+2+3)	742.61	3,858.28	12,231.84	94.41	136.75	174.19	18.83	175.88	34.62	17,467.41	5,118.04
<b>b. Accumulated Depreciation</b>											
5 Opening Accumulated Depreciation	-	453.22	2,715.17	59.30	52.86	34.37	8.27	76.18	16.28	3,415.65	-
6 Depreciation Charge during the year	-	134.30	748.21	2.77	18.27	14.38	4.15	24.26	5.71	952.05	-
7 Disposals/Transfers/Adjustments	-	(126.72)	(705.95)	-	(0.28)	(12.28)	(6.68)	(9.05)	-	(860.97)	-
8 Closing Accumulated Depreciation and Impairment as at 31 <sup>st</sup> March, 2022 (5+6+7)	-	460.80	2,757.43	62.07	70.85	36.47	5.74	91.39	21.99	3,506.74	-
<b>c. Net Carrying Amount as at 31<sup>st</sup> March, 2022 (4-8)</b>	742.61	3,397.48	9,474.41	32.34	65.90	137.72	13.09	84.49	12.63	13,960.67	5,118.04

4.1 Property, Plant and Equipment includes assets relating to Research and Development activities (Refer Note 42)

4.2 Refer Note 41 for information on Property, Plant and Equipment pledged as security by the Group.

4.3 Refer Note 49.1 for disclosure of contractual commitments for acquisition of property, plant and equipment.

## Notes to the Consolidated Financial Statements

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

### 4.4 Capital Work -in-Progress (CWIP) ageing Schedule

For the year ended 31<sup>st</sup> March, 2022

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in Progress	4,550.61	557.07	10.36	-	5,118.04
Projects temporarily suspended	-	-	-	-	-
Balance ast at 31st March, 2022	4,550.61	557.07	10.36	-	5,118.04

For the year ended 31<sup>st</sup> March, 2021

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Project in Progress	2,309.87	1,341.69	179.63	-	3,831.19
Projects temporarily suspended	-	-	-	-	-
Balance ast at 31st March, 2021	2,309.87	1,341.69	179.63	-	3,831.19

## Note No. 5: Right of Use Assets and Lease Liabilities

### 5.A Right of Use Assets

Following are the changes in the carrying value of Right Of Use Assets for the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Opening Balance	39.89	86.95
Additions	235.66	-
Depreciation	44.88	47.06
<b>Closing Balance</b>	<b>230.66</b>	<b>39.89</b>

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.



## Notes to the Consolidated Financial Statements

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

### 5.B Lease Liabilities

The following is the movement in lease liabilities during the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Opening Balance	47.77	93.59
Additions	240.69	-
Finance cost accrued during the year	6.79	8.18
Payment of lease liabilities	62.02	54.00
<b>Closing Balance</b>	<b>233.22</b>	<b>47.77</b>
Closing balance of Liability		
Current Liability	47.89	47.77
Non Current Liability	185.33	-
<b>Total</b>	<b>233.22</b>	<b>47.77</b>

The table below provides details regarding the contractual maturities of lease liabilities as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March 2021 on discounted basis

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Within one year	47.89	47.77
After One year up to five years	185.33	-
More than five years	-	-
<b>Total</b>	<b>233.22</b>	<b>47.77</b>

The following are the amounts recognised in the statement of Profit and Loss.

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Depreciation expense on Right -of- use assets	44.88	47.06
Interest Expense on lease Liabilities	6.79	8.18
Expense relating to short term leases and low value assets (included in Other expenses)	0.17	1.02
<b>Total</b>	<b>51.84</b>	<b>56.26</b>

Lease agreement of office premises initially entered for three years in 2019, further extended for another Four years and it expires by 31<sup>st</sup> January 2026.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations 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 Consolidated Financial Statements

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

Note No.	Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>6A</b>	<b>Good Will</b>		
	<b>Gross Carrying Value (at Cost)</b>		
	At the beginning of the year	1,694.79	1,694.79
	Adjustments	<u>(1,694.79)</u>	-
	At the end of the year	<u>-</u>	<u>1,694.79</u>

**6A.1** Good will amount represents acquisition cost incurred over the value of assets of M/s Mahi Drugs Pvt Limited, a Wholly Owned Subsidiary in earlier years. Adjustment is due to dilution of Equity of the said subsidiary.

### Note No. 6B: Other Intangible Assets

Particulars	Computer Software
(1)	(2)
<b>I Year ended 31<sup>st</sup> March, 2021</b>	
<b>a. Gross Carrying Amount</b>	
1 Opening Gross Carrying Amount	22.39
2 Additions	-
3 Disposals	-
4 <b>Closing Gross Carrying Amount as at 31<sup>st</sup> March, 2021 (1+2+3)</b>	<u><b>22.39</b></u>
<b>b. Accumulated Amortisation and Impairment</b>	
5 Opening Accumulated Amortisation	4.10
6 Amortisation Charge during the period	3.83
7 Disposals	-
8 <b>Closing Accumulated Amortisation and Impairment as at 31<sup>st</sup> March, 2021 (5+6+7)</b>	<u><b>7.93</b></u>
<b>c. Closing Net Carrying Amount as at 31<sup>st</sup> March, 2021 (4-8)</b>	<u><u><b>14.46</b></u></u>
<b>II Year ended 31<sup>st</sup> March, 2022</b>	
<b>a. Opening Gross Carrying Amount</b>	
1 Opening Gross Carrying Amount	22.39
2 Additions	0.57
3 Disposals	-
4 <b>Closing Gross Carrying Amount as at 31<sup>st</sup> March, 2022 (1+2+3)</b>	<u><b>22.96</b></u>
<b>b. Accumulated Amortisation and Impairment</b>	
5 Opening Accumulated Amortisation	7.93
6 Amortisation Charge during the period	3.65
7 Disposals	-
8 <b>Closing Accumulated Amortisation and impairment as at 31<sup>st</sup> March, 2022 (5+6+7)</b>	<u><b>11.58</b></u>
<b>c. Closing Net Carrying Amount as at 31<sup>st</sup> March, 2022 (4-8)</b>	<u><u><b>11.38</b></u></u>

## 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 <sup>st</sup> March, 2022		as at 31 <sup>st</sup> March, 2021	
		Shares	Amount	Shares	Amount
<b>7</b>	<b>Non-Current Investments</b>				
	(Un quoted, fully paid up carried at cost)				
	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
	<b>Total</b>		<b>4.11</b>		<b>4.11</b>
	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 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
<b>8</b>	<b>Bank Balances</b>				
	Margin Money Deposits		-		97.27
	<b>Total</b>		-		97.27
<b>8.1</b>	Margin Money deposits are subject to the first charge against letter of credits.				
<b>9</b>	<b>Other Non-Current Financial Assets</b>				
	Deposits Recoverable		271.27		246.95
	<b>Total</b>		<b>271.27</b>		<b>246.95</b>
<b>10</b>	<b>Other Non-Current Assets</b>				
	Capital Advances		477.09		443.95
	<b>Total</b>		<b>477.09</b>		<b>443.95</b>

**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, the developer. 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 Consolidated Financial Statements

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

Note No.	Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
<b>11</b>	<b>Inventories</b>		
	(Cost or Net Realisable Value, whichever is lower and as valued and certified by the Management)		
	(a) Raw Materials (including packing materials)	4,069.72	2,622.31
	(b) Stock in Process	1,699.56	1,365.89
	(c) Finished Goods	2,699.63	2,156.32
	(d) Coal & Fuel	12.21	18.66
	<b>Total</b>	<b>8,481.11</b>	<b>6,163.18</b>

**11.1** Rawmaterials includes Port Stock of Rs. 584.51 Lakhs (31<sup>st</sup> March, 2021 Rs. Nil) and Stock in Transit of Rs.61.33 Lakhs (31<sup>st</sup> March, 2021 Rs. 49.22 Lakhs).

