



LifeSciences



SMS Lifesciences India Limited

**ANNUAL REPORT
2018-19**

Corporate Information

Board of Directors:

| | | |
|-------------------------|----|------------------------------|
| Sri TVVSN Murthy | .. | Managing Director |
| Sri Ramesh Babu Potluri | .. | Director |
| Sri P.S. Rao | .. | Director |
| Sri P. Sarath Kumar | .. | Director |
| Dr. (Smt.) T. Neelaveni | .. | Director |
| Sri Shravan Kudaravalli | .. | Director (w.e.f. 28.05.2018) |

Chief Financial Officer:

Sri N. Rajendra Prasad

Company Secretary and Compliance Officer:

Sri Pavan Pise

Registered Office:

19-III, Road No.71, Opp. Bharatiya Vidya Bhavan Public School,
Jubilee Hills, Hyderabad-500 096, Telangana, India.
Tel. : 040-66288888
Fax : 040 - 23551401
CIN : L74930TG2006PLC050223
Website: www.smslife.in
Email: info@smslife.in

Auditors:

M/s. Rambabu & Co., Chartered Accountants
31, Pancom Chambers, Rajbhavan Road
Hyderabad-500 082, Telangana State
Phone : 040-2311587
Fax : 040-23397182
Email : rambabuandco1982@yahoo.com

Internal Auditors:

M/s. Adusumilli and Associates
Chartered Accountants
Flat No.302, Sri Sai Residency
Balkampet Main Road
Hyderabad-500 038, Telangana State

Cost Auditors:

Sri K.S.N. Sarma
Cost Accountant
216, Rangadhamamu,
HMT Satavahana Nagar
Kukatpally
Hyderabad-500 072, Telangana State.

Secretarial Auditors:

SVVS Associates Company Secretaries LLP
3-6-481, Street No.6, Himayath Nagar
Hyderabad-500 029, Telangana State

Registrar & Share Transfer Agents:

M/s. Aarathi Consultants Private Limited
1-2-285, Domalguda, Hyderabad-500 029
Telangana State
Phone: 040-27638111/ 27642217, 27634445
Fax:040-27632184
Email : info@aarathiconsultants.com
Website: www.aarathiconsultants.com

Bankers:

Export Import Bank of India
RBL Bank Limited

Manufacturing facilities:

Sy. No. 180/2, Kazipally (V)
Jinnaram Mandal
Sanga Reddy District. 502 319, - Telangana State, India
Phone : 08458-277067 / 68
Email : admin_unit1@smslife.in

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

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NOTICE

Notice is hereby given that the 13th Annual General Meeting of the members of the Company, will be held on Monday, the 30th September, 2019 at 11:30 A.M at the JRC Conventions & Trade Fairs, Narne Road, Survey No-4, Film Nagar, Jubilee Hills, Hyderabad-500008 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone and Consolidated Balance Sheet as at 31st March 2019, Statement of Profit & Loss for the year ended on 31st March, 2019, together with the Reports of the Directors' & Auditors' thereon.
2. To declare a dividend of Rs. 1.50/- (15%) per equity share of Rs.10/- each for the Financial Year ended on 31st March, 2019.
3. To re-appoint Mr. Ramesh Babu Potluri (DIN: 00166381) who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. **Re-appointment of Mr. T.V.Praveen as Senior Vice-President (Marketing) of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Section 188(1)(f) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and pursuant to the recommendations of the Nomination and Remuneration Committee and the Board, the consent of the members of the Company, be and is hereby, accorded for the appointment of Mr. T.V. Praveen designated as Senior Vice-President (Marketing) of the Company for a period of three (3) years from 1st October, 2019 to 30th September, 2022, with a Remuneration of Rs.6,00,000/- (Rupees Six Lakhs only) per month

and other perquisites, as per the Company's policy in force."

RESOLVED FURTHER THAT pursuant to the applicable provisions of the Companies Act, 2013 (as amended from time to time), the Board of Directors of the Company be and is hereby, authorized to vary, alter or modify the designation and revisions in the remuneration and/or perquisites payable or to be provided (including any monetary value thereof) to Mr. T.V. Praveen to the extent the Board of Directors deem fit.

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/difficulties/doubts arise from it, including delegate to such authority as may be deemed necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental there to in the best interest of the Company."

5. **Ratify / Approve the Related Party Contracts/ Arrangements/ Transactions of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meeting of Board and its Power) Rules, 2014 (as amended from time to time), the approval / ratification of the members of the Company, be and is hereby, accorded to all the arrangements / transactions entered by the Company with related parties in the financial year 2018-19 or earlier year(s), whether by way of continuation / extension / renewal / modification of earlier arrangements / transactions or otherwise, and entering into further contracts / arrangements / transactions with 'Related Parties' as defined under section 2(76) of the Companies Act, 2013, within the prescribed limits of Rule 15(3) of Companies (Meetings of

Board and its Powers) Rules, 2014 whether material or not, as set out in the Explanatory Statement.

RESOLVED FURTHER THAT the Board of Directors and of the Company, be and is hereby, authorised to do, all such acts, matters, deeds and things, settle any queries/difficulties/doubts arise from it, including delegate such authority as may be deemed necessary and execute such addendum contracts/arrangements/ transactions, documents and writings and make such changes to the terms and conditions of these contracts/arrangements/ transactions as may be considered necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental there to in the best interest of the Company.”

6. Ratification of Remuneration Payable to the Cost Auditor for the Financial Year Ending on 31st March, 2020 .

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

“**RESOLVED THAT** pursuant to Section 148 of the Companies Act, 2013 (‘Act’) and Rule 6 of the

Companies (Cost Records and Audit) Rules, 2014 and all other applicable provisions, if any, of the Act and the rules made thereunder, as amended, the members be and is hereby ratify the remuneration of Rs.50,000/- (Rupees Fifty thousand only) per annum and taxes as applicable plus out of pocket expenses payable to Sri. KSN Sarma (Firm Registration No.102145) Cost Auditor appointed by the Board of Directors of the Company to conduct the Cost Audit for the financial year ending 31st March, 2020.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may deem fit, necessary and delegate to any Director(s) or any other Officer(s) of the Company for obtaining permissions and approvals, if any, in this connection.”

By order of the Board of Directors
For **SMS LIFESCIENCES INDIA LIMITED**

(TVVSN Murthy)
Managing Director
Din: 00465198

Date: 12th August 2019
Place: Hyderabad

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the Meeting, wherever applicable is annexed hereto.
2. A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder/member.
4. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send to the company a certified copy of the board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.
5. Only bonafide members of the Company whose appear on the Register of Members/ Proxyholders, in possession of valid attendance slips duly filled and signed will be permitted to attend the Meeting. The Company reserves it's right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
6. In order to enable us to register your attendance at the venue of AGM, we request you to bring your folio number/ demat account number/ DP ID-Client ID to enable us to give you a attendance slip for your signature and participation at the meeting.
7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company, at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
9. The Statutory Registers under the Companies Act, 2013, will be available for inspection at the Registered Office of the Company during the business hours between 11:00 a.m. to 1:00 p.m. except on holidays. The said Registers will also be available for inspection by the members at the venue of the AGM.
10. The Register of Members and Transfer Books of the Company will be remain closed from Monday, 23th September, 2019 to Monday, 30th September, 2019, both days inclusive.
11. The Board of Directors of the Company at their meeting held on 29th May, 2019 has recommended a dividend of Re. 1.50 per equity share of Rs. 10/- each, aggregating to Rs. 45,34,930.50/- as dividend for the financial year 2018-19. Dividend, if declared, at the AGM, will be paid on or after 4th October, 2019. The dividend, if approved at the 13th AGM, will be paid to those members whose names appear on the register of members of the Company as on Saturday, 21st September, 2019.
12. Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company is pleased to offer voting by electronic means to the members to cast their votes electronically on all resolutions set forth in this notice.
13. The Company will provide the "Remote e-Voting" facility to all the members, whose names appear on the register of members of the Company as of the end of the day on Saturday, 21st September, 2019.

The Company will provide the Voting by way of ballot or polling paper at the AGM Venue to those members who have not cast their vote by Remote e-voting facility. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall be not entitled to cast their vote again. The detailed instructions for e-voting are given as a separate attachment to this notice.

14. The e-Voting facility will be available during the following period:

| | |
|----------------------------|--|
| Commencement of E-Voting : | From 9:00 A.M. (IST) on Friday, 27 th September, 2019 |
| End of E-Voting : | On 05:00 P.M. (IST) on Sunday, 29 th September, 2019 |

15. The Company has appointed Mr. C. Sudhir Babu, Practicing Company Secretary, Proprietor, CSB Associates to act as the Scrutinizer, to scrutinize the e-voting process in a fair and transparent manner.
16. The Notice of the AGM along with the Annual Report 2018-19 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode at their address. A copy of the notice of the AGM along with the Annual Report is also available for download on the website of the Company www.smslife.in. To support the 'Green Initiative' Members who have not registered their e-mail addresses are requested to register the same with Aarthi Consultants Private Limited/Depositories. The members will be entitled to a physical copy of the annual report for the financial year 2018-19, free of cost, upon sending a request to the Company Secretary at Plot No:19-III, Road No:71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad - 500096.

17. The members are requested to intimate immediately any change in their address or bank mandates to their depository participants with whom they are maintaining their demat accounts or to the Company's Share Transfer Agent M/s. Aarthi Consultants Private Limited at their office, 1-2-285, Domalguda Hyderabad, Telangana 500029" or mail them at info@aarthiconsultants.com stating their details, if the shares are held in physical form.
18. The business set out in the notice will be transacted through electronic voting system and the company is providing facility for voting through electronic means. Instructions and other information relating to e-voting are given separately.
19. For the convenience of members and for proper conduct of the meeting, entry to the place of meeting will be regulated by attendance slip, which is part of the annual report. Members are requested to duly fill in and sign at the place provided on the attendance slip and hand it over at the entrance of the venue.
20. Shareholder/member desiring any information relating to the accounts are requested to write to the Company at least 7 days before the date of AGM so as to enable the management to keep the information ready.
21. Relevant documents referred to in the notice and the Explanatory Statement is open for inspection by the members at the Registered Office of the Company on all working days during business hours up to the date of Annual General Meeting.
22. In accordance with the proviso to Regulation 40(1) of the SEBI (LODR) Regulations, 2015, effective from April 1, 2019, transfer of shares of the Company shall not be processed unless the shares are held in dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical forms are requested to have their shares dematerialized so as to be able to freely transfer them and participate in various corporate actions.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.4

Appointment of Sri T.V.Praveen as Senior Vice-President (Marketing) of the Company.

Mr. T.V. Praveen, son of Mr. TVVSN Murthy, Managing director was first appointed as Vice-President (Marketing) in SMS Pharmaceuticals Limited (Demerged Company). Post Demerger, he was appointed as Vice-President (Marketing) of SMS Lifesciences India Limited at a remuneration of Rs. 4,25,000(Rupees Four lakh twenty five thousand only) per month inclusive of all perquisites and allowances. Mr.T.V. Praveen is a post graduate in management from IIM Kozhikode and an engineering graduate from BITS, Pilani. Prior to joining SMS Pharmaceuticals Limited, he had worked in multinational companies like Deloitte Consulting and Cognizant Technologies. He is focusing on forging long term relationships between the Company and customers.

Based on the recommendations of Nomination and Remuneration Committee, the Board of Directors of the Company has re-appointed him as Senior Vice-President(Marketing) for a further period of 3 years from 1st October, 2019 to 30th September, 2022 subject to the approval of the members, on revised remuneration as set out in the notice of the AGM.

The Board recommends the resolution for approval of the members.

None of the Directors/Key Managerial Personnel/ their relatives except Mr. TVVSN Murthy, is any way, concerned or interested, financially or otherwise, in this resolution.

Item No.5

Ratification / Approval the Related Party Contracts/ Arrangements/ Transactions of the Company

The Company had made the following Contracts/ Arrangements/Transactions with its Related Parties:

- Job work assignment to R.Chem (Somanahalli) Private Limited in the ordinary course of business at an arm's length price.
- Sales and purchase of products/by-products/ material in the ordinary course of business at an arm's length price to Rchem Somanahalli private Limited, SMS Pharmaceuticals Limited and Mahi Drugs Private Limited and other transactions as set out in Form AOC-2.

- A detailed description of the same is set out in Form AOC-2 of Board's Report forming part of the Boards' Report. The Board recommends the resolution for approval of the members.

The Board recommends the resolution for approval of the members.

Except Mr. Ramesh Babu Potluri, Director and Mr. TVVSN Murthy, Managing Director, none of the other Directors, Key Managerial Personnel or their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No.6

Ratification of Remuneration Payable to the Cost Auditor for the Financial Year Ending On 31st March, 2020.

The Board, on the recommendation of the Audit Committee, had approved the appointment and remuneration of Mr. KSN Sarma (Firm Registration No 102145) Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2020.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Rules made thereunder, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution for ratification of the remuneration payable to Cost Auditors to conduct Cost Audit for the financial year ending 31st March, 2020.

The Board recommends the resolution for approval of the members.

None of the Directors/Key Managerial Personnel/ their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

By order of the Board of Directors
For **SMS LIFESCIENCES INDIA LIMITED**

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

Date: 12th August 2019
Place: Hyderabad.

Details of Directors seeking appointment/ re-appointment at the forthcoming Annual General Meeting [in pursuance of SEBI(Listing Obligations and Disclosure Requirements)Regulations, 2015.]

| | |
|--|--|
| Name of Director | Ramesh Babu Potluri |
| Date of Birth | 01.10.1958 |
| Date of Appointment | 01.04.2016 |
| Qualification | B.Sc |
| Expertise in specific functional areas | Chemical |
| No. of Shares held in the Company | 518105 |
| List of companies in which Directorship held | SMS Pharmaceuticals Limited VKT Pharma Private Limited Mahi Drugs Private Limited Pharmaceuticals Export Promotion Council of India |
| Chairman/ Member of the Mandatory Committees of the Board of the companies on which he is a Director as on 31.03.2019 | CSR Committee- Member |

AGM Venue Route Map

JRC Conventions & Trade Fairs, Narne Road, Survey No-4, Film Nagar, Jubilee Hills, Hyderabad-500008



INSTRUCTIONS FOR E-VOTING

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 27.09.2019 at 9.00 a.m and ends on 29.09.2019 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21.09.2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) 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. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|--|---|
| PAN | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. ● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>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.</p> <ul style="list-style-type: none"> ● 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 (iv). |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members 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 also to be 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) 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.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) 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.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - 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.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - 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.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors have pleasure in presenting the 13th Annual Report of the Company together with the Standalone and Consolidated audited financial statements for the financial year ended 31st March, 2019.

Financial Results:

Standalone(Rs. in Lakhs)

| Particulars | 2019 | 2018 |
|---|------------------|-----------|
| Gross Sales | 37,096.99 | 22,618.30 |
| Net sales | 33,944.87 | 20,449.83 |
| Other Operating income | 463.25 | 413.94 |
| Net Revenue from Operations | 34,415.16 | 21,748.17 |
| Other Income | 252.87 | 307.72 |
| Finance Cost | 546.22 | 417.92 |
| Depreciation | 576.98 | 570.36 |
| Profit Before Tax | 2,375.83 | 639.66 |
| Taxation | 712.50 | (10.47) |
| Profit After Tax | 1,663.33 | 650.13 |
| Earnings per share (In Rupees) Basic/Diluted | 55.02 | 21.50 |

STATE OF COMPANY AFFAIRS

During the year 2018-19 the Company had achieved production of 2040 M.T of APIs and their Intermediaries in comparison with 1729 M.T for the FY 2017-18. The net sales of the Company for the year 2018-19 have reached 33,944.87 lakhs as against Rs.20,449.83 lakhs for the year 2017-18.

USFDA INSPECTION

The Company takes pride in informing that it has successfully completed USFDA audit during April, 2018 of Unit 1, Khazipally, Hyderabad. This is the 1st FDA audit of this unit in 30 years of its operations. This will help in enhancing sale of intermediates to regulated markets and API in key markets. Also this unit has approval from Japan PMDA, Korea FDA, COFEPRIS Mexico and WHO GMP.

SHARE CAPITAL:

The Authorized Share Capital of the Company is Rs. 3,50,00,000/- (Rupees Three Crore Fifty lakh only) divided into 35,00,000 Equity Shares of Rs. 10/- (Rupees Ten) each and the paid-up Share Capital is 3,02,32,870 divided into 30,23,287 Equity Shares of Rs. 10/- (Rupees Ten) each.

Listing of Shares:

The equity shares of the Company are listed in National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) with effect from 17th August, 2017.

TRANSFER TO RESERVES:

During the year, Your Company has not transferred any amount to General Reserve.

DIVIDEND:

The Board of Directors has in their meeting held on 29th May 2019, recommended the dividend @15% i.e. Rs. 1.50 per share of equity share of Rs.10/- each amounting to Rs. 45.35 Lakhs.

CHANGE IN NAME AND NATURE OF BUSINESS OF THE COMPANY:

During the year under review there is no change in the nature of business of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Directors:

In pursuance of Section 152 of the Companies Act, 2013 and the rules framed there under, Mr. Ramesh Babu Potluri, Director is liable to retire by rotation, at the ensuing Annual General Meeting and being eligible, offered himself for reappointment.

During the year Mr. Shraavan Kudaravalli was appointed as independent w.e.f 28.05.2018 in terms of section 149(10) of the Companies Act, 2013 for a continuous period of 5 (five) years.