**11.2** Finished Goods includes stock in transit of Rs.1220.91 Lakhs (31<sup>st</sup> March, 2021 Rs.944.44 Lakhs).

## 12 Trade Receivables

### Unsecured

Considered good	3,329.78	2,040.84
Receivable from related parties (Refer Note:12.e)	53.38	1374.18
Credit impaired	105.62	84.30
	<b>3,488.78</b>	3,499.32
Less: Allowance for Doubtful Debts	<b>(105.62)</b>	(84.30)
<b>Total</b>	<b>3,383.16</b>	3,415.02

- a) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.
- b) Trade receivables are non-interest bearing and are generally having credit period of 30-120 days.
- c) Of the trade receivables balance of Rs. 2,217.28 Lakhs in aggregate (31<sup>st</sup> March, 2021 Rs.2,868.40 Lakhs) is due from the Company's customers individually representing more than 5% of the total trade receivables.
- d) The Company has used practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience In calculating expected credit loss , the Company has also taken into account estimates of possible effect from the pandemic relating to COVID-19.
- e) Trade Receivables Includes due from SMS Pharmaceuticals Limited of Rs. 46.02 Lakhs (Previous year Rs. 1,374.13 Lakhs) and due from R Chem (Somanahalli) Private Limited of Rs. 7.36 Lakhs (previous year Rs. Nil) both are related parties.

## Notes to the Consolidated Financial Statements

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

### Movement in the expected credit loss allowance

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Balance at the beginning of the year	84.30	95.96
Movement in expected credit loss allowance on trade receivables	21.32	(11.66)
<b>Balance at the end of the year</b>	<b>105.62</b>	<b>84.30</b>

### Trade Receivables ageing schedule for the year ended 31<sup>st</sup> March, 2022

Particulars	Outstanding from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade Receivables - Considered good	3,277.66	102.59	-	-	2.91	3,383.16
ii) Undisputed Trade Receivables - Which have significant increase in Credit Risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit impaired	102.49	3.04	-	-	0.09	105.62
iv) Disputed Trade receivables	-	-	-	-	-	-
<b>Total</b>	<b>3,380.15</b>	<b>105.63</b>	<b>-</b>	<b>-</b>	<b>3.00</b>	<b>3,488.78</b>

### Trade Receivables ageing schedule for the year ended 31<sup>st</sup> March, 2021

Particulars	Outstanding from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade Receivables - Considered good	3,341.72	59.50	1.64	12.16	-	3,415.02
ii) Undisputed Trade Receivables - Which have significant increase in Credit Risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit impaired	83.74	0.17	0.05	0.34	-	84.30
iv) Disputed Trade receivables	-	-	-	-	-	-
<b>Total</b>	<b>3,425.46</b>	<b>59.67</b>	<b>1.69</b>	<b>12.50</b>	<b>-</b>	<b>3,499.32</b>

## Notes to the Consolidated Financial Statements

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

Note No.	Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
<b>13</b>	<b>Cash and Cash Equivalents</b>		
	(a) Balances with Banks		
	- in Current Accounts	18.88	27.75
	- in EEFC account	75.21	72.70
	(b) Deposits with Maturity of less than three months	-	751.00
	(c) Cash in Hand	4.51	2.18
	<b>Total</b>	<b>98.60</b>	<b>853.63</b>
<b>14</b>	<b>Bank Balances other than Cash and Cash Equivalents</b>		
	Margin Money Deposit	103.06	43.46
	Fixed Deposit	221.48	208.91
	Unclaimed Dividend	0.56	0.38
	Unspent CSR Expenditure Account	15.50	-
	<b>Total</b>	<b>340.60</b>	<b>252.75</b>
<b>14.1</b>	Margin Money deposits are subject to the first charge against Bank Guarantee and / or letter of credits.		
<b>15</b>	<b>Other Current Assets</b>		
	(Unsecured Considered Good)		
	GST Credit Receivable	2,155.71	1,077.41
	Advance to Suppliers	704.00	717.11
	Export Benefits Receivable	73.01	21.25
	Income Tax Refund Receivable	52.23	35.12
	Prepaid Expenses	217.76	53.48
	Interest Receivable	7.87	7.86
	Other Advances and Receivables	87.51	31.85
	<b>Total</b>	<b>3,298.09</b>	<b>1,944.08</b>

**15.1** Advance to Suppliers includes an amount of Rs.111.00 Lakhs (31<sup>st</sup> March, 2021 Rs. 271.11 Lakhs) to M/s. R Chem (Somanahalli) Pvt Ltd, a related Party.

**15.2** Prepaid Expenses Includes an amount of Rs. 174.24 Lakhs paid to Pollution Control Board in connection with expanding capacities of the parent Company at Kazipalli facility.

## Notes to the Consolidated Financial Statements

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

Note No.	Particulars	as at 31 <sup>st</sup> March, 2022		as at 31 <sup>st</sup> March, 2021	
		Number of shares	Amount	Number of shares	Amount
<b>16</b>	<b>Equity Share Capital</b>				
	<b>Authorised Share Capital</b>				
	Equity Shares of Rs. 10/- each	<b>35,00,000</b>	<b>350.00</b>	35,00,000	350.00
	<b>Issued, Subscribed and fully Paid Up</b>				
	Equity Shares of Rs. 10/- each	<b>30,23,287</b>	<b>302.33</b>	30,23,287	302.33
	<b>Total</b>	<b>30,23,287</b>	<b>302.33</b>	<b>30,23,287</b>	<b>302.33</b>

**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 <sup>st</sup> March, 2022		as at 31 <sup>st</sup> March, 2021	
	Number of shares	Amount	Number of shares	Amount
<b>Equity Shares</b>				
At the beginning of the Year	<b>30,23,287</b>	<b>302.33</b>	30,23,287	302.33
Issued/(Reduced) during the Year	-	-	-	-
<b>At the end of the Year</b>	<b>30,23,287</b>	<b>302.33</b>	<b>30,23,287</b>	<b>302.33</b>

### 16.3 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.

### 16.4 Details of shareholders holding more than 5% shares in the company

Particulars	as at 31 <sup>st</sup> March, 2022		as at 31 <sup>st</sup> March, 2021	
	Number of shares	% Holding	Number of shares	% Holding
Talluri Annapurna	<b>7,42,436</b>	<b>24.56</b>	7,35,584	24.33
TVVSN Murthy**	<b>7,07,224</b>	<b>23.39</b>	7,07,224	23.39
Ramesh Babu Potluri	<b>2,40,190</b>	<b>7.94</b>	2,40,190	7.94
	<b>16,89,850</b>	<b>55.89</b>	<b>16,82,998</b>	<b>55.66</b>

\*including 2,27,190 Shares ( 2,27,190 Shares as at 31<sup>st</sup> March, 2021) held in the capacity of Karta of HUF

## Notes to the Consolidated Financial Statements

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

### 16.5 Details of shares held by the promoters of the Company

Equity shares held by the promoters as at 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2021

Particulars	As at 31 <sup>st</sup> March, 2022			As at 31 <sup>st</sup> March, 2021		
	Number of shares	% holding	% Changes during the year	Number of shares	% holding	% Changes during the year
TVVSN Murthy	4,80,034	15.88%	-	4,80,034	15.88%	63.38%
TVVSN Murthy – HUF	2,27,190	7.51%	-	2,27,190	7.51%	59.78%
Ramesh Babu Potluri	2,40,190	7.94%	-	2,40,190	7.94%	(53.64%)
Suresh Babu Potluri	2,539	0.08%	(0.09%)	5,151	0.17%	-
Hima Bindu Potluri	83,333	2.76%	-	83,333	2.76%	(71.45%)
Annapurna Talluri	7,42,436	24.56%	0.23%	7,35,584	24.33%	139.76%
Rajeswara Rao Gopineedi	100	-	-	37	-	-
Venkata Praveen Talluri	67,988	2.25%	0.72%	46,262	1.53%	-
Hari Kishore Potluri	8,664	0.29%	(0.24%)	15,859	0.52%	3.26%
Sudeepthi Gopineedi	72,114	2.39%	0.32%	62,500	2.07%	-
Venkata Chaitanya Gopineedi	105	-	-	-	-	-
Sukumari Koneru	714	0.02%	-	714	0.02%	-
Vamsi Krishna Potluri	73,234	2.42%	-	73,234	2.42%	-
Trilok Potluri	78,141	2.58%	-	78,141	2.58%	-
Potluri Laboratories Pvt. Ltd.	-	-	-	-	-	(100.00%)
Potluri Infra Projects LLP	8,000	0.26%	-	8,000	0.26%	(96.25%)
Pixelot Labs Private Limited	-	-	(0.25%)	7,412	0.25%	100.00%
<b>Total</b>	<b>20,84,782</b>	<b>68.96%</b>	<b>0.70%</b>	<b>20,63,641</b>	<b>68.26%</b>	<b>44.83%</b>

Note No.	Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
<b>17</b>	<b>Other Equity</b>		
	<b>Reserves and Surplus</b>		
	Capital Reserve	217.13	1.00
	General Reserve	6,816.02	6,616.02
	Retained Earnings	7887.75	6,002.27
	<b>Total</b>	<b>14,920.90</b>	<b>12,619.29</b>
<b>17.1</b>	<b>Capital Reserve</b>		
	Opening Balance	1.00	1.00
	Adjustments	216.13	-
	<b>Closing Balance</b>	<b>217.13</b>	<b>1.00</b>

**17.1.1** Capital Reserve was created during the earlier year due to cancellation of Equity Share Capital held by Holding Company before issue of equity shares in pursuance of demerger scheme.

**17.1.2** Additions to the Capital Reserve arising on account of dilution of Equity in Subsidiary.



## Notes to the Consolidated Financial Statements

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

Note No.	Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
<b>17.2</b>	<b>General Reserve</b>		
	Opening Balance	6,616.02	6,516.02
	Adjustments	-	-
	Transfer from Retained Earnings	200.00	100.00
	<b>Closing Balance</b>	<b>6,816.02</b>	<b>6,616.02</b>
<b>17.3</b>	<b>Retained Earnings</b>		
	Opening Balance	6,002.27	4,753.95
	Net profit for the year	2,532.21	1,355.66
	Effect of dilution of Equity in Subsidiary	(397.81)	-
	Transfer to General Reserve	(200.00)	(100.00)
	Dividend	(45.35)	-
	<b>Items of Other Comprehensive Income</b>		
	Remeasurement Gain/(Loss) of the Defined Benefit Plans, net of tax	(3.58)	(7.34)
	<b>Closing balance</b>	<b>7,887.75</b>	6,002.27
<b>17.4</b>	<b>Non Controlling Interest</b>		
	Opening balance	-	-
	Adjustments	1,269.70	-
	<b>Closing Balance</b>	<b>1,269.70</b>	-
<b>17.5</b>	<b>Nature and Purpose of Reserves</b>		
	<b>(i) Capital Reserve</b>		
	Capital Reserve was created on cancellation of share capital existing as on the date of issue of share capital in pursuance of Demerger Scheme. Additions to the Capital Reserve arising on account of dilution of Equity in Subsidiary. The Group uses this reserve for transactions in accordance with the provisions of the Companies Act, 2013.		
	<b>(ii) General Reserve:</b>		
	The Company generally appropriates a portion of its earnings to the general reserve to be used for contingencies. This reserve is freely available for use by the Company.		
	<b>(iii) Retained Earnings:</b>		
	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, 2013.		
	<b>(iv) Analysis of items of OCI, net of tax</b>		
	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 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
<b>18</b>	<b>Non - Current Borrowings</b>		
<b>18.1</b>	<b>Secured</b>		
(i)	<b>Rupee Term Loans from Banks</b>		
(a)	Export Import Bank of India TL-II	1,344.34	1,667.81
(b)	Term Loan GECL Exim Bank	344.00	-
(c)	Term Loan GECL RBL Bank	592.03	154.67
(ii)	<b>Foreign Currency Term Loans from Banks</b>		
	RBL Bank Loan	1,257.83	1,596.63
	<b>Sub Total</b>	<b>3,538.20</b>	<b>3,419.11</b>
<b>18.2</b>	<b>Unsecured</b>		
	From Directors	495.00	495.00
	<b>Sub Total</b>	<b>495.00</b>	<b>495.00</b>
	<b>Total</b>	<b>4,033.20</b>	<b>3,914.11</b>
<b>18.3</b>	<b>Current Maturities of Non Current Borrowings</b>		
	<b>Secured</b>		
(i)	<b>Rupee Term Loans from Banks</b>		
(a)	Export Import Bank of India-TL II	325.00	250.00
(b)	Term Loan GECL Exim Bank	-	-
(c)	GECL RBL Bank Limited	314.64	37.33
(ii)	<b>Foreign Currency Term Loans from Banks</b>		
	RBL Bank Limited	339.91	194.24
(iii)	<b>Hire Purchase Loans</b>	-	5.27
	<b>Unsecured</b>	-	-
	<b>Total</b>	<b>979.55</b>	<b>486.84</b>
	Amount disclosed under the head "Other Current Financial Liabilities"	<b>(979.55)</b>	<b>(486.84)</b>
	<b>Total</b>	<b>-</b>	<b>-</b>

#### 18.1.1 Security Terms

##### (i) Rupee Term Loans from Banks

- (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 T.V.Praveen, Executive Director of the Company in their personal capacity.
- (b) Long Term Working Capital Loan GECL (Gauranteed Emergency Credit Line) availed from Export-Import Bank of India is Gauranteed by National Credit Gaurantee Trustee, secured by second charge of all movable and immovable fixed assets both present and future and also 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.

## Notes to the Consolidated Financial Statements

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

- (c) Long Term Working Capital Loan GECL (Gauranteed Emergency Credit Line) availed from RBL Bank is Gauranteed by National Credit Gaurantee Trustee and Second charge of all movable and immovable fixed assets and all current assets both present and future.

**(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) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 41.

### 18.1.2 Rate of Interest:

**(i) Rupee Term Loan**

- (a) The above said Term Loan II carries an interest rate @ 7.80% p.a (LTMLR+115 bps p.a.)
- (b) The above said GECL Loan EXIM Bank carries an interest rate @ 8.05% p.a (LTMLR p.a.)
- (c) The above said GECL Loan RBL Bank carries an interest rate @ 7.85% 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.

### 18.1.3 Terms of Repayment

**(i) Rupee Term Loan**

Term Loan -II availed from Export Import Bank of India 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

GECL Term Loan availed from Export Import Bank of India amounting to Rs 344.00 lakhs for Long term working capital. The said loan is repayable in 36 Monthly Installments commencing from April 2024.