Directors' Appointment and Remuneration Policy

The Nomination and Remuneration Committee is responsible to set the skills/ expertise/ competencies of the Board Members based on the industry and

strategy of the Company and to formulate the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of Section 178 (3) of the Act and the Listing Regulations. The Board has, on the recommendations of the Nomination & Remuneration Committee framed a policy for Remuneration of the Directors and Key Managerial Personnel. A copy of the Nomination & Remuneration Policy is available on the website of the company <https://www.smslife.in/policies.php>. The objective of the Company's 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 interests of Company's stakeholders. The Non-Executive Directors (NED) are remunerated by way of sitting fee for each meeting attended and are also reimbursed out of pocket expenses incurred by them in connection with the attendance of the Company's Meetings.

PERFORMANCE EVALUATION

Board Evaluation: The annual evaluation framework for assessing the performance of Directors comprises of the following key areas:

- i) Attendance for the meetings, participation and independence during the meetings.
- ii) Interaction with Management.
- iii) Role and accountability of the Board.
- iv) Knowledge and proficiency.

The evaluation involves assessment by the Nomination and Remuneration Committee and Board of Directors. A member of the Nomination and Remuneration Committee and Board does not participate in the discussion of his / her evaluation.

MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, the Board of Directors of the Company met Four times viz. 28th May 2018, 30th July, 2018, 13th November, 2018 and 14th February, 2019.

COMMITTEES OF THE BOARD

The details of the Committees of the Board viz., Audit Committee, Nomination and Remuneration Committee, CSR Committee and Stakeholders Relationship

Committee are reported in the Report on Corporate Governance, which forms part of the Board's Report.

DECLARATION BY INDEPENDENT DIRECTORS

The independent directors have submitted the declaration of independence stating that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANY:

During the year, Mahi Drugs Private Limited became wholly owned subsidiary of the Company with effect from 17th September, 2018. The particulars of investments as on 31st March, 2019 are furnished in Form AOC-1 forming part of this Annual Report as 'Annexure - I'.

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion and Analysis Report is annexed, which forms part of this Report as **Annexure - II**.

CORPORATE GOVERNANCE

A separate section on Corporate Governance practices followed by your Company, as stipulated under Schedule V(C) of the SEBI (LODR) Regulations, 2015 is enclosed forming part of this report. The certificate of M/s. Rambabu & Co, Statutory Auditors, with regard to compliance of conditions of corporate governance as stipulated under Schedule V (E) of the SEBI (LODR) Regulations, 2015 is annexed to the Report on Corporate Governance as '**Annexure - III**'.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits in terms of Chapter V of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014.

EXTRACT OF ANNUAL RETURN:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT-9 is given as **Annexure - IV** and forms part of this Report.

LOANS, GUARANTEES AND INVESTMENTS:

The Company has acquired 100% of the equity shares of Mahi Drugs Private Limited during the year. The

Board agreed to provide Corporate Guarantee to Mahi Drugs Private Limited, a wholly owned subsidiary of the Company. The particulars of investments and Corporate Guarantee as on 31st March, 2019 are furnished in financial Statement forming part of this Annual Report as '**Annexure - V**'

TRANSACTION WITH RELATED PARTIES:

All contracts/arrangements/transactions entered by the Company during the financial year 2018-19 with related parties were in the ordinary course of business and at an arm's length basis and are in compliance with the provisions of the Companies Act. There are no materially significant related party transactions made by the Company with Promoters, Directors and Key Managerial Personnel etc. which may have potential conflict with the interest of the Company. A Policy on Related Party Transactions is uploaded on the Company's website at the web link <http://www.smslife.in/investors/policy>. 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 - VI**'

CORPORATE SOCIAL RESPONSIBILITY:

As per the provisions of Section 135 and Schedule-VII of the Companies Act, 2013, and Companies (Corporate Social Responsibility Policy) Rules, 2014 your company had formulated a Corporate Social Responsibility Policy (CSR Policy). <https://www.smslife.in/pdf/corporate-social-responsibility-policy.pdf>. The said policy contains the scope of CSR Expenditure and provides guidance for way forward for expending the same. The composition of CSR committee and other details mentioned under 'Corporate Governance Report' which forms part of this report.

*As per the provisions of the Section 135 of the Act, the average net profits of the company during the preceding three years stands as Rs. 818.09 lakhs hence the company is required to spend a sum of Rs. 16.36 lakhs towards CSR Expenditure in FY 2018-19. The details of it are mentioned under 'CSR Expenditure' in statutory format which forms part of this report as **Annexure - VII**.*

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

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

i. Conservation of Energy

Steps taken or impact on conservation of energy:

Energy conservation refers to reducing energy consumption through optimal energy utilization technologies, enhancing energy availability, resource efficiency as also use of renewable energy.

During the year the Company has implemented energy conservation equipment in its Kazipally unit. Some of them are:

- Erected 33 KV power line in the existing 11KV power line. With this reduction in price for each unit of power consumed, decline in diesel consumption by minimizing power interruptions.
- Improvement in Fluidization & combustion and Steam Generation efficiency at Boilers by
 - i) Increased feed water temperature up to 75 deg.C and target 95 deg.C.
 - ii) Steam control Automation.
 - iii) Introduced High GCV & low Moisture Imported Coal (Indonesia and South Africa) in place of High Moisture (40%) and lower quality coal and reduced coal consumption.
- Improvement of Brine compressors Capacity, further improved cooling efficiency and Reduced compressors running hours & Reduced Energy consumption from 22570 units to 16500 units per day of SERVICE BLOCK.
- Use of RO water to Cooling towers make up.
- Replaced old compressors with new compressors with automation.
- Automation of two nos. 120 TR compressors.
- New Cooling tower 500TR installed and improved total cooling efficiency to brine condensers.
- Cooling towers Automation.

ii. Technology Absorption

No technology absorption is involved.

iii. Foreign Exchange earnings and outgo

| Particulars | 2019 | 2018 |
|----------------------|------------------|-----------|
| Earnings: | | |
| FOB value of Exports | 16,354.54 | 10,720.71 |
| Outgo: | | |
| Sales Commission | 208.07 | 116.76 |
| Travelling Expenses | 0.55 | 0.41 |
| CIF value of Imports | 9,875.97 | 6,906.64 |

Particulars of Employees and related disclosures:

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is mentioned under 'Employees Remuneration Report' which forms part of this report as **Annexure – VIII**.

None of the employees is receiving salary of more than Rs 8.50 lakh per month

AUDITORS:

Statutory Auditors:

The appointment of M/s.Rambabu & Co., Chartered Accountants as Statutory Auditors of the Company for a period of four years was approved by the Shareholders in the 11th Annual General Meeting held on 10th June, 2017 till the conclusion of 15th Annual General Meeting of the Company.

The Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

Internal Auditors:

In terms of Section 138 of the Companies Act, 2013 and the relevant Rules, the Company appointed M/s Adusumilli & Associates, Chartered Accountants, as Internal Auditor. The Internal Auditor directly reports to the Audit Committee.

Secretarial Auditor:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment

and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s SVVS & Associates Company Secretaries LLP, to undertake the secretarial audit of the company for the Financial Year ended 31st March, 2019. The Secretarial Audit Report is annexed herewith as '**Annexure - IX**'.

Annual Secretarial Compliance Report:

Pursuant to SEBI circular no. CIR/CFD/CMD1/27/2019 dated 08th February, 2019, the Company has obtained Annual Secretarial Compliance Report forms part of this Report as **Annexure – X** from Mr. C. Sudhir Babu, Practicing Company Secretary(Proprietor, CSB Associates) and the same was also submitted to the Stock Exchanges where the shares of the Company are listed.

Certificate of Non disqualification of Director' under Regulation 34(3) of SEBI (LODR) 2015:

The Company has obtained a certificate which forms part of this Report as **Annexure – XI** from Mr. C. Sudhir Babu, Practicing Company Secretary(Proprietor, CSB Associates) confirming that none of the Directors of the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

Cost Auditor:

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and the Companies (Cost Records & Audit) Amendment Rules, 2014, the Board in their meeting held on 29th May 2019, has appointed Mr. K.S.N. Sarma (Registration No.102145 and Membership No.6875) as Cost Auditor of the Company for the financial year 2019-20. The provisions also require that the remuneration of the Cost Auditor is to be approved by the shareholders as mentioned in the AGM Notice.

HUMAN RESOURCES

'Human Resources' are recognised as a key pillar of any successful organisation and so is for SMS Lifesciences. The Company puts constant efforts in recruiting and training the employees and ensures to bring out the best of them. The Company adopts a HR policy and ensures that all the employees are aware of personnel policies. The needs of the employees are addressed with high importance and efforts are made to provide a highly

challenging and healthy environment. Besides all these, the Company places high emphasis on professional etiquette required of every employee.

RISK MANAGEMENT

The provisions related to the Risk Management Committee of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable to the Company. The Company has a Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to minimise adverse impact on the business objectives and enhance the Company's competitive advantage. The risk framework defines the risk management approach across the enterprise at various levels.

INTERNAL CONTROLS SYSTEMS AND ADEQUACY

The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. The scope of the Internal Audit is decided by the Audit Committee and the Board. To maintain objectivity and independence, the Board has appointed an Internal Auditor, which reports to the Audit Committee of the Board on a periodic basis. The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies for various functions of the Company. Audit observations and actions taken thereof are presented to the Audit Committee of the Board periodically.

WHISTLE BLOWER POLICY/VIGIL MECHANISM:

The Company has established a mechanism through which all the stakeholders can report the suspected frauds and genuine grievances to the appropriate authority. A mechanism has been established for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of code of conduct and ethics. It also provides adequate safeguard against victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit Committee. The whistle Blower Policy which has been approved by the Board of Directors of the Company has been uploaded on the Company's website (<http://www.smslife.in/investors/whistle-blower-protection-policy>). During the year under review, the Company has not received any complaint(s) under this policy.

PREVENTION OF INSIDER TRADING CODE

As per the SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has adopted a Code of Conduct of Insider Trading. The Company has appointed Mr. Pavan Pise, Company Secretary of the Company as Compliance Officer for setting forth the procedures and implementation of the Code for trading in Company's Equity Shares. During the year under review, there has been a due compliance of the said Code.

BOARD'S RESPONSE ON AUDITORS QUALIFICATIONS, OBSERVATIONS, RESERVATION OR ADVERSE REMARKS OR DISCLAIMERS MADE:

There are no qualifications, observations, reservations or adverse remarks made by the Statutory Auditors in their report.

REPORTING ON SEXUAL HARASSMENT:

The Company has zero tolerance for sexual harassment at workplace and has adopted a "Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace" in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Company is committed to provide equal opportunities without regard to their race, caste, sex, religion, colour, nationality, disability, etc. All women associates (permanent, temporary, contractual and trainees) as well as any women visiting the Company's office premises or women service providers are covered under this policy. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological. During the year under review, the Company has not received any complaints on sexual harassments.

DIRECTOR'S RESPONSIBILITY STATEMENT:

The Directors' Responsibility Statement referred to in clause (c) of Sub-section (3) of Section 134 of the Companies Act, 2013 shall state that

- 1) in the preparation of financial statements for the year ending 31st March, 2019 the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

- 2) the directors had selected such accounting policies notified and modified by ICAI and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- 3) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act as amended from time to time for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) the annual accounts of the Company had been prepared on a going concern basis; and
- 5) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and.
- 6) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

No significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

ACKNOWLEDGEMENTS:

The Directors place on record their sincere appreciation for the significant contribution made by the employees through their dedication, hard work and commitments. The Directors gratefully acknowledge and appreciate the support extended by the Banks, Financial Institutions, various government authorities, customers and shareholders of the Company, for their continued support and confidence reposed in the Company.

For and on behalf of the Board of Directors

(Ramesh Babu Potluri)
Director
DIN: 00166381

(TVVSN Murthy)
Managing Director
DIN: 00465198

Place: Hyderabad

Date: 12th August, 2019



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 | 31-03-2019 |
| Reporting currency and Exchange rate of subsidiaries if any | INR (In lakhs) |
| Share Capital | 471.51 |
| Reserves & Surplus | 554.07 |
| Total assets | 2983.56 |
| Total Liabilities (Excl. Share Capital, Reserves & Surplus) | 1957.99 |
| Investments | 0 |
| Turnover | 3909.36 |
| Profit before taxation | 162.66 |
| Provision for taxation | 41.26 |
| Profit after taxation | 121.39 |
| Proposed Dividend | 0 |
| % of shareholding | 100% |

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

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 29.05.2019

TVVSN Murthy
Managing Director
DIN: 00465198

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and developments

Indian pharmaceuticals industry is globally respected and is one of the most successful industries in India. It has contributed immensely to India's healthcare outcomes and economy. In addition to helping ensure affordable and accessible medicines in the far reaches of India, it also generates employment, directly or indirectly hiring around 2.5 million people. World-class capabilities and market conditions ensure that India continues to be one of the most lucrative pharma markets in the world. This strong market presence rests on three crucial pillars:

- i) Steady domestic and global demand for products:** Affordability and accessibility of India pharma products has improved in domestic as well as international markets
- ii) Strong position in infrastructure and capabilities:** India has been able to build strong capabilities across the value chain.
- iii) Policy efforts to ease business:** The Indian government has taken various steps to ease administrative and regulatory procedures for pharma companies

India's Pharmaceutical Sector is a 6th largest contributor to FDI in India. The existing FDI policy allows 100 per cent FDI under automatic route in greenfield projects and up to 100 per cent FDI under government approval in brownfield projects. The Government has decided to increase FDI to 74% in existing pharmaceutical companies through the automatic route thus attracting foreign investments into the Indian economy.

The Pharmaceuticals industry has shown tremendous progress in terms of infrastructure development, technology base and a wide range of products.

India has the second highest number of United States Food and Drug Administration (USFDA) approved facilities and labour costs in India are lower than other manufacturing hubs by up to 40%.

Indian pharmaceutical industry can continue to contribute in a big way to the economy and healthcare

outcomes, both in India and abroad. Industry could ramp up its trade balance contribution by five times to create a trade surplus of about USD 55 to 60 billion for the country by 2030. The industry could also continue to drive significant job creation and generate nearly 4 million additional jobs over the next 15 years. This will require a set of concerted actions from all stakeholders including the industry, industry associations, policy making government bodies as well as regulatory authorities.

Financial Performance (Rs in lakhs)

| Particulars | 2019 | 2018 |
|--------------|------------------|-----------|
| Net Sales | 34,415.16 | 22,449.83 |
| Finance Cost | 544.22 | 417.92 |
| PBT | 2,375.83 | 639.66 |
| PAT | 1,663.33 | 650.13 |

Government Initiatives in Pharmaceuticals sector

The Union Cabinet has given its nod for the amendment of the existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions.

The Indian government has taken various steps to ease administrative and regulatory procedures for pharma companies. These are in various stages of implementation and include

100 per cent Foreign Direct Investment (FDI) is allowed under the automatic route for Greenfield projects. For brownfield project investments, up to 100 per cent FDI is permitted under the government route on a case-to-case basis.

The government provides financial benefits for R&D efforts. A 100 per cent deduction is available for qualifying expenditures paid out or expended in scientific research and a weighted deduction of 150 per cent is available for scientific research on in-house R&D expenditure. There is also a provision allowing 125 per cent deduction on amounts paid to approve third-party R&D contractors.

Duty free import of Pharmaceuticals reference standards is allowed.

A number of export benefits under Focus product scheme, Special focus product scheme, Focus market scheme and Export promotion capital goods scheme have been envisaged.

The 'Make in India' initiative was launched by Government of India in September 2014. India today is the world's third-largest pharmaceutical market globally in terms of volume. The country is the largest supplier of cost-effective generic medicines to the world, accounting for 20% of global exports.

Outlook & Opportunities

India is already an attractive destination for the manufacturing of pharmaceuticals owing to its strong capabilities across the value chain. Going forward, pharmaceuticals manufacturing in India has multiple opportunities for growth across formulations, bulk drugs, indigenous vaccines manufacturing and contract manufacturing.

With years of experience and expertise behind them, Indian manufacturers can easily take lead in formulations repurposing. The area offers unique advantages of shorter cycle times, lower development costs and higher success rates. There is potential to partner as development or manufacturing partner to global pharmaceutical companies.

Environment pressures, Steep increase in cost of manufacturing, lack of expected regulatory capabilities, reduction of export incentives for pharmaceutical manufacturing in China is a huge opportunity for Indian manufacturers to replace Chinese manufacturing in many products.

Also Chinese market is going to be a huge opportunity for intermediates, API going forward. The company is focusing on efforts to increase sales in China.

Increased regulatory compliance, EHS norms and cost pressure will bode well for mid size efficient pharma companies like SMS Lifesciences with three decades of customer relationships in domestic and export markets.

Due to slow expansion of large pharma companies

considering adverse market dynamics, it is resulting in new growth opportunities for us by offering our manufacturing capacity for those large pharma companies.

Also gap /potential for targeting some existing off patent products is emerging due to issues on regulatory / EHS / financial for established players in those products. The company is assessing such opportunities and will launch such existing generics on ongoing basis. We are targeting to launch Allopurinol, Domperidone in this financial year 2019-20.

The Company's new acquisition of Mahi Drugs will add manufacturing flexibility and locational diversity. Vizag is favorable for faster product mix change and environmental monitoring. This will aid in faster new product launch and quicker responses to market dynamics. Expansion at Mahi drugs will increase intermediate capacity and add new API lines. This will ensure new business opportunities in API/intermediates. The company is targeting USFDA approval at Mahi drugs in the near future.

THREATS

While Indian pharmaceutical industry is poised for future growth, certain challenges need to be addressed to de-risk the growth trajectory and provide future impetus. The ecosystem comprising of pharmaceutical players, industry associations, policy maker and regulators will need to play their part to address these challenges.

Growing dependence on external markets for raw materials: The sector continues to rely on imports of key starting materials, intermediates and API; with the share of dependence increasing over time. India's ability to sustain its cost-competitiveness in traditional generic formulations is being challenged for many reasons - high levels of commoditization, increasing customer consolidation, pricing regulations, increasing global competition and productivity boosts from players in developed markets to match India's conversion costs. While India has made substantial headway in the last few years, it is still behind in operational maturity in this space, particularly as compared to China and South Korea. While a lot of good policies are in pipeline, if not executed on time would lead to high opportunity cost.

There exists opportunity to strengthen dialog between government and industry for feedback on current policies. It is important for the government and industry to work together and resolve these issues in a timely manner.

Pricing regulations: Many more markets are coming under price regulation, thereby putting further pressure on margins

Compliance Issues: Various Indian companies have faced the rage of USFDA for not following drug manufacturing standards. Consequently, India's top pharmaceutical entrepreneurs have been urging the industry to fix their compliance issues with regulators to establish India as the producer of best quality medicines.

Increasing global competition: Chinese players are expanding downstream, from APIs to formulations. Of the top 15 Chinese players in API, 14 are now present in formulations. The Chinese manufacturers, traditionally state owned enterprises enjoy 15-17 per cent drawback duty on exports and tax incentives that help cover a part of their operating costs. Also there is considerable competition from Indian companies in API/intermediates where there is issue of pricing and volumes.

US Market growth challenges: Indian Pharma Industry was heavily dependent on US Market for growth. Indian Pharma Industry was contributing to more than 65% of US Generics. With growth challenges and huge competition in US market along with very stringent regulatory norms, it is having a serious affect on growth prospects.

Players in developed markets are boosting productivity to match India's conversion costs. This along with the perceived quality advantage and proximity to global customers is making them relatively more reliable

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS, NETWORTH ALONG WITH DETAILED EXPLANATIONS THEREFOR:

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 | % Change | Reasons |
|---------------------------------|------------------------------------|------------------------------------|----------|--|
| Debtors Turnover Ratio | 10.67 | 6.45 | 65.27% | This was owing to higher sales throughout the year |
| Days | 34 | 57 | -39.49% | |
| Inventory Turnover Ratio | 5.51 | 4.49 | 22.79% | This was owing to increase in inventory levels corresponding increase in turnover for the year |
| (Days) | 17 | 13 | 32.30% | |
| Interest Coverage Ratio | 6.25 | 4.95 | 26.43% | This is owing to increase in profitability and profits along with increase with turnover |
| Current Ratio | 1.20 | 1.39 | -13.87% | Normal |
| Debt Equity Ratio | 0.33 | 0.24 | 35.34% | Increase in profitability and profits improved the Company's financial strength |
| Operating Profit Margin | 9.75% | 6.89% | 41.51% | The PBT and PAT have increased substantially due to change in product mix apart from significant increase in turnover. |
| Net Profit Margin | 4.80% | 2.95% | 62.77% | |
| Return on Net worth | 15.84% | 7.35% | 115.46% | |

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has laid down set of standards which enables to implement internal financial control across the organization and ensure that the same are adequate and operating effectively (1)To provide reasonable assurance that: transactions are executed in conformity with generally accepted accounting principles/standards or any other

criteria applicable to such statements, (2) To maintain accountability for assets; access to assets is permitted only in accordance with management's general or specific authorization and the maintenance of the records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company, (3) To provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets that could have a material effect on the Financial Statements.

Human Resources

'Human Resources' are recognized as a key pillar of any successful organization and so is for SMS Lifesciences. The Company puts constant efforts in recruiting and training the employees and ensures to bring out the best of them. The Company adopts a HR policy and ensures that all the employees are aware of personnel policies. The needs of the employees are addressed with high

importance and efforts are made to provide a highly challenging and healthy environment. Besides all these, the Company places high emphasis on professional etiquette required of every employee.

Risk Management

The provisions related to the Risk Management Committee of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable to the Company. However, the Company has a Corporate Risk Management Committee. The Company has a Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The risk framework defines the risk management approach across the enterprise at various levels. The Corporate Risk Management Committee reports to the Audit Committee and the Board.

Annexure-III

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company is committed to maintain high standards of Corporate Governance. To us, Corporate Governance means conduct of business with transparency, accountability and business prosperity with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of all other stakeholders as well.

BOARD OF DIRECTORS:

The Board of Directors, as on 31.03.2019, comprising a Managing Director, 1 Non-Executive Promoter Director and 4 Non-Executive & Independent Directors. The composition of the Board is in conformity with the provisions of the SEBI (LODR) Regulations, 2015.

All Independent Directors of the Company have been appointed as per the provisions of the Companies Act, 2013 and the Governance Guidelines for Board Effectiveness adopted by the Company. Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment are disclosed on the Company's website.

The Board of Directors met Four (4) times during the financial year on 28.05.2018, 30.07.2018, 13.11.2018 and 14.02.2019. The maximum gap between any two meetings was less than four months, as stipulated under SEBI (LODR) Regulations, 2015.

The meetings of the Board are governed by a structured agenda. The Board members in consultation with the Chairman may bring up other matters for consideration at the Board meetings.

Necessary information as required under the statute and as per the guidelines on Corporate Governance are placed before and reviewed by the Board from time to time.

The names and categories of the directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee memberships held by them in other companies is given below:

| Name of Director | Category* (Designation) | No. of Board Meetings during the Year 2018-19 | | Attended Last AGM 20.09.2018 | No. of Directorships in other Public Companies | No. of Committee Position held in Public Companies (including this Company)* | |
|--------------------------|----------------------------|---|----------|------------------------------|--|--|--------|
| | | Held | Attended | | | Chairman | Member |
| Mr. Ramesh Babu Potluri | Non-Executive Director | 4 | 4 | Yes | 1 | 0 | 0 |
| Mr. T.V.V.S.N Murthy | Managing Director | 4 | 4 | Yes | 1 | 0 | 2 |
| Mr. P. Sarath Kumar | Independent Director | 4 | 3 | Yes | 2 | 2 | 1 |
| Dr. T. Neelaveni | Independent Director | 4 | 3 | No | 1 | 1 | 3 |
| Mr. P. S. Rao | Independent Director | 4 | 1 | No | 2 | 1 | 3 |
| Mr. Shraavan Kudaravalli | Independent Director | 4 | 3 | Yes | 3 | 0 | 2 |

* Excludes directorships in Indian private limited companies, foreign companies, companies under Section 8 of the Companies Act, 2013 and Alternate Directorships.

Membership/ Chairmanship in Audit and Stakeholders Relationship Committees of public limited companies (including SMS Lifesciences India Ltd.) have been considered.

None of the directors are related to any other director on the Board.

INDEPENDENT DIRECTORS

Following are the Independent Directors of the Company:

| SI No. | Name | Designation |
|--------|--------------------------|------------------------------------|
| 1 | Mr. P. Sarath Kumar | Non-Executive Independent Director |
| 2 | Dr. T. Neelaveni | Non-Executive Independent Director |
| 3 | Mr. P. S. Rao | Non-Executive Independent Director |
| 4 | Mr. Shraavan Kudaravalli | Non-Executive Independent Director |

The letter(s) of appointment to the above Independent Directors were issued by the Company after their appointment and the same are disseminated on the website of the Company i.e. www.smslife.in

Separate meeting of Independent Directors in compliance with Schedule IV of the Companies Act, 2013 was held during the year and all independent directors as on date were present at the said meeting.

Familiarisation Programme for Independent Directors:

The Company familiarises the Independent Directors of the Company on their roles, rights and responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. through various programmes.

Criteria of Independence of Independent Directors:

All the Independent Directors, have furnished a declaration that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act and Regulation 16 (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board members are provided with necessary documents/reports on internal policies to enable them to familiarize to the Company's procedures and practices. Periodic presentations are made at the Board and its Committee meetings, on business and performance updates of the Company. Site visits to various plant locations are organized to the directors to enable them to understand the operations of the Company.

CODE OF CONDUCT

The Board has prescribed the Code of Conduct for all its Board Members and Senior Management. The Managing Director has confirmed to the Board that the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year ended on 31st March, 2019. A declaration to this effect signed by Managing Director has been incorporated in the Annual Report.

BOARD AND DIRECTOR EVALUATION AND CRITERIA FOR EVALUATION

Pursuant to the provisions of the Act and the SEBI Regulations, the Board has carried out the annual performance evaluation of its own performance, as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees respectively. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors. The Chairman of the Board of Directors and the Chairman of Nomination & Remuneration Committee met all the Directors individually to get an overview of the functioning of the Board and its constituents inter-alia on the following broad criteria i.e. attendance and level of participation, independence of judgment exercised by Independent Directors, interpersonal relationship etc.

Based on the valuable inputs received from the Directors, an action plan has been drawn up to encourage greater engagement of the Independent Directors with the Company.

BOARD COMMITTEES:

The Meetings of each of the Committees are 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 sent to all Directors individually and tabled at the respective Board / Committee Meetings.

The Company has Four Board level Committees, namely Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility (CSR) Committee.

The constitution, terms of reference and the functioning of the existing Committees of the Board is explained herein

Audit Committee:

Terms of reference:

In addition to the matters provided in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013, the Audit Committee reviews reports of the Internal Auditor & Statutory Auditor as and when required and discusses their findings, suggestions, observations and other related matters. It also reviews major accounting policies followed by the Company.

During the year under review, the Committee met **4** times on 28.05.2018, 30.07.2018, 13.11.2018 and 14.02.2019

Composition:

| Name of the Committee member | Status | Category | No of Meetings Attended during the year 2018-19 |
|------------------------------|----------|------------------------------------|---|
| Mr. P Sarat Kumar | Chairman | Non-Executive Independent Director | 3 |
| Mr. P.S.Rao | Member | Non-Executive Independent Director | 1 |
| Dr. T Neelaveni | Member | Non-Executive Independent Director | 3 |
| Mr. Shravan Kudaravalli | Member | Non-Executive Independent Director | 3 |

The Chairman of the Committee was present in the Annual General Meeting to answer the shareholder queries. The Company Secretary acts as the Secretary to the Committee.

The Minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken note. The Audit Committee considered and reviewed the accounts for the year 2018-19, before it was placed in the Board. The Committee periodically interacts with the independent auditors, reviews the Company’s financial and risk management policies and adequacy of internal controls with the management and is responsible for effective supervision of the financial reporting process and compliance with financial policies. The Internal Auditor reports directly to the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

Terms of reference:

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Devising a policy on Board diversity.

During the year under review, the Committee met 1 time on 28.05.2018.

| Name of the Committee member | Status | Category | No of Meetings Attended during the year 2018-19 |
|------------------------------|----------|------------------------------------|---|
| Mr. P.S.Rao | Chairman | Non-Executive Independent Director | 0 |
| Mr. P Sarat Kumar | Member | Non-Executive Independent Director | 1 |
| Dr. T Neelaveni | Member | Non-Executive Independent Director | 1 |

Remuneration Policy

The Company's philosophy for remuneration of Directors, key managerial personnel and all other employees is based on the commitment of fostering a culture of leadership with trust. The Company has adopted a Policy for remuneration of Directors, Key Managerial Personnel and other employees, which is aligned to this philosophy. The key factors considered in formulating the Policy are as under:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The key principles governing the Company's Remuneration Policy are as follows:

1) Remuneration to Managing Director / Whole-time Directors:

- The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

2) Remuneration to Non- Executive / Independent Directors:

- The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- All the remuneration of the Non- Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors or shareholders, as the case may be.
- Any remuneration paid to Non- Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration for the purposes of clause (b) above if the following conditions are satisfied:

- i) The Services are rendered by such Director in his capacity as the professional; and
- ii) In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

3) Remuneration to Key Managerial Personnel and Senior Management:

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b) The fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time.
- c) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

Details of remuneration paid to the Executive Directors for the year: (Rs. in lakh)

| Particulars | Current Year (Rs.) | Previous Year (Rs.) |
|--|--------------------|---------------------|
| Managing Director (Mr TVVSN Murthy) | 272.02 | 242.07 |
| Total | 272.02 | 242.07 |

Details of sitting fee paid to the Non-Executive & Independent Directors for the year: (Rs. in lakh)

| Particulars | 2018-19 |
|-------------------------|-------------|
| Mr P.Sarath Kumar | 0.70 |
| Mr P.S.Rao | 0.30 |
| Dr. T. Neelaveni | 0.70 |
| Sri Ramesh Babu Potluri | 0.40 |
| Mr.Shravan Kudaravalli | 0.60 |
| Total | 2.70 |

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition:

| Name | Chairman/Member | Designation |
|------------------------|-----------------|--|
| Mr. TVVSN MURthy | Chairman | Managing Director |
| Mr.P.S.Rao | Member | Independent Director |
| Mr.Ramesh Babu Potluri | Member | Non-Executive Non Independent Director |

Terms of Reference:

The Committee is primarily responsible for formulating and recommending to the Board of Directors a Corporate Social Responsibility (CSR) Policy and monitoring the same from time to time, amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR activities.

The CSR policy of the Company is available on our website, <https://www.smslife.in/pdf/corporate-social-responsibility-policy.pdf>

During the year 2018-19, one (1) meeting of the Corporate Social Responsibility Committee was held on 30.07.2018.

As per Sec.135(5) of the Companies Act, 2013, an amount of 2 percent of the average Net Profits of the Company made during the three immediately preceding financial years, which works out to Rs.16.36 lakhs is to be spent towards Corporate Social Responsibility Activities.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Composition:

| Name | Chairman/Member | Designation |
|------------------------|-----------------|--------------------------------------|
| Dr. Neelaveni Thummala | Chairman | Non-Executive & Independent Director |
| Mr.P.S.Rao | Member | Non-Executive & Independent Director |
| Mr.TVVS Murthy | Member | Non-Executive & Independent Director |

Terms of Reference:

The Committee considers and resolves the grievances of shareholders, including the complaints related to transfer/transmission of shares, non-receipt of Balance Sheet and non-receipt of declared dividends.

Mr. Pavan Pise, Company Secretary is the Compliance officer of the Company. During the year under review, the Company has received & resolved one compliant and there are no pending complaints.

Annual General Meetings:

The date, time and venue of the Annual General Body Meetings held during the preceding three years and the special Resolution (s) passed thereat are as follows:

| Year | AGM | Venue | Date | TIME | SPECIAL RESOLUTION PASSED |
|---------|-----|---|-----------------------------------|----------|---|
| 2015-16 | AGM | Registered office of the Company | September 30 th , 2016 | 11.00 AM | Nil |
| 2016-17 | AGM | Registered office of the Company | June 10 th , 2017 | 11.30 AM | 1. Appointment of Mr.TVVS Murthy as Managing Director. 2. Appointment of Mr T.V.Praveen as Vice-President (Marketing) of the Company 3. To Ratify / Approve The Related Party Contracts/ Arrangements/ Transactions of The Company. |
| 2017-18 | AGM | The Jubilee Hills, International Centre, Jubilee Hills, Hyderabad – 500 033 | September 20th 2018 | 3.45 PM | To Ratify / Approve The Related Party Contracts/ Arrangements/ Transactions of The Company. |

All the special resolutions were passed with requisite majority.