GECL Term Loan availed from RBL Bank Limited amounting to Rs 752.00 lakhs for Long term working capital. The said loan is repayable in 36 Monthly Installments commencing from April 2022.

**(ii) Foreign CURRENCY Term Loan**

- (c) 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)

### 18.2.1 Un-Secured Loans

The Group has taken Unsecured Loan from Sri TVVSN Murthy, Managing Director of Holding Company for an amount of Rs. 495.00 Lakhs. The said loan is carrying interest rate of 9.50% pa.

### 18.4 Debt Reconciliation as required by Ind AS -7, Statement of Cash Flows

Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
Opening Borrowings	3,914.11	3,670.70
Add: Opening Current Maturities	486.84	598.27
Add: Amortisation of Transaction Cost	2.64	4.98
Add: Received during the year	1,096.00	677.59
Less: Paid during the year	486.84	550.59
Closing Borrowings	5,012.75	4,400.95
Less: Closing Current Maturities	979.55	486.84
<b>Non Current Borrowings as per Balance Sheet</b>	<b>4,033.20</b>	<b>3,914.11</b>

### 19 Other Non Current Liabilities

Advance Received for Sale of Land	-	600.00
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### 20 Provisions

#### Employee Benefit Obligations

##### Non Current

Gratuity	280.13	251.92
Leave Encashment	70.71	51.66
<b>Sub Total</b>	<b>350.84</b>	<b>303.58</b>

##### Current

Gratuity	62.51	55.46
Leave Encashment	35.94	27.12
<b>Sub Total</b>	<b>98.45</b>	<b>82.58</b>

##### Total

Gratuity	342.64	307.38
Leave Encashment	106.65	78.78
<b>Grand Total</b>	<b>449.29</b>	<b>386.16</b>

**20.1** 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)

### 21 Deferred Tax Liabilities (net)

The balance comprises Temporary Differences attributable to:

Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
<b>(a) Deferred Tax Liability</b>		
(i) Property, Plant and Equipment	1,563.73	1,373.71
(ii) Others	70.81	17.63
<b>Total</b>	<b>1,634.54</b>	<b>1,391.34</b>
<b>(b) Deferred Tax Asset</b>		
(i) Expenses allowable on Payment basis	135.73	136.29
(ii) MAT Credit	1.35	1.50
(iii) Other Items giving raise to temporary differences	429.03	170.86
<b>Total</b>	<b>566.11</b>	<b>308.65</b>
<b>Net Deferred Tax Liabilities (a)-(b)</b>	<b>1,068.43</b>	<b>1,082.69</b>

### (c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Other Items	Total
<b>As at 01st April, 2020</b>	<b>1,253.62</b>	<b>5.22</b>	<b>1,258.84</b>
Charged/(Credited)	120.09	12.41	132.50
<b>As at 31<sup>st</sup> March, 2021</b>	<b>1,373.71</b>	<b>17.63</b>	<b>1,391.34</b>
Charged/(Credited)	190.02	53.18	243.20
<b>As at 31<sup>st</sup> March, 2022</b>	<b>1,563.73</b>	<b>70.81</b>	<b>1,634.54</b>

### (d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on Payment basis	Other Items	Total
<b>As at 01st April, 2020</b>	<b>108.03</b>	<b>178.59</b>	<b>286.62</b>
Charged/(Credited)	8.46	13.57	22.03
<b>As at 31<sup>st</sup> March, 2021</b>	<b>116.49</b>	<b>192.16</b>	<b>308.65</b>
Charged/(Credited)	26.00	231.46	257.46
<b>As at 31<sup>st</sup> March, 2022</b>	<b>142.49</b>	<b>423.62</b>	<b>566.11</b>

## Notes to the Consolidated Financial Statements

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

Note No.	Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
<b>22</b>	<b>Current Borrowings</b>		
	<b>Secured</b>		
	Working Capital Loans from Banks		
	- RBL Bank Ltd	2,713.78	2,019.86
	<b>Current Maturities of Long term Debt</b>	979.55	486.84
	<b>Total</b>	<b>3,693.33</b>	<b>2,506.70</b>

### 22.1.1 Security Terms

- (a) Working capital facilities sanctioned by RBL Bank Limited of an amount of Rs. 3,000.00 Lakhs is secured by first charge on pari-passu basis 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 Company in their personal capacities.
- (b) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 41.

**22.1.2 Rate of Interest:** The above loan carries an interest rate of 8.40% p.a

**22.1.3 Repayment Terms:** The above working capital facilities are repayable on demand and subject to renewal every year.

### 22.2 Debt Reconciliation as required by Ind AS -7, Statement of Cash Flows

Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
Opening Balance	2,019.86	2,095.96
Add: Received during the year	693.92	-
Less: Paid during the year	-	(76.10)
<b>Current Borrowings as per Balance Sheet</b>	<b>2,713.78</b>	<b>2,019.86</b>

**22.3** Maximum Utilisation of Working Capital loans during the year ended 31<sup>st</sup> March, 2022 is Rs. 2,714.00 Lakhs (31<sup>st</sup> March, 2021 is Rs. 2,376.00 Lakhs)

**22.4** Average Utilisation of Working Capital loans during the year ended 31<sup>st</sup> March, 2022 is Rs. 1,980.79 Lakhs (31<sup>st</sup> March, 2021 is Rs. 1,829.15 Lakhs)

## Notes to the Consolidated Financial Statements

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

Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
<b>23 Trade Payables</b>		
(a) Creditors for Supply of Materials		
(i) Due to Micro, Small and Medium Enterprises	89.36	30.56
(ii) Other than MSME	7,699.79	6,083.75
<b>Total</b>	<b>7,789.15</b>	<b>6,114.31</b>

### Trade Payables

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Valued at amortised cost		
Total Outstanding dues to creditors other than micro enterprises and small enterprises	7,699.79	6,083.74
Outstanding dues to related parties	-	-
<b>Total</b>	<b>7,699.79</b>	<b>6,083.74</b>
Total outstanding dues to micro enterprises and small enterprises	89.36	30.57
<b>Total</b>	<b>7789.15</b>	<b>6,114.31</b>

Terms and conditions of the above financial liabilities:

Trade Payables are non-interest bearing and normally settled on 30-120 day terms.

For explanations on the company's credit risk management processes, refer note no.45.

#### Trade payables ageing schedule for the year ended March 31, 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) MSME	89.36	-	-	-	89.36
ii) Others	7,683.20	7.63	5.10	3.86	7,699.79
iii) Disputed dues-MSME & others	-	-	-	-	-
<b>Total</b>	<b>7,772.56</b>	<b>7.63</b>	<b>5.10</b>	<b>3.86</b>	<b>7,789.15</b>

#### Trade payables ageing schedule for the year ended March 31, 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) MSME	30.56	-	-	-	30.56
ii) Others	6,070.64	7.39	2.83	2.89	6,083.75
iii) Disputed dues-MSME & others	-	-	-	-	-
<b>Total</b>	<b>6,101.20</b>	<b>7.39</b>	<b>2.83</b>	<b>2.89</b>	<b>6,114.31</b>