Means of Communication:

The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the close of the financial year as per the requirements of the LODR Regulations, 2015. The aforesaid financial results are sent to the Stock Exchanges where the Company's securities are listed, immediately after these are approved by the Board. The results are thereafter published in the leading English newspaper namely Financial Express and Telugu newspaper namely Andhra Prabha. The audited financial statements form 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 Exchanges and placing on its website

all price sensitive matters or such other matters, which in its opinion are material and of relevance to the members. The Annual Report of the Company, the quarterly / half yearly and the annual results of the Company, shareholding pattern, Corporate Governance Report etc. are also placed on the Company's website: www.smslife.in

General Shareholder Information:

| | | |
|------------|---|--|
| i | Annual General Meeting (Day, Date, Time and Venue): | 30th September, 2019 at 11.30 AM at JRC Conventions & Trade Fairs, Narne Road, Survey No-4, Film Nagar, Jubilee Hills, Hyderabad-500008 |
| ii | Financial Year: | April 1 to March 31. The results of every quarter beginning from April are declared within the time specified under the provisions of SEBI(LODR) Regulations,2015. |
| iii | Date of Book Closure: | 23th September 2019 to 30th September 2019 (both days inclusive). |
| iv | Listing on stock exchanges: | BSE Limited (BSE) National Stock Exchange of India Ltd (NSE) Annual listing fee for the year 2019-20 has been paid by the Company to BSE & NSE. |
| v | Stock codes: | BSE : 540679 NSE : SMSLIFE |
| vi | Company's ISIN: | INE320X01016 |

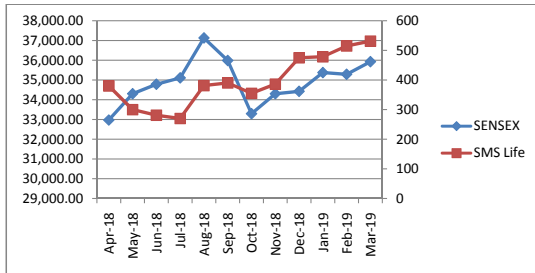
Market price data

The monthly high and low stock quotations during the last financial year in Bombay Stock Exchange Limited are given below:

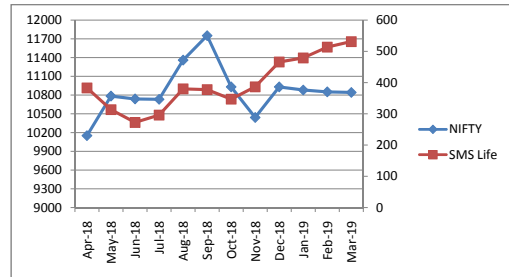
| Month | BSE | | NSE | |
|----------------|--------------------|-------------------|--------------------|-------------------|
| | Month's High Price | Month's Low Price | Month's High Price | Month's Low Price |
| April 2018 | 449.00 | 380.00 | 437.95 | 383.00 |
| May 2018 | 440.00 | 300.00 | 448.00 | 313.45 |
| June 2018 | 397.00 | 281.00 | 398.00 | 272.50 |
| July 2018 | 441.60 | 270.00 | 459.95 | 296.05 |
| August 2018 | 477.95 | 381.20 | 473.85 | 380.00 |
| September 2018 | 478.20 | 390.00 | 478.00 | 377.50 |
| October 2018 | 470.00 | 355.00 | 437.70 | 347.00 |
| November 2018 | 555.00 | 386.05 | 557.70 | 386.50 |
| December 2018 | 510.00 | 475.00 | 525.00 | 466.00 |
| January 2019 | 848.00 | 478.50 | 840.00 | 479.00 |
| February 2019 | 663.50 | 515.00 | 668.00 | 513.60 |
| March 2019 | 630.50 | 531.20 | 624.70 | 531.20 |

Performance in comparison to broad based indices such as BSE Sensex & NSE Nifty

SMS Lifesciences India Ltd vs BSE



SMS Lifesciences India Ltd vs NSE



Registrars and Transfer Agents

Aarathi Consultants Private Limited

1-2-285, Domalguda, Hyderabad-500029

Tel: 040-27638111; Fax: 040-27632184;

E-mail: info@aarthiconsultants.com

Website: www.aarthiconsultants.com

Share transfer system

The Company’s shares are in demat mode. The shares received for transfer in physical mode are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects.

The Company appointed M/s. Aarathi Consultants Private Limited as the Registrar and Transfer Agents for dealing with all the activities connected with both physical and demat segments pertaining to the share transactions of the Company.

Distribution of Shareholding as on March 31, 2019

| Category (Shares) | No. of Cases | % of Cases | No. of Shares | % to equity |
|-------------------|--------------|---------------|----------------|---------------|
| 1 - 5000 | 10289 | 97.79 | 304646 | 10.08 |
| 5001 - 10000 | 89 | 0.85 | 62501 | 2.07 |
| 10001 - 20000 | 54 | 0.44 | 74529 | 2.47 |
| 20001 - 30000 | 17 | 0.16 | 42140 | 1.39 |
| 30001 - 40000 | 14 | 0.13 | 49688 | 1.64 |
| 40001 - 50000 | 8 | 0.08 | 37441 | 1.24 |
| 50001 - 100000 | 30 | 0.29 | 204960 | 6.78 |
| 100001 and above | 22 | 0.21 | 2247382 | 74.34 |
| Total: | 10523 | 100.00 | 3023287 | 100.00 |

Shareholding Pattern as on March 31, 2019:

| Sl. No. | | No. of Shareholders | Total Shares | % to Total |
|-----------|---|---------------------|------------------|---------------|
| A. | Shareholding of Promoter & Promoter Group: | | | |
| | Indian | | | |
| | Individuals/HUF/Corporate | 16 | 2055629 | 67.99 |
| | Foreign | Nil | Nil | Nil |
| B. | Public Shareholding: | | | |
| | Institutions | | | |
| | Alternate Investment Funds | 1 | 1657 | 0 |
| | Non-Institutions: | | | |
| | Bodies Corporate | 119 | 89139 | 2.95 |
| | Individuals | | | |
| | Individual Shareholders holding nominal share capital up to Rs.2 Lakh. | 10124 | 702710 | 23.24 |
| | Individual Shareholders holding nominal share capital in excess of Rs.2 Lakh. | 4 | 122580 | 4.05 |
| | Any Other (Specify) NRI/OCB | 176 | 27004 | 0.89 |
| | Any Others – Clearing Members | 80 | 24473 | 0.81 |
| | Any Others – Trust | 2 | 78 | 0.00 |
| | Any Others – unclaimed Suspense A/c | 1 | 17 | 0.00 |
| C. | Shares held by Custodians etc. | Nil | Nil | Nil |
| | Total | 10523 | 30,23,287 | 100.00 |

Dematerialization of Shares:

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories, viz. National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL).

Details of shares held in physical and dematerialized form as on 31st March, 2019:

| Mode of Holding | No. of Shares | % age |
|-----------------|----------------|---------------|
| NSDL | 1599952 | 52.92 |
| CDSL | 1411769 | 46.70 |
| Physical | 11566 | 0.38 |
| Total: | 3023287 | 100.00 |

99.62% of Company's paid-up Equity Share Capital has been dematerialized up to 31st March, 2019. The Company's shares are liquid and actively traded.

Outstanding GDRs or ADRs or Warrants or Convertible Instruments:

There were no Outstanding Global Depository Receipts or American Depository Receipts or Warrants or any convertible instruments during the year 2018-19.

Plant Locations:

a) unit-1:

Sy. No. 180/2, Kazipally (V) Jinnaram Mandal, Sanga Reddy Dist. 502 319, - Telangana State, India Phone : 08458-277067 / 68 Email : admin_unit1@smslife.in

b) Unit-4:

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

Address for Correspondence:

| Company | Registrars and Transfer Agent |
|---|---|
| M/s.SMS Lifesciences India Limited Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School Hyderabad TG 500096 Tel.Nos.040-66288888, Fax : 040 – 23551401 CIN: L74930TG2006PLC050223 E-Mail: cs@smslife.in Url: www.smslife.in | Aarthi Consultants Private Limited 1-2-285, Domalguda, Hyderabad-500029 Tel: 040-27638111; Fax: 040-27632184; E-mail: info@aarthiconsultants.com Website: www.aarthiconsultants.com |

OTHER DISCLOSURES:

a. Related party transactions:

There are no materially significant related party transactions during the year 2018-19 that has potential conflict of interest with the interest of Company at large. Web-link for the Policy on dealing with related party transactions is <https://www.smslife.in/pdf/policy-for-related-party-transactions.pdf>.

- b. Compliance of corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are done. For details please verify the Annual Corporate Governance Report uploaded on the Stock Exchanges and a copy of the same is made available on website of the company. www.smslife.in.
- c. There was no non-compliance by the Company, penalties or strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to Capital Markets, during the last three years.
- d. Disclosure of commodity price risks and commodity hedging activities: Not applicable
- e. During the year the company has not raised any funds through preferential allotment or QIP as specified under Regulation 32 (7A) of listing Regulations.
- f. Details of fees paid by the company and its subsidiaries, on consolidated basis, to the statutory auditor and to all entities in the network firm/network entity of which the statutory auditor is a part is as under:

in Rs Lakhs

| Sl. No. | Payments to the Statutory Auditors (excluding taxes) | SMS Lifesciences India Limited | Mahi Drugs private Limited (Wholly owned Subsidiary) |
|----------------|---|---------------------------------------|---|
| 1 | Statutory Audit fee | 6.00 | 2.00 |
| 2 | Tax Audit fee | 2.00 | 1.00 |
| | Total | 8.00 | 3.00 |

g. Code of Conduct for Directors and members of Senior Management:

- h. The Company adopted a Code of Business Conduct and Ethics for its Directors and members of senior management. The Code has also been posted on the Company's website <https://www.smslife.in/pdf/code-of-business-conduct-and-ethics-for-other-stake-holders.pdf>. The Chairman & Managing Director has given a declaration that all the Directors and members of senior management have affirmed compliance with the Code of Conduct.
- i. The MD and CFO of the Company have certified to the Board in relation to reviewing financial statements and other information as required by Regulation 17(8) of the SEBI Listing Regulations and the certificate is appended.
- j. Certificate on Corporate Governance: As required by Schedule V of the Listing Regulations, a certificate from the Practicing Company Secretary is enclosed as Annexure to the report on Corporate Governance.

- k. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013: The Company has adopted a Policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under and has constituted Internal Complaints Committee (ICC) under the said Act. No complaint has been received by the ICC, during the year.
- l. The Company has a Whistle-Blower Policy for establishing a vigil mechanism for Directors and employees to report genuine concerns regarding unethical behavior, actual or suspected fraud or violation of the Company's code of conduct and ethics Policy. The said mechanism also provides for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. During the year, no employee of the Company was denied access to the Audit Committee. The said policy has been uploaded on the website of the Company at <https://www.smslife.in/pdf/whistle-blower-protection-policy-vigil-mechanism.pdf>
- m. Disclosure in respect of demat suspense account/unclaimed suspense account as on 31.03.2019.
- Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year. ... 1
 - Number of shareholders who approached the Company for transfer of shares from suspense account during the year - NIL
 - Number of shareholders to whom shares were transferred from suspense account during the year - NIL
 - Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year - 1
 - That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares -NIL
- n. The Company has complied with all mandatory requirements as specified in LODR Regulations, 2015.
- o. RISK MANAGEMENT**
- The provisions of Regulation 21 of LODR Regulations, 2015 are not applicable to the Company, however the detailed framework relating to the Risk Management has been provided under the Section of Directors' Report in the Annual Report.
- p. Prohibition of Insider Trading:**
- The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The code provides for periodical disclosures from Directors and designated employees as well as pre-clearances of transactions by such persons.
- q. The status on the compliance with the non-mandatory recommendation in the SEBI Regulations is as under:
- The Non-Executive Chairman maintains a separate office, for which the Company is not required to reimburse expenses- Not Applicable
 - During the year under review, there is no audit qualification in the company's financial statements.
 - The Internal Auditor directly reports to the Audit Committee.

ANNEXURE- IV

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

Pursuant to Section 92 (1) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

| | | |
|---|--|---|
| 1 | CIN | L74930TG2006PLC050223 |
| 2 | Registration Date | 31/05/2006 |
| 3 | Name of the Company | SMS LIFESCIENCES INDIA LIMITED |
| 4 | Category/Sub-category of the Company | Company limited by shares/Indian Non-Government Company |
| 5 | Address of the Registered office & contact details | Plot No.19-III, Road No.71, Jubilee Hills, Opp: Bharatiya Vidya Bhavan Public School Hyderabad -500096 |
| 6 | Whether listed Company | Yes |
| | | BSE Limited National Stock Exchange of India Limited |
| 7 | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Aarathi Consultants Private Limited 1-2-285, Domalguda, Hyderabad, Telangana-500 029. Phone : 040-27638111/ 27642217 Email : info@aarthiconsultants.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| Sl. No. | Name and Description of main products/Services Description of Main Activity | NIC Code of the product/service | % to total turnover of the Company |
|---------|--|---------------------------------|------------------------------------|
| 1 | Pharmaceuticals | Sec.-C; Div-21;Gr-210 | 100.00 |

III. PARTICULARS OF HOLDING ,SUBSIDIARY AND ASSOCIATE COMPANIES:

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable section |
|---------|---------------------------------|-----------------------|--------------------------------------|------------------|--------------------|
| 1 | Mahi Drugs Private Limited | U24233AP2012PTC084875 | Subsidiary | 100.00 | 2(87) |

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

(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year[As on 01-April-2018] | | | | No. of Shares held at the end of the year[As on 31-March-2019] | | | | % Change during the year |
|--|--|----------|----------------|-------------------|--|----------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter' s/and promoter group | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 1834116 | 0 | 1834116 | 60.67 | 1834116 | - | 1834116 | 60.67 | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 221513 | - | 221513 | 7.33 | 221513 | - | 221513 | 7.33 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub Total (A)(1) | 2055629 | | 2055629 | 67.99 | 2055629 | - | 2055629 | 67.99 | - |
| (2)Foreign | - | - | - | - | - | - | - | - | - |
| a) NRI Individuals | | | | | | | | | |
| b) other individuals | | | | | | | | | |
| c) Bodies corp. | | | | | | | | | |
| d) Any other | | | | | | | | | |
| Sub Total(A)(2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL (A) | 2055629- | - | 2055629 | 67.99 | 2055629 | - | 2055629 | 67.99 | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | - | - | - | - | - | - | - | - | - |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others Foreign Portfolio Investors | 51 | - | 51 | 0 | - | - | - | - | 0 |
| Alternate Investment Funds | - | - | - | - | 1657 | - | 1657 | 0.05 | 0.05 |
| Sub-total (B)(1):- | 51 | - | 51 | 0 | 1657 | - | 1657 | 0.05 | 0.05 |

| Category of Shareholders | No. of Shares held at the beginning of the year[As on 01-April-2018] | | | | No. of Shares held at the end of the year[As on 31-March-2019] | | | | % Change during the year |
|---|--|----------|---------|-------------------|--|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| i) Indian | 94194 | 52 | 94246 | 3.12 | 89087 | 52 | 89139 | 2.95 | 0.17 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 611019 | 14924 | 625943 | 20.7 | 619906 | 11417 | 631323 | 20.88 | 0.18 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 157369 | 0 | 157369 | 5.21 | 193967 | 0 | 193967 | 6.42 | 1.21 |
| c) Others (specify) Unclaimed suspense a/c | 17 | - | 17 | 0 | 17 | 0 | 17 | 0 | 0.00 |
| Non Resident Indians | 71823 | 36 | 71859 | 2.37 | 26968 | 36 | 27004 | 0.89 | 1.48 |
| Overseas Corporate Bodies | - | - | - | - | - | - | - | - | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | 18112 | - | 18112 | 0.6 | 24473 | 0 | 24473 | 0.81 | 0.21 |
| Trusts | 0 | 61 | 61 | 0 | 17 | 61 | 78 | 0 | 0.00 |
| Foreign Bodies - D R | | | | | | | | | |
| Sub-total (B)(2):- | 952534 | 15073 | 967607 | 32 | 954435 | 11566 | 966001 | 32 | |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 952585 | 15073 | 967658 | 32 | 956092 | 11566 | 967658 | 32 | |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 3008214 | 15073 | 3023287 | 100.00 | 3011721 | 11566 | 3023287 | 100.00 | |

(ii) Shareholding of Promoter

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---------|--------------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 1 | Hima Bindu Potluri | 441905 | 14.62 | - | 441905 | 14.62 | - | - |
| 2 | Satya Vani Potluru | 27023 | 0.89 | - | 27023 | 0.89 | - | - |
| 3 | Hari kishore potluri . | 15359 | 0.51 | - | 15359 | 0.51 | - | - |
| 4 | Vamsi Krishna Potluri | 72520 | 2.40 | 100 | 72520 | 2.40 | 100 | - |
| 5 | T V V S N Murthy | 293821 | 9.72 | - | 293821 | 9.72 | - | - |
| 6 | Rajeswara Rao Gopineed | 37 | 0 | - | 37 | 0 | - | - |
| 7 | Suresh Babu Potluri | 5051 | 0.17 | - | 5051 | 0.17 | - | - |
| 8 | Trilok Potluri | 51118 | 1.69 | - | 51118 | 1.69 | - | - |
| 9 | Ramesh Babu Potluri | 518105 | 17.14 | - | 518105 | 17.14 | - | - |
| 10 | T V Praveen | 46262 | 1.53 | - | 46262 | 1.53 | - | - |
| 11 | T Annapurna | 156797 | 5.19 | - | 156797 | 5.19 | - | - |
| 12 | T V V S N Murthy | 142190 | 4.70 | - | 142190 | 4.70 | - | - |
| 13 | Gopineedi Sudeepthi | 62500 | 2.07 | - | 62500 | 2.07 | - | - |
| 14 | Sukumari koneru . | 1428 | 0.05 | - | 1428 | 0.05 | - | - |
| 15 | Potluri Laboratories Private Limited | 8300 | 0.27 | - | 8300 | 0.27 | - | - |
| 16 | Potluri Infra Projects LLP | 213213 | 7.05 | 50.25 | 213213 | 7.05 | 50.25 | - |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sl. No. | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | % of total shares |
|---------|-------------------------------------|---|-------------------|---|-------------------|
| | | No. of shares | % of total shares | No. of shares | |
| | At the beginning of the year | 2055629 | 67.99 | 2055629 | 67.99 |
| | Changes during the year | Nil | Nil | Nil | Nil |
| | At the end of the year | 2055629 | 67.99 | 2055629 | 67.99 |

* During the year there is no change in the Promoters' Shareholding

(iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Change in shareholding | | Cumulative Shareholding during the year | |
|---------|-------------------------------------|---|----------------------------------|------------------------|----------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Increase | Decrease | No. of shares | % of total shares of the Company |
| 1 | Narender Kumar Arora | 42859 | 1.42 | 3821 | - | 46680 | 1.54 |
| 2 | Madhu Gupta | 17000 | 0.56 | 16301 | - | 33301 | 1.10 |
| 3 | Gandhi Kantheti | 21891 | 0.72 | 109 | - | 22000 | 0.73 |
| 4 | Poonam Arora | 19574 | 0.65 | 1025 | - | 20599 | 0.68 |
| 5 | Saibabu Bandla | 31000 | 1.03 | - | 12000 | 19000 | 0.63 |
| 6 | Dhanpati Devi | 6717 | 0.22 | 9040 | - | 15757 | 0.52 |
| 7 | Karvy Stock Broking Ltd | 1139 | 0.03 | 13799 | - | 14938 | 0.49 |
| 8 | Madhusudan Kela | 14285 | 0.47 | - | - | 14285 | 0.47 |
| 9 | Shradha Gupta | 2226 | 0.07 | 9819 | - | 12045 | 0.39 |
| 10 | Shilpi Gupta | 6000 | 0.19 | 4300 | - | 10300 | 0.34 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Change in shareholding | | Cumulative Shareholding during the year | |
|---------|-------------------------------------|---|----------------------------------|------------------------|----------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Increase | Decrease | No. of shares | % of total shares of the Company |
| 1 | P Ramesh Babu | 518105 | 17.14 | - | - | 518105 | 17.14 |
| 2 | TVVSN Murthy | 293821 | 9.72 | - | - | 293821 | 9.72 |
| 3 | P S Rao | - | - | - | - | - | - |
| 4 | P.Sarath Kumar | - | - | - | - | - | - |
| 5 | T.Neelaveni | - | - | - | - | - | - |
| 6 | N.Rajendra Prasad | - | - | - | - | - | - |
| 7 | Pavan Pise | - | - | - | - | - | - |

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.
(In Lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 2,139.27 | 607.55 | - | 2,746.82 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 14.66 | 1.97 | - | 16.63 |
| Total (i+ii+iii) | 2,153.93 | 609.52 | - | 2,763.45 |
| Change in Indebtedness during the financial year | | | | |
| Addition | | | | |
| - Principal Amount | 2,599.31 | - | - | 2,599.31 |
| - Interest accrued but not due | 19.44 | 10.44 | - | 29.88 |
| Reduction | | | | |
| - Principal Amount | (619.60) | - | - | (619.60) |
| - Interest accrued but not due | (14.66) | (1.97) | - | (16.63) |
| Net Change | 1,984.49 | 8.47 | - | 1,992.96 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 4,118.98 | 607.55 | - | 4,726.53 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 19.44 | 10.44 | - | 29.88 |
| Total (i+ii+iii) | 4,138.42 | 617.99 | - | 4,756.41 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs.in lakhs)

| Sl. N. | Particulars of Remuneration | Name of MD/WTD/ Manager | |
|--------|---|-----------------------------------|---------------|
| | | TVVSN Murthy Managing Director | Total |
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 198.00 | 198.00 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 4.02 | 4.02 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission - as % of profit - others, specify... | 70.00 | 70.00 |
| 5 | Others, please specify | | |
| | Total (A) | 272.02 | 272.02 |
| | *Ceiling as per the Act | NA | NA |

* Ceiling as per the Act is not applicable since the Company has obtained the approval of Central Government vide its approval letter dated 12th January 2018 for payment of remuneration in excess of limits specified under Section 198 and Schedule V of the Companies Act, 2013.

B. Remuneration to other directors

1. Independent Directors

(Rs. in Lakhs)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|---------|--|-------------------|-----------------|------------------|---------------|--------------|
| | | P.S. Rao | P. Sarath Kumar | Dr. T. Neelaveni | Mr.K. Shravan | |
| 1 | Fee for attending Board/Committee Meetings | 0.30 | 0.70 | 0.70 | 0.60 | 2.30 |
| 2 | Commission | - | - | - | - | - |
| 3 | Others, please specify | - | - | - | - | - |
| | Total (B1) | 0.30 | 0.70 | 0.70 | 0.60 | 2.30 |

2. Other Non-Executive/Promoter Directors

| Sl. No. | Particulars of Remuneration | Name of Directors | Total Amount |
|---------|--|---------------------|--------------|
| | | Ramesh Babu Potluri | |
| 1 | Fee for attending Board/Committee Meetings | 0.40 | 0.40 |
| 2 | Commission | | |
| 3 | Others, please specify | | |
| | Total (B2) | 0.40 | 0.40 |
| | Total B = (B1)+(B2) | | 2.70 |

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs in Lakhs)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | Total |
|---------|---|--------------------------|-------------------|--------------|
| | | N. Rajendra Prasad | Pavan Pise | |
| | | CFO | Company Secretary | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 16.86 | 5.43 | 22.29 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | others, specify... | - | - | - |
| 5 | Others, please specify | - | - | - |
| | Total | 16.86 | 5.43 | 22.29 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 12th August 2019

(Ramesh Babu Potluri)
Director
DIN: 00166381

(TVVSN Murthy)
Managing Director
DIN: 00465198

Annexure-V
FORM NO. MBP-2

Register of loans, guarantee, security and acquisition made by the company
(Pursuant to Section 186 (9) & rule 12 (1))

| Nature of transaction (whether loan/guarantee/security/acquisition) | Date of making loan / acquisition / giving guarantee/providing security | Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (Listed/Unlisted entities) | Number and kind of securities. | Nominal value and paid up value | Cost of acquisition (in case of securities how the purchased price was arrived at) | Time period for which it is made/given | Purpose of loan / acquisition / guarantee / security |
|---|---|--|--------------------------------|---------------------------------|--|--|--|
| Acquisition of securities | 15.03.2018 | Mahi Drugs Private Limited | 9,00,000 Equity Shares | Rs.10 | Rs.495.00 lakhs | NA | For expansion of Business activities |
| | 02.08.2018 | Mahi Drugs Private Limited | 28,15,100 | Rs.10 | R s . 1 5 4 8 . 3 1 lakhs | NA | For expansion of Business activities |
| | 17.09.2018 | Mahi Drugs Private Limited | 10,00,000 | Rs.10 | Rs.550.00 lakhs | NA | For expansion of Business activities |
| Corporate Guarantee | 13.11.2018 | Mahi Drugs Private Limited | - | - | Rs.2500 lakhs | NA | For term loan & working capital loan. |

For and on behalf of the Board of Directors

(TVVSN Murthy)
Managing Director
DIN: 00465198

Place: Hyderabad
Date: 12th August 2019

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 31st March, 2019.

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 (VP - Marketing) | Ms.Sudeepthi Gopineedhi (GM-Quality) | TVVSN Murthy, |
| b) | Nature of relationship | Son of Mr. TVVSN Murthy, Managing Director | Daughter of Mr. TVVSN Murthy, Managing Director | Managing Director |
| c) | Nature of contracts/ arrangements/ transaction | Remuneration payable to related party under office of place of profit in the Company | Remuneration payable to related party under office of place of profit in the Company | Interest paid on unsecured loan |
| d) | Duration of the contracts/ arrangements/ transaction | Appointed w.e.f. 01st June, 2017 | Appointed w.e.f. 01st April, 2018 | In compliance with term lending institution |
| e) | Salient terms of the contracts or arrangements or transaction including the value, if any | Appointed as Vice President (Marketing) of the Company at an annual Remuneration of Rs.51.00 lakhs. | Appointed as General manager (Quality) of the Company at an annual Remuneration of Rs.16.18 lakhs. | Total amount credited Rs.47.03 Lakhs on loan amount of Rs.495.00 lakhs. |
| f) | Date of approval by the Board | 25th May, 2017 | 28th May, 2018 | February 2018. |
| g) | Amount paid as advances, if any | NIL | NA | NA |

| 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 | <ol style="list-style-type: none"> Sri P. Suresh Babau, Managing Director of R. Chem (Somanahalli) Private Limited is brother of Sri Ramesh Babu Potluri (Director) Sri TVVSN Murthy (Managing Director) of the Company, is a major shareholder | <ol style="list-style-type: none"> Sri TVVSN Murthy, Managing Director and Sri Ramesh Babu Potluri, Director of the Company are Directors and major shareholders of SMS Pharmaceuticals Limited | Wholly Owned Subsidiary Company |
| c) | Nature of contracts/arrangements/transaction | <p>Contracts Made:</p> <p>A. Job Work assignment - For conversion process for an intermediate of API on Job work basis.</p> <p>Transactions Done During the FY:</p> <p>B. Purchase of material in Ordinary Course of Business</p> <p>C. Sale of material in Ordinary Course of Business.</p> | <p>i) Sale & purchase of material in Ordinary Course of Business.</p> <p>ii) Rent paid for corporate office.</p> | Sale & purchase of material in Ordinary Course of Business. |
| d) | Duration of the contracts/arrangements/transaction | <ol style="list-style-type: none"> Job Works-As per Contract Sales & purchase-Transactions done within FY 2018-19. | Transactions done within FY 2018-19. | Transactions done within FY 2018-19. |
| e) | Salient terms of the contracts or arrangements or transaction including the value, if any | <p>Contract: Conversion Capacity increased to 200MT per month. Fixed Conversion Charges is Rs. 70/- per K.G.</p> <p>Total amount of Conversion charges paid was Rs. 1217.58 lakhs during the year 2018-19.</p> <p>Purchases: During the FY 2018-19, total amount of Purchase was Rs.26.33 Lakhs.</p> <p>Sales: During the FY 2018-19, total amount of Sale was Rs.341.69 Lakhs.</p> | <p>Sales: Total amount of sale was Rs. 2147.85 Lakhs</p> <p>Purchase: Total amount of purchase was Rs. 45.57 Lakhs</p> <p>Rent paid: Rs.21.84 lakhs</p> | <p>Sales: Total amount of sale was Rs. 447.26 Lakhs</p> <p>Purchase: Total amount of purchase was Rs. 420.64 Lakhs</p> |
| f) | Justification for entering into such contracts or arrangements or transactions' | Transactions are made at prevailing market rate in the ordinary course of business. | Transactions are made at prevailing market rate in the ordinary course of business. | Transactions are made at prevailing market rate in the ordinary course of business. |
| g) | Date of approval by the Board | 28th May, 2018 | 28th May, 2018 | 30th July 2018 |
| h) | Amount paid as advances, if any | Nil | Nil | Nil |

For SMS Lifesciences India Limited

Place: Hyderabad
Date: 12th August 2019

(TVVSN Murthy)
Managing Director
DIN: 00465198

Annexure- VII

ANNUAL REPORT ON CSR ACTIVITIES

(Pursuant to the section 135 of the Companies Act, 2013 read with rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014)

| | | | | |
|---|--|--|---|-----------------------|
| 1 | A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs | The Company shall carry its normal business in a manner that is beneficial to society & environment also in addition to propagation of business. For SMS Pharmaceutical Limited, Corporate Social Responsibility (CSR) means having business policies that are ethical, equitable, environmentally conscious, gender sensitive and sensitive towards the differently abled. We are working: i. Promoting preventive health care, sanitation making available for safe drinking water. ii. Education and rural development and related activities | | |
| 2 | The Composition of the CSR Committee. | TVVSN Murthy | Managing Director | Chairman of Committee |
| | | Ramesh Babu Potluri | Non-executive, Non-independent Director | member |
| | | P.S.Rao | Non-executive, Independent Director | Member |
| 3 | Average net profit of the company for last three financial years | Rs.818.09 Lakhs | | |
| 4 | Limits Prescribed for CSR Expenditure (two per cent. of the amount as in item 3 above) | Rs. 16.36 lakhs | | |
| 5 | Details of CSR spent during the financial year (a) Total amount to be spent for the financial year (b) Amount unspent, if any | Rs.17.32 Lakhs Nil | | |

Manner in which the amount spent during the financial year is detailed below

| Sl | CSR project or activity identified | sector in which the project is covered | project is covered Location of Project or Programme | Amount outlay (budget) project or wise (Rs in Lakhs) | Amount spent on the projects or programs Sub heads: (1)Direct expenditure (2) Overheads (Rs in Lakhs) | Cumulative -expenditure upto to the reporting period (Rs in Lakhs) | Amount spent Direct or through implementing agency |
|----|---|--|---|--|---|--|--|
| | Support to Udbhav School. | Educating Girl children | Hyderabad | 0.50 | 0.50 | 0.50 | Through Udbhav School |
| | Contribution For Welfare of The Weaker Sections | Welfare Of The Weaker Sections | Sangareddy | 2.00 | 2.00 | 2.00 | Direct |
| | Civil work and Labour Charges for Anganwadi School work at Kazipally village. | Promoting education | Kazipally, Hyderabad | 14.82 | 14.82 | 14.82 | Direct |
| | Total | | | 17.32 | 17.32 | 17.32 | - |

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

For SMS Lifesciences India Limited

Place: Hyderabad
Date: 12th August 2019

(TVSN Murthy)
Managing Director
DIN: 00465198

Annexure-VIII

Information in terms of Sec. 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(Amount in lakhs)

| NAME | DESIGNATION | Remuneration for FY 2018-19 | % increase/ decrease in remuneration during FY 2018-19 | Ratio of remuneration of each director to the median remuneration of employees |
|-------------------------|--------------------------------------|-----------------------------|--|--|
| Mr. TVVSN Murthy | Managing Director | 272.02 | 12.37 | 1 : 83.33 |
| Mr. P. Ramesh Babu | Non-Executive Director | NA | - | - |
| Sri P. Sarath Kumar | Non-Executive & Independent Director | NA | - | - |
| Dr. T (Mrs.) Neelaveni | Non-Executive & Independent Director | NA | - | - |
| Mr. P. S. Rao | Non-Executive & Independent Director | NA | - | - |
| Mr. Shravan Kudaravalli | Non-Executive & Independent Director | NA | - | - |
| Mr. N.Rajendra Prasad | Chief Financial Officer | 16.86 | 23.07 | NA |
| Mr. Pavan Pise | Company Secretary | 5.43 | 21.47 | NA |

- (i) The percentage of increase in median remuneration of employees during the FY – 5.94% .
- (ii) the number of permanent employees on the rolls of company as on 31.03.2019 - 419.
- (iii) The relationship between average increase in remuneration and company is mainly governed by the market trend.
- (iv) The key parameters for any variable component of remuneration availed by the Directors - In case of Non-Executive Directors, Payment of sitting fees for Board / Committee Meetings are on the basis of their attendance. Commission to Directors is determined by the Nomination & Remuneration Committee with reference to a threshold of eligible profits within the statutory limits and performance evaluation.
- (v) Affirmation that the remuneration is as per the Remuneration Policy of the Company:

It is affirmed that the remuneration paid to all the Key management Personnel was in accordance with remuneration policy adopted by the Company.

The remuneration philosophy of the Company is to provide market competitive compensation which drives a high performance culture. Every year, the salary increases are based on benchmarking with similar profiled organizations and market competitiveness. The variable component is paid out to an employee on the basis of performance of the Company, the corresponding business unit or function and his/her own performance.

For SMS Lifesciences India Limited

Place: Hyderabad
Date: 12th August 2019

(TVVSN Murthy)
Managing Director
DIN: 00465198



Annexure -IX
Form No. MR-3
SECRETARIAL AUDIT REPORT

for the Financial Year ended 31st March, 2019

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

To the Members,
SMS Lifesciences India Limited,
Hyderabad.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made hereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under to the extent of Regulation 55A;
- (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, 2009 (SEBI ICDR Regulations) up to September 10, 2018 and SEBI (ICDR) Regulations, 2018 with effect from September 11, 2018 (**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 client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(not Applicable to the Company during the Audit Period)**; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (SEBI Buyback of Securities Regulations) up to September 10, 2018 and SEBI Buyback of Securities Regulations, 2018 with effect from September 11, 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 Listing Agreements entered by the Company with BSE Limited and National Stock Exchange of India Limited.

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 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.

As per the minutes of the Meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that based on the review of the Compliance Reports / Certificates which were taken on record by the Directors, 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 was no event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

- a. Mr. Shravan Kudaravalli is appointed as an Independent Director by the Board of Directors with effect from 28th May, 2018 and is approved by the Shareholders in the Annual General Meeting held on 20th September, 2018;
- b. M/s. Mahi Drugs Private Limited has become a wholly owned subsidiary of the Company with effect from 17th September, 2018.

For **SVVS & Associates**
Company Secretaries LLP

Place: Hyderabad
Date: 29-05-2019

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

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.

For **SVVS & Associates**
Company Secretaries LLP

Place: Hyderabad
Date: 29-05-2019

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



Annexure – X

SECRETARIAL COMPLIANCE REPORT OF SMS LIFESCIENCES INDIA LIMITED FOR THE YEAR ENDED MARCH 31, 2019

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, 2019 (“Review Period”) in respect of compliance with the provisions of:
 - a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
 - b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

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

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company 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; (Not applicable to the Company during the review period)
- e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the review period)
- f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the review period)
- g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (Not applicable to the Company 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 Participant) Regulations, 2018;

and circulars/ guidelines issued thereunder;

- a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

| Sl. No. | Compliance Requirement (Regulations/ circulars/ guidelines including specific clause) | Deviations | Observations/ Remarks of the Practicing Company Secretary |
|---------|---|------------|---|
| NIL | | | |
| | | | |

- 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) The following are the details of 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:

| Sl. No. | Action taken by | Details of violation | Details of action taken E.g. fines, warning letter, debarment, etc. | Observations/ remarks of the Practicing Company Secretary, if any |
|---------|-----------------|----------------------|---|---|
| NIL | | | | |
| | | | | |

- d) The listed entity has taken the following actions to comply with the observations made in previous reports:

| Sl. No. | Observations of the Practicing Company Secretary in the previous reports | Observations made in the secretarial compliance report for the year ended ---- (<i>the years are to be mentioned</i>) | Actions taken by the listed entity, if any | Comments of Practicing Company Secretary on the actions taken by the listed entity |
|----------------|--|---|--|--|
| Not Applicable | | | | |

For CSB Associates,
Company Secretaries,

C. Sudhir Babu,
Proprietor,
FCS: 2724, CP: 7666.

Place: Hyderabad
Date: 27th May, 2019



Annexure-XI

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 Securities Exchange Board of India (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) 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 Financial Year ending on 31st March, 2019, have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

| SI. No. | Name of Director | DIN | Date of appointment in Company |
|---------|---------------------------|----------|--------------------------------|
| 1. | T. V. V. S. N. Murthy | 00465198 | 01-04-2016 |
| 2. | Ramesh Babu Potluri | 00166381 | 01-04-2016 |
| 3. | Dr. Neelaveni Thummala | 00065571 | 25-05-2017 |
| 4. | Sarath Kumar Pakalapati | 01456746 | 25-05-2017 |
| 5. | Potluri Venkata Subba Rao | 00099066 | 25-05-2017 |
| 6. | Shravan Kudaravalli | 06905851 | 28-05-2018 |

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 : 29-05-2019

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



DECLARATION ON CODE OF CONDUCT

To
The Members of
SMS Lifesciences India Limited

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and senior management personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2019.