## Notes to the Consolidated Financial Statements

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

Note No.	Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
<b>24</b>	<b>Other Financial Liabilities</b>		
	<b>Current</b>		
	Creditors for Expenses	649.24	588.37
	Employee Benefits Payable	20.08	14.48
	Capital Creditors	575.84	306.10
	Interest Accrued but not due	10.81	18.00
	Interest on Unsecured Loan	10.44	10.73
	Unspent CSR Expenditure	15.50	-
	Unclaimed Dividend	0.56	0.38
	<b>Total</b>	<b>1,282.47</b>	<b>938.06</b>
<b>25</b>	<b>Other Current Liabilities</b>		
	Statutory dues Payable	69.15	118.17
	Advance from Customers	475.87	1,541.95
	<b>Total</b>	<b>545.02</b>	<b>1,660.12</b>
<b>26</b>	<b>Current Tax Liabilities (Net)</b>	<b>87.74</b>	<b>58.19</b>
<b>26.1</b>	<b>Movement in Current Tax Assets/(Liabilities)</b>		
	Provision for Income Tax	850.00	526.50
	Less: Advance Tax	(720.00)	(446.76)
	Less: TDS & TCS Receivable	(42.26)	(21.55)
	<b>Total</b>	<b>87.74</b>	<b>58.19</b>
Note No.	Particulars	Current Year 2021-22	Previous Year 2020-21
<b>27</b>	<b>Revenue from Operations</b>		
	<b>(a) Sale of Products</b>	<b>37,583.47</b>	28,127.49
	Less: Goods and Service Tax	3,757.22	2,893.70
	<b>Net Revenue from Sales</b>	<b>33,826.25</b>	<b>25,233.79</b>
	<b>(b) Sale of Services</b>		
	(i) Conversion Charges	1,012.41	573.44
	Less: Goods and Service Tax	108.47	61.44
	<b>Net Revenue from Services</b>	<b>903.94</b>	<b>512.00</b>
	<b>(c) Other Operating Income</b>		
	Export Incentives	244.26	85.58
	Other Operating Income	-	727.81
		<b>244.26</b>	<b>813.39</b>
	<b>Total Net Revenue from Operations (a+b+c)</b>	<b>34,974.45</b>	<b>26,559.18</b>



## Notes to the Consolidated Financial Statements

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

Note No.	Particulars	Current Year 2021-22	Previous Year 2020-21
<b>28</b>	<b>Other Income</b>		
	(a) Interest Income	32.50	42.75
	(b) Profit on Sale of Assets	9.07	1.06
	(c) Net Gain on Foreign Exchange	139.60	92.75
	(d) Miscellaneous Income (Net of GST)	25.48	41.54
	<b>Total</b>	<b>206.65</b>	<b>178.10</b>
<b>28.1</b>	Profit on sale of assets represents profit on sale of redundant Assets in the normal course of business		
<b>29</b>	<b>Cost of Materials Consumed</b>		
	<b>Raw Materials &amp; Packing Materials</b>		
	Stock at the Beginning of the Year	2,622.31	2,689.40
	Add: Purchases	21,894.53	13,449.56
	Less: Stock at the End of the Year	4,069.72	2,622.31
	<b>Total Materials Consumed</b>	<b>20,447.12</b>	<b>13,516.65</b>
<b>30</b>	<b>Changes in Inventories</b>		
	<b>(a) Opening Stock of Inventory:</b>		
	Finished Goods	2,169.04	1,417.95
	Stock in Process	1,365.90	2,291.46
	<b>Sub Total (a)</b>	<b>3,534.94</b>	<b>3,709.41</b>
	<b>(b) Closing Stock of Inventory</b>		
	Finished Goods	2,813.93	2,156.32
	Stock in Process	1,699.56	1,365.89
	<b>Sub Total (b)</b>	<b>4,513.49</b>	<b>3,522.21</b>
	<b>(Increase)/Decrease in Stocks (a) - (b)</b>	<b>(978.55)</b>	<b>187.20</b>
<b>31</b>	<b>Manufacturing Expenses</b>		
	Power and Fuel	2,798.61	1,995.63
	Consumable Stores	292.90	194.80
	Testing Charges	90.42	55.00
	Water Charges	203.63	159.94
	Conversion Charges	1,916.09	1,800.66
	Effluent Treatment Charges	448.95	284.10
	Repairs and Maintenance		
	to Plant & Machinery	589.89	407.92
	to Buildings	47.63	25.84
	Factory Maintenance	119.27	96.78
	<b>Total</b>	<b>6,507.39</b>	<b>5,020.67</b>

## Notes to the Consolidated Financial Statements

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

Note No.	Particulars	Current Year 2021-22	Previous Year 2020-21
<b>32</b>	<b>Employee Benefit Expenses</b>		
	Salaries, Wages and Bonus	3,478.75	2,664.43
	Contribution to Provident Fund	211.18	168.04
	Contribution to ESI	14.26	12.70
	Staff Welfare Expenses	286.02	220.64
	<b>Total</b>	<b>3,990.21</b>	<b>3,065.81</b>
<b>33</b>	<b>Finance Cost</b>		
	Interest on Non Current Borrowings	346.68	260.03
	Interest on Current Borrowings	202.05	131.29
	Interest on Others	15.89	17.33
	Bank Charges	52.77	44.28
	<b>Total</b>	<b>617.39</b>	<b>452.93</b>
<b>34</b>	<b>Depreciation and Amortisation Expense</b>		
	Depreciation on Property, Plant and Equipment	952.07	735.26
	Right of use of Assets	44.88	47.06
	Amortisation of Intangible Assets	3.65	3.83
	<b>Total</b>	<b>1,000.60</b>	<b>786.16</b>
<b>35</b>	<b>Other Expenses</b>		
	Rent	8.03	3.33
	Rates and Taxes	70.10	43.17
	Repairs & Maintenance to other Assets	6.50	8.16
	Insurance	109.88	101.08
	Directors Remuneration	285.52	243.22
	Travelling and Conveyance	13.31	5.24
	Communication Expenses	12.03	10.14
	Printing and Stationery	49.26	47.03
	Payments to Auditors	15.00	15.00
	Cost Audit Fee	0.75	0.50
	Vehicle Maintenance	65.04	42.61
	Interest on Indirect Taxes	5.37	6.94
	Loss on Sale of Assets	0.41	-
	General Expenses	131.08	184.58
	Unrealised Debts on Account of NDMA issue	-	293.65
	Business Promotion Expenses	9.00	10.41
	Sales Commission	225.07	199.46
	FDA Filing Fee	51.74	41.31
	Carriage Outward	463.23	465.55
	Provision for Doubtful Debts	21.32	-
	Exchange Fluctuation	12.33	-
	Corporate Social Responsibility	38.10	29.73
	<b>Total</b>	<b>1,593.07</b>	<b>1,751.11</b>