For **SMS Lifesciences India Limited**
TVVSN Murthy
Managing Director
(DIN: 00465198)

Date: 12th August, 2019
Place: Hyderabad

COMPLIANCE CERTIFICATE [As per SEBI (LODR) Regulation 17(8)]

- A) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2019 and that to the best of our knowledge and belief:
- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) We confirm that to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended on 31st March, 2019 which are fraudulent, illegal or violative of the Company's code of conduct.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify these deficiencies commensurate with the size of the organization.
- D) We have indicated to the auditors and the Audit committee.
- 1) significant changes in internal control over financial reporting during the said financial year;
 - 2) significant changes in accounting policies during the said financial year and that the same have been disclosed in the notes to the financial statements; and
 - 3) there are no instances of fraud of which we have become aware and the involvement thereof by the Management or an employee having a significant role in the Company's internal control system over financial reporting.

For **SMS Lifesciences India Limited**

N.Rajendra Prasad
Chief Financial Officer

For **SMS Lifesciences India Limited**

TVVSN Murthy
Managing Director
(DIN: 00465198)

Date: 12.08.2019
Place: Hyderabad

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
SMS Lifesciences India Limited,

We have examined the compliance of conditions of Corporate Governance by M/s. SMS Lifesciences India Limited ("the Company"), for the year ended 31st March, 2019, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the Listing Regulations. 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 the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable.

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

**For CSB ASSOCIATES,
Company Secretaries,**

**C. Sudhir Babu,
Proprietor,
Membership No. F2724,
C. P. No. 7666.**

Place: Hyderabad.
Date: 12.08.2019

INDEPENDENT AUDITORS' REPORT

**To the Members of
SMS Lifesciences India Limited
Report on the Audit of the Financial Statements**

Opinion

We have audited the financial statements of SMS Lifesciences India Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|---|---|
| 1 | Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard) | <p>Principal Audit Procedures</p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. 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"> Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls. |

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

Other Information

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

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

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31st March 2019 on its financial position in its Ind AS Financial Statements as referred to in note 49 to the Ind AS Financial Statements.
 - ii. The Company did not have material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

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

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

Ravi Rambabu
Partner
M. No. 018541

Place: Hyderabad
Date: 29-05-2019

“Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2019:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner. In our opinion the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- 2) In respect of Inventories:
 - a) As explained to us the inventories have been physically verified during the year by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and nature of its business.
 - c) In our opinion and according to the information and explanations given to us the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government of India under Section 148(1) of the Companies Act 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 7) a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable.
- b) According to the information and explanation given to us, there are no dues of income tax, Goods and Service Tax outstanding on account of any dispute except the following:

| S. No | Name of the Statute | Nature of the dues | Forum where dispute is pending | Period to which the amount relates | Amount involved | Amount Unpaid |
|-------|---|----------------------------|---|------------------------------------|-----------------|---------------|
| 1 | Central Excise Act, 1944 | Central Excise | Hon'ble High Court of Judicature at Hyderabad for Andhra Pradesh and Telangana States | 1995-96 to 1997-98 | 38.91 | 38.91 |
| 2 | Central Excise Act, 1944 | Interest on above | " | 1995-2010 | 66.48 | 66.48 |
| 3 | Central Excise Act, 1944 | Central Excise | " | 1995-2011 | 16.40 | 16.40 |
| 4 | AP Non Agricultural Land (Conversion for Non Agriculture Purpose) Act, 2006 | Nala Tax | " | Demand Raised in the year 2012-13 | 22.50 | 22.50 |
| 5 | Employees Provident Fund and Miscellaneous Provisions Act, 1952 | Interest on Provident Fund | NCLT Hyderabad | December, 1999 to December, 2007 | 7.52 | 7.52 |
| 6 | Income Tax Act, 1961 | Income Tax | Erstwhile BIFR | 1988-89 to 2004-05 | 75.07 | 75.07 |
| 7 | Income Tax Act, 1961 | Interest on above | Erstwhile BIFR | 1988-89 to 2017-18 | 120.25 | 120.25 |

- c) In our opinion there are no amounts required to be transferred to Investor Education and Protection Fund by the company.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institution or banks. The Company has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For Rambabu & Co.,
Chartered Accountants
Reg. No.002976S

Place: Hyderabad
Date: 29-05-2019

Ravi Rambabu
Partner
M. No. 018541

“Annexure B” to the Independent Auditor’s Report

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

We have audited the internal financial controls over financial reporting of SMS Lifesciences India Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls 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 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, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Hyderabad
Date :29-05-2019

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

Ravi Rambabu
Partner
M. No. 018541

Standalone Balance Sheet as at 31st March, 2019

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

| Sl. No. | Particulars | Note | As at 31 st March, 2019 | As at 31 st March, 2018 |
|-----------------------------|-------------------------------------|------|---------------------------------------|---------------------------------------|
| I ASSETS | | | | |
| 1 Non-Current Assets | | | | |
| (a) | Property, Plant and Equipment | 6 | 8,708.50 | 6,835.84 |
| (b) | Capital Work-in-Progress | 6 | 131.46 | 708.80 |
| (c) | Intangible Assets | 7 | 4.47 | 2.38 |
| (d) | Investment Property | 8 | 91.31 | 80.20 |
| (e) | Financial assets | | | |
| (i) | Investments | 9 | 2,597.60 | 500.35 |
| (ii) | Bank Balances | 10 | 104.89 | 107.88 |
| (iii) | Other Financial Assets | 11 | 216.46 | 196.69 |
| (f) | Other Non-Current Assets | 12 | 261.88 | 361.56 |
| | Total | | 12,116.57 | 8,793.70 |
| 2 Current Assets | | | | |
| (a) | Inventories | 13 | 7,387.04 | 4,931.61 |
| (b) | Financial Assets | | | |
| (i) | Trade Receivables | 14 | 3,657.65 | 2,707.56 |
| (ii) | Cash and Cash Equivalents | 15 | 203.07 | 43.58 |
| (iii) | Bank Balances other than (ii) above | 16 | 43.64 | 32.52 |
| (iv) | Other Financial Assets | 17 | 10.28 | 14.25 |
| (c) | Other Current Assets | 18 | 1,642.33 | 1,142.26 |
| (d) | Current Tax Assets (Net) | 19 | 9.52 | - |
| | Total | | 12,953.53 | 8,871.78 |
| | Total Assets | | 25,070.10 | 17,665.48 |

(Contd.)

Standalone Balance Sheet (Contd.)

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

| Sl. No. | Particulars | Note | As at 31 st March, 2019 | As at 31 st March, 2018 |
|----------------------------------|---|------|---------------------------------------|---------------------------------------|
| II EQUITY AND LIABILITIES | | | | |
| 1 Equity: | | | | |
| (a) | Equity Share Capital | 20 | 302.33 | 302.33 |
| (b) | Other Equity | 21 | 10,195.53 | 8,538.48 |
| | Total | | 10,497.86 | 8,840.81 |
| 2 LIABILITIES | | | | |
| A Non-Current Liabilities | | | | |
| (a) | Financial liabilities | | | |
| (i) | Borrowings | 22 | 2,720.46 | 1,519.07 |
| (b) | Provisions | 23 | 224.18 | 199.75 |
| (c) | Deferred Tax Liabilities (Net) | 24 | 797.23 | 716.74 |
| | Total | | 3,741.87 | 2,435.56 |
| B Current Liabilities | | | | |
| (a) | Financial Liabilities | | | |
| (i) | Borrowings | 25 | 1,276.62 | 599.31 |
| (ii) | Trade Payables | 26 | | |
| | (a) Dues to Micro & Small Enterprises | | 15.00 | 398.06 |
| | (b) Dues to Creditors Otherthan Micro & Small Enterprises | 26 | 8,331.46 | 4,041.19 |
| (iii) | Other Financial Liabilities | 27 | 878.78 | 1,117.99 |
| (b) | Provisions | 23 | 59.80 | 59.81 |
| (c) | Other Current Liabilities | 28 | 268.71 | 138.23 |
| (d) | Current Tax Liabilities (Net) | 29 | - | 34.52 |
| | Total | | 10,830.37 | 6,389.11 |
| | Total Liabilities | | 14,572.24 | 8,824.67 |
| | Total Equity and Liabilities | | 25,070.10 | 17,665.48 |
| | Significant Accounting Policies | 5 | | |

The accompanying notes 1 to 54 are an integral part of the standalone financial statements

As per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

RAVI RAMBABU

Partner

M.No.018541

Place : Hyderabad

Date : 29th May, 2019

for and on behalf of the Board of Directors

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

PAVAN PISE

Company Secretary

M.No.42117

RAMESH BABU POTLURI

Director

DIN: 00166381

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Standalone Statement of Profit and Loss for the Year Ended 31st March, 2019

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

| Sl. No. | Particulars | Note | Current Year 2018-19 | Previous Year 2017-18 |
|-----------|---|------|-------------------------|--------------------------|
| 1 | Income | | | |
| | Revenue from Operations | 30 | 34,415.16 | 21,748.17 |
| | Other Income | 31 | 252.87 | 307.72 |
| | Total Income | | 34,668.03 | 22,055.89 |
| 2 | Expenses | | | |
| | Cost of Materials Consumed | 32 | 23,847.16 | 13,501.25 |
| | Change in Inventories | 33 | (818.57) | (206.21) |
| | Excise Duty | | - | 449.39 |
| | Manufacturing Expenditure | 34 | 4,777.39 | 3,950.60 |
| | Employee Benefits Expense | 35 | 2,063.14 | 1,764.61 |
| | Finance Costs | 36 | 546.22 | 417.92 |
| | Depreciation and Amortization Expense | 37 | 576.98 | 570.36 |
| | Other Expenses | 38 | 1,299.88 | 968.31 |
| | Total Expenses | | 32,292.20 | 21,416.23 |
| 3 | Profit Before Tax (1-2) | | 2,375.83 | 639.66 |
| 4 | Tax Expense | | | |
| | (a) Current Tax | | | |
| | (i) relating to Current Year | 39 | 630.00 | 170.00 |
| | (ii) relating to Earlier Year | | (0.57) | (133.72) |
| | (b) Deferred Tax | | 83.07 | (46.75) |
| | Total Taxes | | 712.50 | (10.47) |
| 5 | Profit after tax for the Year (3-4) | | 1,663.33 | 650.13 |
| | Other Comprehensive Income/(Loss) | | | |
| | Items that will not be reclassified to Profit/(Loss) | | | |
| 6 | Remeasurement Gain/(Loss) of the defined benefit plans | 40 | (8.86) | 9.44 |
| 7 | Income Tax effect on the above | | (2.58) | 2.63 |
| 8 | Other Comprehensive Income / (Loss) after tax for the Year (6-7) | | (6.28) | 6.81 |
| 9 | Total Comprehensive Income/ (Loss) for the Year (5+8) | | 1,657.05 | 656.94 |
| 10 | Earnings per Share (Face Value of Rs.10 each) | | | |
| | Basic / Diluted | 41 | 55.02 | 21.50 |
| | Significant Accounting Policies | 5 | | |

The accompanying notes 1 to 54 are an integral part of the standalone financial statements

As per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

RAVI RAMBABU

Partner

M.No.018541

Place : Hyderabad

Date : 29th May, 2019

for and on behalf of the Board of Directors

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

PAVAN PISE

Company Secretary

M.No.42117

RAMESH BABU POTLURI

Director

DIN: 00166381

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Standalone Statement of Changes in Equity for the Year Ended 31st March, 2019

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

a. Equity Share Capital

| Particulars | As at 31 st March, 2019 | | As at 31 st March, 2018 | |
|--|------------------------------------|---------------|------------------------------------|---------------|
| | Number of Shares | Amount | Number of Shares | Amount |
| At the Beginning of the Year | 3,023,287 | 302.33 | 10,000 | 1.00 |
| Changes in Equity Share Capital | - | - | - | - |
| Less: Cancellation of Shares in pursuance of Demerger Scheme | - | - | (10,000) | (1.00) |
| Add: Issue of Equity Share Capital in pursuance of Demerger Scheme | - | - | 3,023,287 | 302.33 |
| At the End of the Year | 3,023,287 | 302.33 | 3,023,287 | 302.33 |

b. Other Equity

| | Capital Reserve | General Reserve | Retained Earnings | Total Other equity |
|--|-----------------|-----------------|-------------------|--------------------|
| Balance as at 01st April, 2017 | - | 6,818.35 | 1,364.52 | 8,182.87 |
| Profit for the Year | - | - | 650.13 | 650.13 |
| Other Comprehensive Income for the Year, net of Income Tax | - | - | 6.81 | 6.81 |
| Total Comprehensive Income for the Year | - | - | 656.94 | 656.94 |
| Cancellation of Shares in Pursuance of Demerger Scheme | 1.00 | - | - | 1.00 |
| Issue of Shares in Pursuance of Demerger Scheme | - | (302.33) | - | (302.33) |
| Sub Total | 1.00 | (302.33) | 656.94 | 355.61 |
| Balance as at 31st March, 2018 | 1.00 | 6,516.02 | 2,021.46 | 8,538.48 |
| Balance as at 01st April, 2018 | 1.00 | 6,516.02 | 2,021.46 | 8,538.48 |
| Profit for the Year | - | - | 1,663.33 | 1,663.33 |
| Other Comprehensive Income for the Year, net of Income Tax | - | - | (6.28) | (6.28) |
| Total Comprehensive Income for the Year | - | - | 1,657.05 | 1,657.05 |
| Balance as at 31st March, 2019 | 1.00 | 6,516.02 | 3,678.51 | 10,195.53 |

This amount represents cancelation of 10,000 Equity Shares of Rs. 10/- each, in pursuance of demerger scheme approved by the NCLT Hyderabad dated 15.05.2017

The accompanying notes 1 to 54 are an integral part of the standalone financial statements

As per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

RAVI RAMBABU

Partner

M.No.018541

Place : Hyderabad

Date : 29th May, 2019

for and on behalf of the Board of Directors

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

PAVAN PISE

Company Secretary

M.No.42117

RAMESH BABU POTLURI

Director

DIN: 00166381

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Standalone Statement of Cash Flow for the Year Ended 31st March, 2019

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

| Particulars | For the year ended 31 st March, 2019 | For the year ended 31 st March, 2018 |
|---|--|--|
| A. Cash Flow from Operating Activities | | |
| Profit before Income Tax | 2,375.83 | 639.66 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 576.98 | 570.36 |
| Interest Income classified as Investing Cash Flows | (11.60) | (10.44) |
| Allowance for Doubtful Debts | 40.14 | (24.49) |
| Interest on Non Current Borrowings | 232.48 | 201.75 |
| Bad Debts Written Off | - | 1.60 |
| Provision for Employee Benefits | 33.13 | 54.35 |
| Term Loan Processing Fee | (5.68) | 4.59 |
| | 3,241.28 | 1,437.38 |
| Change in Operating Assets and Liabilities | | |
| (Increase)/Decrease in Trade Receivables | (990.23) | 1,217.97 |
| (Increase)/Decrease in Inventories | (2,455.43) | (552.16) |
| Increase/(Decrease) in Trade Payables | 3,907.20 | (1,101.07) |
| (Increase)/Decrease in Other Non Current Financial Assets | (19.77) | 11.48 |
| (Increase)/Decrease in Other Non Current Asset | 99.67 | (97.62) |
| (Increase)/Decrease in Other Current Financial Assets | 3.98 | (1.57) |
| (Increase)/Decrease in Other Current Asset | (538.06) | (23.51) |
| Increase/(Decrease) in Other Current Liabilities | 112.91 | (15.86) |
| | 120.27 | (562.34) |
| Cash generated from Operations | 3,361.55 | 875.04 |
| Income Taxes Paid | (635.48) | (75.00) |
| Net Cash Inflow from Operating Activities - "A" | 2,726.07 | 800.04 |

(Contd.)

Standalone Statement of Cash Flow (Contd.)

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

| Particulars | For the year ended 31 st March, 2019 | For the year ended 31 st March, 2018 |
|---|--|--|
| B. Cash flows from Investing Activities | | |
| Payments for purchase of Property, Plant and Equipment | (2,233.29) | (349.74) |
| Payments for Purchase of Investments | (2,097.26) | (496.24) |
| Margin Money Deposits | 3.00 | 149.86 |
| Interest Received on Margin Money Deposit | 0.49 | 12.60 |
| Net Cash Outflow from Investing Activities - "B" | (4,327.06) | (683.52) |
| C. Cash flows from Financing Activities | | |
| Proceeds from Long Term Borrowings | 1,922.00 | 546.93 |
| Repayment of Long Term Borrowings | (619.60) | (616.64) |
| Proceeds from Short Term Borrowings | 677.31 | 599.31 |
| Repayment of Short term Borrowings | - | (403.83) |
| Interest paid | (219.23) | (206.44) |
| Net Cash (Outflow) from Financing Activities - "C" | 1,760.48 | (80.67) |
| Net Increase (Decrease) in Cash and Cash Equivalents - (A+B+C) | 159.49 | 35.85 |
| Cash and Cash Equivalents at the beginning of the Financial Year (Refer Note 15) | 43.58 | 7.73 |
| Cash and Cash Equivalents at End of the Year (Refer Note 15) | 203.07 | 43.58 |

The accompanying notes 1 to 54 are an integral part of the standalone financial statements

As per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

RAVI RAMBABU

Partner

M.No.018541

Place : Hyderabad

Date : 29th May, 2019

for and on behalf of the Board of Directors

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

PAVAN PISE

Company Secretary

M.No.42117

RAMESH BABU POTLURI

Director

DIN: 00166381

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Notes to the Standalone Financial Statements

1. Corporate Information:

SMS Lifesciences India Limited (SMS Life), (the 'Company') is a Company limited by Shares domiciled in India incorporated under the Companies Act, 1956. The registered office of the Company is at Plot No. 19-III, Road No. 71, Jubilee Hills, and Hyderabad. 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 Khazipally and Jeedimetla, Hyderabad..

2. Basis of preparation of Standalone Financial Statements

2.1 Statement of Compliance

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

These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, 31st March, 2019. These Standalone Financial Statements for the year ended 31st March, 2019 were authorized and approved for issue by the Board of Directors on 29th May, 2019.

2.2 Historical Cost Convention:

The standalone financial statements have been prepared on a going concern basis under the historical cost basis except for the following:

- Certain Financial Assets and Liabilities measured at Fair Value; (refer accounting policy regarding financial instruments).

- 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.

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
- 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. New Standards adopted by the Company

Ind AS 115, Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs (“MCA”) has notified Ind AS 115, Revenue from Contracts with Customers, which is effective for accounting periods beginning on or after 1st April 2018. This comprehensive new standard supersedes Ind AS 18, Revenue, Ind AS 11, Construction contracts and related interpretations. The new standard amends revenue recognition requirements and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Company adopted Ind AS 115 effective as of 1st April 2018. The Company applied the modified retrospective method upon adoption of Ind AS 115 on 1st April 2018. This method requires the recognition of the cumulative effect of initially applying Ind AS 115 to retained earnings and not to restate prior years.

The application of this standard did not have a material impact on the Company’s revenue

4. Recent accounting pronouncements not yet effective

Effective date for application of the following amendments is annual period beginning on or after 1st April, 2019. The Company is currently evaluating the effect of these amendments on the standalone financial statements.

4.1 Ind AS 116 - Leases :

On 30th March, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the

recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after 1st April, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognised at the date of initial application

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee’s incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

4.2 Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On 30th March, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition –

- i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

5. Summary of Significant Accounting Policies:

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

5.1 Revenue Recognition:

Revenue is recognised 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 recognise revenues, we apply 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) recognise revenues when a performance obligation is satisfied.

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

The Company's revenue is derived from sales of goods, service income and income from licensing arrangements. Most of such revenue is generated from the sale of goods. Accounting policies relating to revenue for the periods with effect from 1st April, 2018 are as follows:

(i) Revenue from Sale of Goods:

Revenue is recognised 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 comprise of Duty draw back and MEIS (Merchandise Exports Incentive scheme) scrips. Duty drawback is recognised as income when the right to receive credit as per the terms is established in respect of the exports made.

MEIS is recognized as income on receipt of said scrips which will be after receipt of export proceeds. These scrips are freely transferable or can be utilized for the payment of customs duty on Imports.

(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).

5.2 Foreign Currency Transactions:

i. Functional and Reporting 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.

5.3 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 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.

5.4 Investment Property:

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where its applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life of buildings, classified as Investment properties, is considered as 30 years. The useful life has been determined based on technical evaluation performed by the management's expert.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their use. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de- recognition.

5.5 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.

5.6 Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is or contains a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to use the asset, even if that right is not explicitly specified in an arrangement.

Classification on inception of lease:

a. Finance Leases:

Finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding lease liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

b. Operating Lease:

"Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement Profit & Loss on a straight-line basis over the lease term unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term."

5.7 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, stores and spare parts 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.

5.8 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's cash management.

5.9 FINANCIAL INSTRUMENTS

(a) Financial Assets

(i) Initial recognition and measurement

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

(ii) Subsequent measurement

a. Debt instruments–

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

b. Equity investments –

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

Investment in Associates, Subsidiaries and Joint Venture:

In respect of Equity Investments, while preparing separate financial statements,

IND AS 27 requires it to account for its Investments in Subsidiaries and Associates either:

- (a) At cost ; or
- (b) in accordance with Ind AS 109.

If a first time adopter measures such an investment at cost in accordance with IND AS 27, it shall measure that investment one of the following amounts in its opening IND AS Balance Sheet

- (a) Cost determined in accordance with IND AS 27; or
- (b) Deemed Cost. The deemed cost of such an investment shall be its
 - (i) Fair Value at the entity's date of transition to IND AS.
 - (ii) Previous GAAP carrying amount at that date.

A first time adopter may choose either (i) or (ii) above to measure its Investment in each Subsidiary or Associate that it elects to measure using a deemed cost.

The Company has measured its Investment in Subsidiary/Associate at deemed cost in accordance with IND AS 27 by taking previous GAAP Carrying amount.

(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.

5.10 Income Taxes:

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.

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.

5.11 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. Refer note 52 for the segment information presented.

5.12 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.

5.13 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.

5.14 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.

5.15 Dividends

The Company recognises a liability to make cash 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.

5.16 Research and Development:

Revenue Expenditure on Research and Development is charged to revenue in the year in which it is incurred. Capital Expenditure on research and development is added to Property, Plant and Equipment and depreciated in accordance with the policies of the Company.

5.17 Retirement and Other 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-measurements 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.

5.18 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.

5.19 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.

5.20 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.

5.21 ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company.

(i) Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

(ii) Recognition of Deferred Tax Liability on Undistributed Profits:

The extent to which the Company can control the timing of reversal of deferred tax calculation on undistributed profits of its subsidiaries requires judgement.

(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 / Amortisable 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.

Notes to the Standalone Financial Statements

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

Note No. 6: 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) |
| Year ended 31st March, 2018 | | | | | | | | | | | |
| Gross Carrying Amount | | | | | | | | | | | |
| 1 Opening Gross Carrying Amount | 242.21 | 1,318.79 | 6,014.63 | 94.11 | 27.81 | 40.26 | 3.66 | 79.35 | 13.48 | 7,834.30 | 16.67 |
| 2 Additions | - | - | 73.99 | - | 1.82 | 2.21 | 0.45 | 65.24 | - | 143.71 | 692.13 |
| 3 Disposals | - | - | (6.47) | - | - | - | - | - | - | (6.47) | - |
| 4 Closing Gross Carrying Amount as at 31 st March, 2018 (1+2+3) | 242.21 | 1,318.79 | 6,082.15 | 94.11 | 29.63 | 42.47 | 4.11 | 144.59 | 13.48 | 7,971.54 | 708.80 |
| Accumulated Depreciation and Impairment | | | | | | | | | | | |
| 5 Opening Accumulated Depreciation | - | 59.82 | 460.79 | 17.63 | 8.67 | 4.14 | 0.49 | 13.56 | 1.54 | 566.64 | - |
| 6 Depreciation Charge during the Year | - | 59.85 | 460.61 | 17.62 | 7.02 | 4.20 | 0.56 | 17.65 | 1.54 | 569.06 | - |
| 7 Disposals | - | - | - | - | - | - | - | - | - | - | - |
| 8 Closing Accumulated Depreciation and Impairment as at 31 st March, 2018 (5+6+7) | - | 119.67 | 921.40 | 35.25 | 15.69 | 8.34 | 1.05 | 31.22 | 3.08 | 1,135.70 | - |
| 9 Net Carrying Amount as at 31 st March, 2018 (4-8) | 242.21 | 1,199.12 | 5,160.75 | 58.86 | 13.94 | 34.13 | 3.06 | 113.37 | 10.40 | 6,835.84 | 708.80 |

(Contd.)

Notes to the Standalone Financial Statements

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

Note No. 6: Property, Plant and Equipment (Contd.)

| Particulars | Land (2) | Buildings (3) | Plant & Machinery (4) | Pollution Control Equipment (5) | Data Processing Equipment (6) | Furniture & Fixtures (7) | Office Equip- ment (8) | Vehicles (9) | Others (10) | Total (11) | Capital Work-in- Progress (12) |
|---|---------------|------------------|-----------------------------|--|--|-----------------------------------|---------------------------------|-----------------|----------------|------------------|---|
| Year ended 31st March, 2019 | | | | | | | | | | | |
| Gross Carrying Amount | | | | | | | | | | | |
| 1 Opening Gross Carrying Amount | 242.21 | 1,318.79 | 6,082.15 | 94.11 | 29.63 | 42.47 | 4.11 | 144.59 | 13.48 | 7,971.54 | 708.80 |
| 2 Additions | - | 873.04 | 1,514.58 | - | 13.96 | 29.61 | 9.38 | 30.83 | 20.73 | 2,492.13 | 1,838.35 |
| 3 Disposals/Transfers | - | - | (46.66) | - | - | - | - | (2.70) | - | (49.36) | (2,415.69) |
| 4 Closing Gross Carrying Amount as at 31 st March, 2019 (1+2+3) | 242.21 | 2,191.83 | 7,550.07 | 94.11 | 43.59 | 72.08 | 13.49 | 172.72 | 34.21 | 10,414.31 | 131.46 |
| Accumulated Depreciation | | | | | | | | | | | |
| 5 Opening Accumulated Depreciation | - | 119.68 | 921.71 | 35.25 | 19.34 | 8.40 | 1.55 | 31.22 | 3.08 | 1,140.23 | - |
| 6 Depreciation Charge during the Year | - | 66.92 | 458.81 | 13.72 | 7.56 | 5.57 | 0.80 | 20.14 | 1.82 | 575.34 | - |
| 7 Disposals | - | - | (7.19) | - | - | - | - | (2.57) | - | (9.76) | - |
| 8 Closing Accumulated Depreciation as at 31 st March, 2019 (5+6+7) | - | 186.60 | 1,373.33 | 48.97 | 26.90 | 13.97 | 2.35 | 48.79 | 4.90 | 1,705.81 | - |
| 9 Net Carrying Amount as at 31st March, 2019 (4-8) | 242.21 | 2,005.23 | 6,176.73 | 45.14 | 16.70 | 58.11 | 11.14 | 123.93 | 29.31 | 8,708.50 | 131.46 |

6.1 Property, Plant and Equipment pledged as Security

Refer Note 43 for information on Property, Plant and Equipment pledged as security by the Company

6.2 Refer Note 51 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

6.3 The Gross Carrying amount of land Rs 20.00 Lakhs situated at Plot No. D-63, Phase-I, IDA Jeedimetla, Hyderabad, acquired from M/s Divya Enterprises Limited on which the company does not have title, in view of issues pending between TSIC and M/s Divya Enterprises Limited, the vendor. The Company is Pursuing with TSIC to sortout the issue.

Notes to the Standalone Financial Statements

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

Note No. 7: Intangible Assets

| Particulars | Computer Software* |
|--|--------------------|
| Year ended 31st March, 2018 | |
| Gross Carrying Amount | |
| 1 Opening Gross Carrying Amount | - |
| 2 Additions | 2.66 |
| 3 Closing Gross Carrying Amount as at 31 st March, 2018 (1+2) | 2.66 |
| Accumulated Amortisation and Impairment | |
| 4 Opening Accumulated Amortisation | - |
| 5 Amortisation Charge during the period | 0.28 |
| 6 Closing Accumulated Amortisation and Impairment as at 31 st March, 2018 (4+5) | 0.28 |
| 7 Closing Net Carrying Amount as at 31st March, 2018 (3-6) | 2.38 |
| Year ended 31st March, 2019 | |
| Gross Carrying Amount | |
| 1 Opening Gross Carrying Amount | 2.66 |
| 2 Additions | 2.70 |
| 3 Closing Gross Carrying Amount as at 31 st March, 2019 (1+2) | 5.36 |
| Accumulated Amortisation | |
| 4 Opening Accumulated Amortisation | 0.28 |
| 5 Amortisation Charge during the Period | 0.61 |
| 6 Closing Accumulated Amortisation as at 31 st March, 2019 (4+5) | 0.89 |
| 7 Closing Net Carrying Amount as at 31st March, 2019 (3-6) | 4.47 |

Notes to the Standalone Financial Statements

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

Note No. 8: Investment Property

| Particulars | Land & Development | Buildings | Total |
|--|-----------------------|--------------|--------------|
| (1) | (2) | (3) | (4) |
| Year ended 31st March, 2018 | | | |
| Gross Carrying Amount | | | |
| 1 Opening Gross Carrying Amount | 62.13 | 20.12 | 82.25 |
| 2 Additions | - | - | - |
| 3 Disposals | - | - | - |
| 4 Closing Gross Carrying Amount as at 31st March, 2018 (1+2+3) | 62.13 | 20.12 | 82.25 |
| Accumulated Depreciation and Impairment | | | |
| 5 Opening Accumulated Depreciation | - | 1.03 | 1.03 |
| 6 Depreciation Charge during the Year | - | 1.02 | 1.02 |
| 7 Disposals | - | - | - |
| 8 Closing Accumulated Depreciation and Impairment as at 31st March, 2018 (5+6+7) | - | 2.05 | 2.05 |
| 9 Net Carrying Amount as at 31st March, 2018 (4-8) | 62.13 | 18.07 | 80.20 |
| Year ended 31st March, 2019 | | | |
| Gross Carrying Amount | | | |
| 1 Opening Gross Carrying Amount | 62.13 | 20.12 | 82.25 |
| 2 Additions | 0.34 | - | 0.34 |
| 3 Disposals/Transfers | - | - | - |
| 4 Closing Gross Carrying Amount as at 31st March, 2019 (1+2+3) | 62.47 | 20.12 | 82.59 |
| Accumulated Depreciation | | | |
| 5 Opening Accumulated Depreciation | - | 2.05 | 2.05 |
| 6 Depreciation Charge during the Year | - | 1.03 | 1.03 |
| 7 Disposals | - | - | - |
| 8 Closing Accumulated Depreciation and Impairment as at 31st March, 2019 (5+6+7) | - | 3.08 | 3.08 |
| 9 Net Carrying Amount as at 31st March, 2019 (4-8) | 62.47 | 17.04 | 79.51 |
| Add: Capital Work in Progress as at 31 st March, 2019 | - | 11.80 | 11.80 |
| Total | 62.47 | 28.84 | 91.31 |

- 8.1** The Land and Buildings Situated at Plot No.C 23, Industrial Estate Sanathnagar, Hyderabad, let out to M/s. Aurore life Sciences Private Limited to carryout their R & D activities vide lease agreement dated 1st April 2018 Subsequently the company Has requested to vacate the premises in the month of December 2018.

Notes to the Standalone Financial Statements

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

Non Current Financial Assets - Unsecured, Considered Good

| Note No. | Particulars | As at 31 st March, 2019 | | As at 31 st March, 2018 | |
|----------|--|------------------------------------|-----------------|------------------------------------|---------------|
| | | Shares | Amount | Shares | Amount |
| 9 | Non-Current Investments | | | | |
| | (Un quoted, fully paid up carrying at cost) | | | | |
| | (a) Investment in Subsidiaries | | | | |
| | M/s. Mahi Drugs Private Ltd (Refer Note 9.1) | 4,715,100 | 2,593.50 | 900,000 | 496.24 |
| | (b) Investment in other Companies | | | | |
| | Equity Shares of Rs.100/- each in | | | | |
| | M/s. Jeedimetla Effluent Treatment Ltd | 2,253 | 2.25 | 2,253 | 2.25 |
| | Equity Shares of Rs.10/- each in | | | | |
| | M/s. Patancheru Envirotech Ltd | 17,538 | 1.75 | 17,538 | 1.76 |
| | M/s Sireen Drugs Private Ltd | 1,000 | 0.10 | 1,000 | 0.10 |
| | Total | | <u>2,597.60</u> | | <u>500.35</u> |

9.1 During the year the Company has completed the acquisition of 100% equity of Mahi Drugs Private Limited (MDPL) in terms of Share purchase Agreement entered with Share holders of MDPL and MDPL has become Wholly Owned Subsidiary of the Company with effect from 2nd August 2018.

| Note No. | Particulars | As at | As at |
|-----------|---|------------------------------|------------------------------|
| | | 31 st March, 2019 | 31 st March, 2018 |
| 10 | Bank Balances | | |
| | Margin Money Deposits | 104.09 | 107.08 |
| | Fixed Deposit | 0.80 | 0.80 |
| | Total | <u>104.89</u> | <u>107.88</u> |
| 11 | Other Non-Current Financial Assets | | |
| | Deposits Recoverable | 216.46 | 196.69 |
| | Total | <u>216.46</u> | <u>196.69</u> |
| 12 | Other Non-Current Assets | | |
| | Capital Advances (Refer Note 12.1) | 261.88 | 361.56 |
| | Total | <u>261.88</u> | <u>361.56</u> |

12.1 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, Parawada, Visakhapatnam District, towards 100% land cost to APIIC and about 80% of development cost to Ramky Pharmacy. Due to disputes between the parties, the developer has cancelled the said allotment illegally and the company has filed a writ petition before the Hon'ble High Court of Judicature at Hyderabad (for the state of Telangana and for the state of Andhra Pradesh), the Court has granted stay and the case is pending.