## Notes to the Consolidated Financial Statements

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

Note No.	Particulars	Current Year 2021-22	Previous Year 2020-21
<b>35.1</b>	<b>Details of payment to Auditors</b>		
	Statutory Audit fee	11.00	11.00
	Tax Audit fee	4.00	4.00
	<b>Total</b>	<b>15.00</b>	<b>15.00</b>
<b>35.2</b>	<b>Corporate Social Responsibility Expenditure</b>		
	As per requirement of the Companies Act, 2013, gross amount required to be spent by the Group during the year is Rs.37.63 Lakhs (31st March, 2021 Rs.29.01 Lakhs).		
	(i) Construction / acquisition of Assets	37.10	26.53
	(ii) Others	-	3.20
	<b>Total Amount spent during the year</b>	<b>37.10</b>	<b>29.73</b>
	Setoff from Previous Years	0.72	-
	<b>Total</b>	<b>37.82</b>	<b>29.73</b>
	Amount required to be spent as per section 135 of the Companies Act, 2013	37.63	29.01
	<b>Amount carried forward to subsequent years</b>	<b>0.19</b>	<b>0.72</b>
<b>35.2.1</b>	Amount spent includes Rs.15.50 Lakhs deposited in CSR unspent account.		
<b>36</b>	<b>Exceptional Items</b>		
	Gain on sale of Tangible Assets	777.25	-
	Gain on sale of Investments.	491.97	-
	<b>Total</b>	<b>1,269.22</b>	<b>-</b>
<b>36.1</b>	Rs 777.25 Lakhs represents profit on sale of Non Revenue generating Land and Building		
<b>36.2</b>	Rs 491.97 Lakhs represents profit on sale of Equity shares held by the Parent company in Subsidiary		
<b>37</b>	<b>Income Tax Expense</b>		
	<b>Current Tax</b>		
	Current Tax on Profits for the Year	850.00	526.50
	Adjustments for Current Tax of Prior Years	(94.13)	(38.93)
	<b>Total Current Tax</b>	<b>755.87</b>	<b>487.57</b>
	<b>Deferred Tax</b>		
	Increase (Decrease) in Deferred Tax Liabilities	243.20	132.50
	Decrease(increase) in Deferred Tax Assets	(257.46)	(22.03)
	Acturial (Gain)/Loss	1.51	3.05
	<b>Total Deferred Tax Expense/(Benefits)</b>	<b>(12.76)</b>	<b>113.52</b>
	<b>Total Tax Expenses</b>	<b>743.11</b>	<b>601.09</b>

There are no unrecognised Deferred Tax Assets and Deferred Tax Liabilities as at 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2021

## Notes to the Consolidated Financial Statements

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

Note No.	Particulars	Current Year 2021-22	Previous Year 2020-21
<b>37.1 Income Tax Recognised in Statement of Profit and Loss</b>			
	(a) Profit Before Income Tax Expenses	3,273.09	1,956.75
	Less: Exceptional Income	1,269.22	-
		<u>2,003.87</u>	<u>1,956.75</u>
	(b) Enacted Tax Rate in India	29.12%	29.12%
	<b>(c) Expected Tax Expenses (a)x(b)</b>	<u>583.53</u>	<u>569.80</u>
	<b>(d) Tax Effect of :</b>		
	Provision for tax on exceptional Items	250.00	-
	Expenses not allowed under Tax Laws	15.40	63.78
	Adjustment for allowable Expenses under Tax Laws	(11.69)	6.44
	Tax expenses of Earlier Years	(94.13)	(38.93)
	<b>Total Adjustments</b>	<u>159.58</u>	<u>31.29</u>
	<b>Current Tax Expenses as per Profit &amp; Loss</b>	<b>743.11</b>	<b>601.09</b>
	Effective Tax Rate	<b>22.70%</b>	<b>30.72%</b>
<b>38 Other Comprehensive Income</b>			
	Actuarial Gain/(Loss) on Post Employment Benefit Expenses	7.10	12.61
	Return on Plan Assets excluding net interest	-	(2.22)
		<u>7.10</u>	<u>10.39</u>
	Deferred Taxes on above	(2.07)	(3.05)
	<b>Net Comprehensive Income</b>	<u><u>5.03</u></u>	<u><u>7.34</u></u>
<b>39 Earnings Per Share (Basic and Diluted)</b>			
	<b>i. Including Exceptional Income</b>		
	(a) Net profit	2,527.75	1,355.66
	(b) Number of equity shares	30,23,287	30,23,287
	(c) Earnings Per Share	83.61	44.84
	<b>ii. Excluding Exceptional Income</b>		
	(a) Net profit	1,508.53	1,355.66
	(b) Number of equity shares	30,23,287	30,23,287
	(c) Earnings Per Share	49.90	44.84
<b>40 Post Employment Benefits</b>			
<b>40.1 Defined Contribution Plans</b>			
<b>40.1.1 Employer's Contribution to Provident Fund:</b>			
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.211.18 Lakhs (31 <sup>st</sup> March, 2021- Rs. 168.04 Lakhs).			

## Notes to the Consolidated Financial Statements

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

### 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.14.26 Lakhs (31<sup>st</sup> March, 2021 - Rs. 12.70 Lakhs).

### 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 <sup>st</sup> March, 2022		31 <sup>st</sup> March, 2021	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
<b>40.2.1 Net Employee Benefit Expense</b>				
(recognised in Employee Benefit Expenses)				
Current Service Cost	46.80	23.70	36.19	19.99
Adjustment to Opening Balance	(1.65)	-	-	-
Interest Cost	19.20	4.43	17.77	3.96
Contribution Paid	(38.20)	(2.26)	(41.92)	(3.66)
Actuarial Gain/(Loss) other than OCI	-	1.99	-	(13.54)
<b>Net Employee Benefit Expenses</b>	<b>26.15</b>	<b>27.86</b>	<b>12.04</b>	<b>6.75</b>
<b>40.2.2 Other Comprehensive Income</b>				
Actuarial Gain/(Loss)	8.71	-	10.70	-
Actual return on plan asset	0.40	-	3.60	-
<b>Total Actuarial (Gain)/Loss recognized in (OCI)</b>	<b>9.11</b>	<b>-</b>	<b>14.29</b>	<b>-</b>
<b>40.2.3 Amount recognised in the Balance Sheet</b>				
Defined Benefit Obligation	475.82	106.65	403.72	78.79
Fair Value of Plan Assets	(133.18)	-	(96.34)	-
	<b>342.64</b>	<b>106.65</b>	<b>307.38</b>	<b>78.79</b>

## Notes to the Consolidated Financial Statements

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

Particulars	31 <sup>st</sup> March, 2022		31 <sup>st</sup> March, 2021	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
<b>40.2.4 Change in the Present Value of the Defined Benefit Obligation</b>				
Opening Defined Benefit Obligation	403.72	78.79	349.57	72.04
Current Service Cost	46.80	23.70	36.19	19.99
Interest Cost	25.57	4.43	21.72	3.96
Benefits Paid	(8.98)	(2.26)	(14.45)	(3.66)
Net Actuarial (gain)/ losses on Obligation for the year recognised under OCI	8.71	1.99	10.70	(13.54)
<b>Closing Defined Benefit Obligation</b>	<b>475.82</b>	<b>106.65</b>	<b>403.72</b>	<b>78.79</b>
<b>40.2.5 Change in the Fair Value of Plan Assets</b>				
Opening Fair Value of Plan Assets	96.34	-	68.53	-
Adjustment to Opening Fair Value of Plan Asset	1.65	-	-	-
Return on Plan Assets Excluding Interest Income	(0.40)	-	(3.61)	-
Interest Income	6.37	-	3.95	-
Contributions	38.20	-	41.92	-
Benefits Paid	(8.98)	-	(14.45)	-
<b>Closing Fair Value of Plan Assets</b>	<b>133.18</b>	<b>-</b>	<b>96.34</b>	<b>-</b>
<b>40.2.6 Actuarial (Gain)/Loss on Obligation</b>				
Due to Demographic Assumption	-	-	-	-
Due to Financial Assumption	(22.27)	-	(1.34)	-
Due to Experience	30.98	-	12.04	-
Return on Plan Assets excluding Interest	-	-	-	-
<b>Total Actuarial (Gain)/Loss</b>	<b>8.71</b>	<b>-</b>	<b>10.70</b>	<b>-</b>

### 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 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
State Govt Security	66.20	47.89
Central Govt Security	25.01	18.09
NCD/Bonds	30.19	21.84
Others	11.78	8.52
<b>Total</b>	<b>133.18</b>	<b>96.34</b>

Expected Return on Assets is based on rate of return declared by fund managers.

(Contd.)

## Notes to the Consolidated Financial Statements

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

### 40.2.8 Actuarial Assumptions for estimating Company's Defined Benefit Obligation:

Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Discount rate	7.37%	6.80%
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)	17.64	17.66

- (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.

### 40.2.9 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
<b>Defined Benefit Obligation</b>	<b>342.64</b>	307.38
<b>Effect of 1% change in assumed discount rate on defined benefit obligation</b>		
Increase : +1%	<b>440.88</b>	372.62
Decrease: -1%	<b>516.19</b>	439.72
<b>Effect of 1% change in assumed salary escalation rate on defined benefit obligation</b>		
Increase : +1%	<b>515.79</b>	439.03
Decrease: -1%	<b>440.71</b>	372.74

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 Consolidated Financial Statements

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

### 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 6.80% to 7.37% 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 Consolidated Financial Statements

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

The Weighted Average duration of the defined benefit obligation is 8.36 years (31<sup>st</sup> March, 2021 8.79 years). The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
1 <sup>st</sup> Year	62.51	55.47
2 <sup>nd</sup> Year	35.01	12.87
3 <sup>rd</sup> Year	52.33	30.97
4 <sup>th</sup> Year	18.53	45.95
5 <sup>th</sup> Year	26.47	15.89
beyond 5 <sup>th</sup> Year	198.48	147.17

### 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

Term Loans are Secured by First Charge on Property, Plant and Equipment and Second Charge on Current Assets.

Long Term Working Capital Term Loans are secured by Second charge on Property, Plant and Equipment and 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. 7,242.34 Lakhs (31<sup>st</sup> March 2021 Rs.5,938.54 Lakhs) are as follows:

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Property, Plant and Equipment	13,960.67	11,228.46
Current Assets	15,601.56	12,628.66
<b>Total Assets Pledged as Security</b>	<b>29,562.23</b>	<b>23,857.12</b>

## 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 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Salaries & Wages	183.67	122.01
Materials Consumed	50.33	32.03
Repairs and Maintenance	29.05	23.93
Power and Fuel	10.74	9.12
Testing and analysis charges	5.17	3.00
Rates and Taxes	2.47	2.47
General Expenses	6.06	2.93
<b>Total</b>	<b>287.49</b>	<b>195.49</b>

#### 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)
	<b>Gross Carrying Value</b>						
1	As at 31 March, 2020	33.76	142.69	3.80	2.86	-	183.11
2	Additions	0.29	78.50	1.61	11.83	0.71	92.94
3	As at 31 March, 2021 (1+2)	34.05	221.19	5.41	14.69	0.71	276.05
4	Additions	-	10.88	5.95	0.82	-	17.65
5	As at 31 March, 2022 (3+4)	34.05	232.07	11.36	15.51	0.71	293.70
	<b>Depreciation</b>						
6	As at 31 March, 2020	16.66	6.07	0.18	0.45	-	23.36
7	Charge for the Year	1.06	13.79	0.37	1.19	0.05	16.46
8	As at 31 March, 2021 (6+7)	17.72	19.86	0.55	1.64	0.05	39.82
9	Charge for the Year	1.07	20.04	4.67	0.65	0.08	26.51
10	As at 31 March, 2022 (8+9)	18.79	39.90	5.22	2.29	0.13	66.33
	<b>Net Carrying Value</b>						
11	As at 31 March, 2020 (1-6)	17.10	136.62	3.62	2.41	-	159.75
12	As at 31 March, 2021 (3-8)	16.33	201.33	4.86	13.05	0.66	236.25
13	As at 31 March, 2022(5-10)	15.26	192.17	6.14	13.22	0.58	227.37

## 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 <sup>st</sup> March, 2022		31 <sup>st</sup> March, 2021		
			Carrying Value	Fair Value	Carrying Value	Fair Value	
<b>A. Financial Assets</b>							
(i) Non Current							
(a) Investment in Equity Instruments	9	3	4.11	4.11	4.11	4.11	4.11
(b) Bank Balances	10	3	-	-	97.27	97.27	97.27
(c) Other Financial Assets	11	3	271.27	271.27	246.95	246.95	246.95
<b>Sub - Total</b>			<b>275.38</b>	<b>275.38</b>	<b>348.33</b>	<b>348.33</b>	<b>348.33</b>
(ii) Current							
(a) Trade Receivables	14		3,383.16	3,383.16	3,415.02	3,415.02	3,415.02
(b) Cash and Cash Equivalents	15	refer note	98.60	98.60	853.63	853.63	853.63
(c) Other Bank Balances	16	43.2	340.60	340.60	252.75	252.75	252.75
<b>Sub - Total</b>			<b>3,822.36</b>	<b>3,822.36</b>	<b>4,521.40</b>	<b>4,521.40</b>	<b>4,521.40</b>
<b>Total Financial Assets</b>			<b>4,097.74</b>	<b>4,097.74</b>	<b>4,869.73</b>	<b>4,869.73</b>	<b>4,869.73</b>
<b>B. Financial Liabilities</b>							
(i) Non Current							
(a) Borrowings	21	3	4,033.20	4,033.20	3,914.11	3,914.11	3,914.11
(ii) Current							
(a) Borrowings	24	refer note	3,693.33	3,693.33	2,506.70	2,506.70	2,506.70
(b) Trade Payables	25	43.2	7,789.15	7,789.15	6,114.31	6,114.31	6,114.31
(c) Other Financial Liabilities	26		1,282.47	1,282.47	938.06	938.06	938.06
<b>Sub - Total</b>			<b>12,764.95</b>	<b>12,764.95</b>	<b>9,559.07</b>	<b>9,559.07</b>	<b>9,559.07</b>
<b>Total Financial Liabilities</b>			<b>16,798.15</b>	<b>16,798.15</b>	<b>13,473.18</b>	<b>13,473.18</b>	<b>13,473.18</b>

**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 as 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.

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## 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 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 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 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.

### 45 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.

#### 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 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 departments 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 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 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Gross Carrying Amount	<b>3,488.78</b>	3,499.32
Expected Credit Losses (Loss allowance Provision)	<b>(105.62)</b>	(84.30)
<b>Net Carrying Amount of Trade Receivables</b>	<b>3,383.16</b>	<b>3,415.02</b>

**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	2,811.75	568.41	108.62	3,488.78
Expected Loss Rate	3.03%	3.03%	3.03%	3.03%
Expected Credit Losses ( Loss Allowance Provision)	(85.26)	(17.23)	(3.13)	(105.62)
<b>Net Carrying Amount of Trade Receivables</b>	<b>2,726.49</b>	<b>551.17</b>	<b>105.50</b>	<b>3,383.16</b>

### 45.2 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
<b>31<sup>st</sup> March, 2022</b>					
Non Current Borrowings (including Current Maturities)	<b>979.55</b>	<b>2,327.75</b>	<b>1,705.45</b>	-	<b>5,012.75</b>
Current Borrowings	<b>2,713.78</b>	-	-	-	<b>2,713.78</b>
Trade Payables	<b>7,789.15</b>	-	-	-	<b>7,789.15</b>
Other Financial Liabilities	<b>1,282.47</b>	-	-	-	<b>1,282.47</b>
<b>31<sup>st</sup> March, 2021</b>					
Non Current Borrowings (including Current Maturities)	486.84	1,626.09	1,598.50	689.52	4,400.95
Current Borrowings	2,019.86	-	-	-	2,019.86
Trade Payables	6,114.31	-	-	-	6,114.31
Other Financial Liabilities	938.06	-	-	-	938.06

## 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 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 <sup>st</sup> March, 2022	0.50%	0.50%	(36.16)	36.16
31 <sup>st</sup> March, 2021	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.

#### (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
<b>31<sup>st</sup> March, 2022</b>				
Trade Receivables	USD	12.54	943.36	75.20
Trade Receivables	EURO	5.09	419.63	85.00
Trade Payables	USD	34.55	2,656.82	76.90
<b>31<sup>st</sup> March, 2021</b>				
Trade Receivables	USD	12.00	858.12	71.50
Trade Payables	USD	22.73	1,684.02	74.10

## 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 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 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
<b>Foreign Currency Sensitivity</b>		
Rs/USD - Increases by 1%	<b>(12.48)</b>	(19.79)
Rs/USD - Decreases by 1%	<b>12.48</b>	19.79

### (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.

## 46 Capital Management

For the purposes 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 shareholder value.

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. The Company includes within net debt, borrowings including interest accrued on borrowings less cash and short term deposits.

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Borrowings including Interest Accrued	<b>7,747.78</b>	6,449.54
Less: Cash and Short Term Deposits	<b>98.60</b>	853.63
<b>Net Debt</b>	<b>7,649.18</b>	<b>5,595.91</b>
Equity	<b>302.33</b>	302.33
Other Equity	<b>14,920.90</b>	12,619.29
Total Equity	<b>15,223.23</b>	<b>12,921.62</b>
<b>Total Capital</b>	<b>22,872.41</b>	<b>18,517.52</b>
Gearing Ratio (Net Debt/((Net Debt +Total Equity))	<b>0.33</b>	0.30





## Notes to the Consolidated Financial Statements

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

Name of the Company	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
	Amount	Amount
<b>Enterprise with Significant Influence</b>		
R-Chem (Somanahalli) Private Limited		
Purchase of Goods	305.90	207.49
Sale of Goods	255.30	84.36
Purchase of Services	1,784.13	1,536.10
<b>Other Related party</b>		
SMS Pharmaceuticals Limited		
Purchase of Goods	-	133.65
Sale of Goods	705.77	5,227.95
<b>Balance (Payable)/Receivable at the year end</b>		
<b>Key Management Personnel</b>		
Remuneration Payable	13.65	6.22
Interest payable	10.44	10.73
Unsecured Loan Payable	495.00	495.00
<b>Relatives of KMP</b>		
Remuneration Payable	-	1.40
<b>Enterprise with Significant Influence</b>		
R-Chem (Somanahalli) Private Limited	133.12	271.11
<b>Other Related party</b>		
SMS Pharmaceuticals Limited	46.06	1,374.18

**(f) 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 Management Personnel and their relatives is not ascertainable and, therefore, not included above. Contribution to Provident Fund was also not included.

### 48 Contingent Liabilities

Particulars	as at	as at
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
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	257.85	477.80
Disputed Income Tax Demands	22.62	22.62
Interest dues in respect of disputed demands of Income Tax and Central Excise	156.28	147.27
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

## Notes to the Consolidated Financial Statements

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

### 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 condition 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 same issue which is pending with Supreme Court.

## 49 Commitments

	Particulars	as at 31 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
49.1	Capital Commitments	1,608.56	1,099.58
49.2	Export Obligations	4,648.55	4,171.32

## 50 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 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 2021-22		Previous Year 2020-21	
	Revenue	%	Revenue	%
Exports	13,169.87	37.65%	8,800.37	33.14%
Deemed Exports	3,104.45	8.88%	1,486.79	5.60%
Domestic	18,455.87	52.77%	16,186.44	60.94%
Export Incentive	244.26	0.70%	85.58	0.32%
<b>Total</b>	<b>34,974.45</b>	<b>100.00%</b>	<b>26,559.18</b>	<b>100.00%</b>

## Notes to the Consolidated Financial Statements

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

### 51 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 <sup>st</sup> March, 2022	as at 31 <sup>st</sup> March, 2021
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	89.36	30.56
(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	3.46	3.71
(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 company. This has been relied upon by the auditors.

### 52 Impact of Covid-19 Pandemic

The Group has considered the possible effects that may result from the pandemic relating to COVID-19. With a view to ensure minimal disruption with respect to operations including production and distribution activities, the Company has taken several business continuity measures. While the Company has not experienced any significant difficulties with respect to market demand, liquidity, financing capital expansion projects, collections so far, the Company has assessed the financial impact of the Covid 19 situation particularly on the carrying amounts of receivables, inventories, property, plant and equipment and intangible assets. The Company has, as at the date of approval of these standalone financial results, used internal and external sources of information, including economic forecasts and estimates from market sources. On the basis of evaluation and current indicators of future economic conditions, the Company believes that it will be in a position to recover the carrying amounts of these assets and does not anticipate any material impact due to impairment to these financial and non-financial assets. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Group will continue to monitor any material changes to future economic conditions.

## Notes to the Consolidated Financial Statements

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

### 53 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
<b>31<sup>st</sup> March, 2022</b>								
<b>Parent</b>								
SMS Lifesciences India Ltd	76.93%	12,687.53	100.32%	2,538.12	140.41%	(5.03)	100.26%	2,533.09
<b>Wholly Owned Subsidiary</b>								
Mahi Drugs Pvt Ltd	23.07%	3,805.40	(0.32%)	(8.14)	(40.41%)	1.45	(0.26%)	(6.69)
<b>Total</b>	<b>100.00%</b>	<b>16,492.93</b>	<b>100.00%</b>	<b>2,529.98</b>	<b>100.00%</b>	<b>(3.58)</b>	<b>100.00%</b>	<b>2,526.40</b>
<b>31<sup>st</sup> March, 2021</b>								
<b>Parent</b>								
SMS Lifesciences India Ltd	90.84%	11,738.42	97.14%	1,316.83	119.21%	(8.75)	97.02%	1,308.08
<b>Wholly Owned Subsidiary</b>								
Mahi Drugs Pvt Ltd	9.16%	1,183.20	2.86%	38.83	(19.21)	1.41	2.98%	40.24
<b>Total</b>	<b>100.00%</b>	<b>12,921.62</b>	<b>100.00%</b>	<b>1,355.66</b>	<b>100.00%</b>	<b>(7.34)</b>	<b>100.00%</b>	<b>1,348.32</b>

#### 53.1 Sailable 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 <sup>th</sup> December, 2012

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Equity	636.85	471.51
Other Equity	3,168.55	711.69
Total Assets	8,710.74	6,059.16
Total Current Liabilities	3,450.09	3,016.96
Investments	-	-
Turnover/Total Income	3,257.40	1,769.56
Profit/(Loss) before taxation	(24.60)	8.66
Provision for Taxation	(16.46)	(17.52)
Profit/(Loss) after taxation	(8.14)	26.18
Proposed dividend	-	-
% Share holding	66.63%	100.00%

## Notes to the Consolidated Financial Statements

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

### 54 Other statutory information

- i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- ii) The Group does not have any transactions with companies struck off.
- iii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- v) The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- vi) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- vii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- viii) The Group has not any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

**55** Figures have been rounded of to the nearest rupees in Lakhs

**56** 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 : 28-05-2022

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



Mahi Drugs Private Limited  
Subsidiary of SMS Lifesciences India Limited



Revamping the infrastructure of Mahi Drugs in order to streamline the manufacturing process as per the USFDA and EU guidelines.

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## **SMS Lifesciences India Limited**

### ***Registered & Corporate Office :***

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Opp. Bharatiya Vidya Bhavan Public School,

Jubilee Hills, Hyderabad - 500 096, Telangana, INDIA.

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CIN : L74930TG2006PLC050223

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