Notes to the Standalone Financial Statements

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

| Note No. | Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|-------------|--|---------------------------------------|---------------------------------------|
| 13 | Inventories | | |
| | (Cost or Net Realisable Value, whichever is lower and as valued and certified by the Management) | | |
| | (a) Raw Materials | 3,181.87 | 1,537.85 |
| | (b) Stock in Process | 2,154.32 | 2,439.62 |
| | (c) Finished Goods | 2,040.90 | 937.04 |
| | (d) Coal & Fuel | 9.95 | 17.10 |
| | Total | 7,387.04 | 4,931.61 |
| 13.1 | Finished Goods includes stock in transit of Rs.1155.49 Lakhs (31 st March, 2018 Rs. 299.02 Lakhs). | | |
| 14 | Trade Receivables | | |
| | Trade Receivables | 2,461.64 | 2,571.07 |
| | Receivables from related parties (Refer Note: 14.3) | 1,284.41 | 186.34 |
| | Less: Loss Allowance | 88.40 | 48.26 |
| | Less: Bad Debts | - | 1.59 |
| | Total Trade Receivables | 3,657.65 | 2,707.56 |
| | Current Portion | 3,657.65 | 2,707.56 |
| | Non-Current Portion | - | - |
| | Break-up of security details | | |
| | Trade Receivables considered Good-Secured | 178.51 | 104.20 |
| | Trade Receivables considered Good-Un Secured | 3,567.54 | 2,651.62 |
| | Trade Receivables which have significant increase in credit risk | - | - |
| | Trade Receivables - credit impaired | - | 1.59 |
| | Total | 3,746.05 | 2,757.41 |
| | Less: Loss Allowance | 88.40 | 49.85 |
| | Total Trade receivables | 3,657.65 | 2,707.56 |
| 14.1 | The Company has computed the expected loss allowance for doubtful trade receivables based on three years average of loss allowance and credit impaired (Refer Note No. 46.1) | | |
| 14.2 | Trade Receivables considered good amounting Rs. 178.51 Lakhs (31 st March, 2018 Rs. 104.20 Lakhs) is held against letter of credit provided by customers of the Company. | | |
| 14.3 | Trade Receivables recoverable from related parties represents Rs 1046.77 lakhs (Previous Year Rs 186.34 lakhs) due from M/s. SMS Pharmaceuticals Limited, Rs 77.64 Lakhs (previous year Rs NIL) due from M/s. R Chem (Somanahalli) Private Limited and Rs 160.00 Lakhs (previous Year Rs Nil) due from Mahi Drugs Private limited. | | |
| 15 | Cash and Cash Equivalents | | |
| | (a) Balances with Banks | | |
| | - in Current Accounts | 69.23 | 37.22 |
| | - in EEFC account | 130.32 | 5.36 |
| | (b) Cash in Hand | 3.53 | 1.00 |
| | Total | 203.07 | 43.58 |

Notes to the Standalone Financial Statements

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

| Note No. | Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|-------------|---|---------------------------------------|---------------------------------------|
| 16 | Bank Balances other than Cash and Cash Equivalents | | |
| | Margin Money Deposit | 43.64 | 32.52 |
| | Total | 43.64 | 32.52 |
| 16.1 | Margin Money deposits are subject to the first charge against Bank Guarantee and/or letter of credits. | | |
| 17 | Other Financial Assets (Unsecured, Considered Good) | | |
| | Export Incentives Receivable | 10.28 | 14.25 |
| | Total | 10.28 | 14.25 |
| 18 | Other Current Assets (Unsecured Considered Good) | | |
| | GST Credit Receivable | 874.61 | 458.88 |
| | VAT Refund Receivable | - | 59.43 |
| | Income Tax Refund Receivable | 40.95 | - |
| | Prepaid Expenses | 15.62 | 9.92 |
| | Interest Receivable | 10.48 | 10.09 |
| | Advance to Suppliers | 571.01 | 505.85 |
| | Export Benefits Receivable | 121.68 | 76.40 |
| | Other Advances and Receivables | 7.98 | 21.69 |
| | Total | 1,642.33 | 1,142.26 |
| 18.1 | Advance to Suppliers includes an amount of Rs.199.07 Lakhs (31st March, 2018 Rs.182.82 Lakhs) to R Chem (Somanahalli) Pvt Ltd, a related Party. | | |
| 18.2 | Advance to suppliers includes An amount of Rs.133.42 Lakhs paid during the year 2008-09 towards import of raw materials and the said materials were damaged in the bonded godown of C & F agent. The C & F agent have filed a case for claiming the insurance and the company has also filed a case against the C&F agent and both the cases are pending. | | |
| 19 | Current Tax Assets (Net) | 9.52 | (34.52) |
| 19.1 | Movement in Current Tax Assets/(Liabilities) | | |
| | Advance Tax | 630.00 | 115.57 |
| | TDS Receivable | 9.52 | 19.91 |
| | Less: Provision for Income Tax | 630.00 | 170.00 |
| | Sub Total | 9.52 | (34.52) |
| | Amount disclosed under current tax Liabilities. (Refer Note 29) | - | 34.52 |
| | Total | 9.52 | - |

Notes to the Standalone Financial Statements

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

| Note No. | Particulars | As at 31 st March, 2019 | | As at 31 st March, 2018 | |
|-----------|---|------------------------------------|---------------|------------------------------------|---------------|
| | | Number of shares | Amount | Number of shares | Amount |
| 20 | Equity Share Capital | | | | |
| | Authorised Share Capital | | | | |
| | Equity Shares of Rs. 10/- each | 3,250,000 | 325.00 | 3,250,000 | 325.00 |
| | Issued, Subscribed and fully Paid Up | | | | |
| | Equity Shares of Rs. 10/- each | 3,023,287 | 302.33 | 3,023,287 | 302.33 |
| | Total | 3,023,287 | 302.33 | 3,023,287 | 302.33 |

20.1 All the above Shares were issued for consideration other than cash during the year 2016-17 in pursuance of demerger scheme

20.2 Reconciliation of Number of Equity Shares outstanding at the beginning and at the end of the Year

| Particulars | As at 31 st March, 2019 | | As at 31 st March, 2018 | |
|--|------------------------------------|---------------|------------------------------------|---------------|
| | Number of shares | Amount | Number of shares | Amount |
| Equity Shares | | | | |
| At the beginning of the Year | 3,023,287 | 302.33 | 10,000 | 1.00 |
| Cancellation of Shares in pursuance of Demerger Scheme | - | - | (10,000) | (1.00) |
| Issued during the Year in Pursuance of Demerger Scheme | - | - | 3,023,287 | 302.33 |
| At the end of the Year | 3,023,287 | 302.33 | 3,023,287 | 302.33 |

20.3 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.

The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

For the Year ended 31st March, 2019, proposed dividend for distribution to equity shareholders was Rs. 1.50 per share of Rs.10 each (31st March, 2018: Nil.)

20.4 Details of shareholders holding more than 5% shares in the Company

| | | | | |
|----------------------------|---------|--------|---------|--------|
| Ramesh Babu Potluri | 518,105 | 17.14% | 518,105 | 17.14% |
| Hima Bindu Potluri | 441,905 | 14.62% | 441,905 | 14.62% |
| TVVSN Murthy* | 436,012 | 14.42% | 436,012 | 14.42% |
| T. Annapurna | 156,797 | 5.19% | 156,797 | 5.19% |
| Potluri Infra Projects LLP | 213,213 | 7.05% | 213,213 | 7.05% |

*including shares held in the capacity of Kartha of HUF aggregating to 1,42,191 Shares. (31st March, 2018 1,42,191 Shares)

Notes to the Standalone Financial Statements

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

| Note No. | Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---------------|--|---------------------------------------|---------------------------------------|
| 21 | Other Equity | | |
| | Reserves and Surplus | | |
| | Capital Reserve | 1.00 | 1.00 |
| | General Reserve | 6,516.02 | 6,516.02 |
| | Retained Earnings | 3,678.51 | 2,021.46 |
| | Total | 10,195.53 | 8,538.48 |
| 21.1 | Capital Reserve | | |
| | Opening balance | 1.00 | - |
| | Adjustments- | - | 1.00 |
| | Closing Balance | 1.00 | 1.00 |
| 21.1.1 | Capital Reserve was created during the previous year due to cancellation of Equity Share Capital held by the Company before issue of Equity Shares in Pursuance of Demerger Scheme. | | |
| 21.2 | General Reserve | | |
| | Opening balance | 6,516.02 | 6,818.35 |
| | Adjustments - allotment of Equity Shares in Pursuance of Demerger Scheme | - | (302.33) |
| | Closing Balance | 6,516.02 | 6,516.02 |
| 21.3 | Retained Earnings | | |
| | Opening balance | 2,021.46 | 1,364.52 |
| | Net profit for the Period | 1,663.33 | 650.13 |
| | Items of Other Comprehensive Income | | |
| | Remeasurement Gain/(Loss) of the Defined Benefit Plans, net of tax | (6.28) | 6.81 |
| | Closing Balance | 3,678.51 | 2,021.46 |
| 21.4 | 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 uses this reserve for transactions in accordance with the provisions of the Companies Act, 2013. | | |
| | (ii) General Reserve: | | |
| | 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. | | |

Notes to the Standalone Financial Statements

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

Financial Liabilities

| Note No. | Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---------------|--|---------------------------------------|---------------------------------------|
| 22 | Non - Current Borrowings | | |
| 22.1 | Secured | | |
| | (i) Term Loans from Banks | | |
| | (a) Export Import Bank of India TL-I | 293.09 | 888.49 |
| | (b) Export Import Bank of India TL-II | 1,864.73 | - |
| | (ii) Hire Purchase Loans | 24.72 | 23.03 |
| | Sub Total | 2,182.54 | 911.52 |
| 22.2 | Unsecured | | |
| | (i) Sales Tax Deferment | 42.92 | 112.55 |
| | (ii) From Directors | 495.00 | 495.00 |
| | Sub Total | 537.92 | 607.55 |
| | Total | 2,720.46 | 1,519.07 |
| 22.3 | Current Maturities of Non Current Borrowings | | |
| | Secured | | |
| | (a) Term Loans from Banks | | |
| | (i) Export Import Bank of India TL I | 600.00 | 600.00 |
| | (ii) Export Import Bank of India TL II | 25.00 | - |
| | (b) Hire Purchase Loans | 17.64 | 16.93 |
| | Unsecured | | |
| | (a) Sales Tax Deferment | 69.63 | - |
| | Total | 712.27 | 616.93 |
| | Amount disclosed under the head "Other Current Financial Liabilities" (Refer Note No 27) | (712.27) | (616.93) |
| | Total | - | - |
| 22.1.1 | Security Terms | | |
| | (a) Term Loan I availed from Export-Import Bank of India is secured by first charge of all movable and immovable fixed assets both present and future and second charge of all current assets both present and future and guaranteed by Sri TVVSN Murthy, Managing Director of the company and Sri P.Ramesh Babu, Director of the company in their personal capacity. | | |
| | (b) 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, Vice President of the Company in their personal capacity. | | |
| | (c) Hire Purchase Loans availed from ICICI Bank Ltd and Yes Bank Ltd, are secured by the respective vehicles. | | |
| | (d) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 43. | | |

Notes to the Standalone Financial Statements

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

22.1.2 Rate of Interest:

- (a) The above said Term Loan I carries an interest rate @ 11.50% p.a (LTMLR+250 bps p.a.)
 (b) The above said Term Loan II carries an interest rate @ 10.35% p.a (LTMLR+115 bps p.a.)

22.1.3 Terms of Repayment

- (a) Term loan I availed from Export Import Bank of India amounting to Rs.3000.00 Lakhs is for funding the Expansion Project of Kazipally unit. The loan is repayable in 20 Quarterly Installments of Rs. 150.00 Lakhs each, commencing from December, 2015.
 (b) During the year, the company has availed Term Loan II from Export Import Bank of India amounting to Rs.2000.00 Lakhs is for funding the Expansion Project of Kazipally unit. The amount disbursed as on 31st March, 2019 is Rs. 1900.00 Lakhs. The said loan is repayable in 24 Quarterly Installments commencing from February, 2020, as mentioned 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 |

22.1.4 Current Maturities of Long Term borrowings have been disclosed separately under the head other current financial liabilities (Refer Note No.27)

22.2.1 Un-Secured Loans

- (a) 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 9.75% pa.
 (b) Sales Tax (deferment) Loan liability is due for repayment as under:

| Year | Note No. | Amount (Rs.) | Year of Repayment |
|--------------|----------|---------------|-------------------|
| 2006-07 | 22.2 | 69.63 | 2019-20 |
| 2007-08 | 22.3 | 42.92 | 2020-21 |
| Total | | 112.55 | |

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

| Particulars | As at | As at |
|--|------------------------------|------------------------------|
| | 31 st March, 2019 | 31 st March, 2018 |
| Opening Borrowings | 1,519.07 | 1,596.45 |
| Add: Opening Current Maturities | 616.93 | 604.67 |
| Add: Amortisation of Transaction Cost | (5.68) | 4.59 |
| Add: Received during the year | 1,922.00 | 546.93 |
| Less: Paid during the year | 619.60 | 616.64 |
| Closing Borrowings | 3,432.72 | 2,136.00 |
| Less: Closing Current Maturities | 712.27 | 616.93 |
| Non Current Borrowings as per Balance Sheet | 2,720.45 | 1,519.07 |

Notes to the Standalone Financial Statements

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

| Note No. | Particulars | As at 31 st March 2019 | As at 31 st March 2018 |
|-----------|-------------------------------------|--------------------------------------|--------------------------------------|
| 23 | Provisions | | |
| | Employee Benefit Obligations | | |
| | Non Current | | |
| | Gratuity | 192.12 | 171.35 |
| | Leave Encashment | 32.06 | 28.40 |
| | Sub Total | 224.18 | 199.75 |
| | Current | | |
| | Gratuity | 35.11 | 35.12 |
| | Leave Encashment | 24.69 | 24.69 |
| | Sub Total | 59.80 | 59.81 |
| | Total | | |
| | Gratuity | 227.23 | 206.47 |
| | Leave Encashment | 56.75 | 53.09 |
| | Grand Total | 283.98 | 259.56 |

23.1 For details of Post Employment Obligations. (Refer Note. 42)

24 Deferred Tax Liabilities (net)

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| (a) Deferred Tax Liability | | |
| (i) Property, Plant and Equipment | 1,009.63 | 901.96 |
| (ii) Others | 5.00 | 3.20 |
| Total | 1,014.63 | 905.16 |
| (b) Deferred Tax Asset | | |
| (i) Expenses allowable on Payment basis | 91.29 | 80.03 |
| (ii) Others | 126.11 | 108.39 |
| Total | 217.40 | 188.42 |
| Net Deferred Tax Liabilities (a)-(b) | 797.23 | 716.74 |

(c) Movement in Deferred Tax Liabilities

| Particulars | Property, Plant and Equipment | Others | Total |
|-------------------------------|----------------------------------|-------------|-----------------|
| As at 01st April, 2017 | 1,092.92 | 5.57 | 1,098.49 |
| Charged/(Credited) | (190.96) | (2.37) | (193.33) |
| As at 31st March, 2018 | 901.96 | 3.20 | 905.16 |
| Charged/(Credited) | 107.67 | 1.80 | 109.47 |
| As at 31st March, 2019 | 1,009.63 | 5.00 | 1,014.63 |

Notes to the Standalone Financial Statements

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

(d) Movement in Deferred Tax Assets

| Particulars | Expenses allowable on Payment basis | MAT Credit | Others | Total |
|------------------------|-------------------------------------|------------|---------|----------|
| As at 01st April, 2017 | 90.73 | 84.18 | 162.73 | 337.64 |
| (Charged)/Credited | (10.70) | (84.18) | (54.34) | (149.22) |
| As at 31st March, 2018 | 80.03 | - | 108.39 | 188.42 |
| (Charged)/Credited | 11.26 | - | 17.72 | 28.98 |
| As at 31st March, 2019 | 91.29 | - | 126.11 | 217.40 |

| Note No. | Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|-------------|----------------------------------|------------------------------------|------------------------------------|
| 25 | Current Borrowings | | |
| 25.1 | Secured | | |
| | Working Capital Loans from Banks | | |
| | - RBL Bank Ltd | 1,276.62 | 599.31 |
| | Total | 1,276.62 | 599.31 |

25.1.1 Security Terms

(a) Working capital facility sanctioned by RBL Bank Limited 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 TVSN Murthy, Managing Director and Sri P.Ramesh Babu, 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 43.

25.1.2 Rate of Interest: The above loan carries an interest rate of 9.75% p.a

25.1.3 RBL Bank Limited has extended total working capital facilities of Rs. 3300.00 Lakhs consisting of fund based and non fund based with interchangeability. Fund based balance outstanding as on 31st March, 2019 is Rs. 1276.62 Lakhs and non fund based outstanding as on 31st March, 2018 is Rs. 971.47 Lakhs.

25.1.4 Repayment Terms: The above working capital facilities are repayable on demand.

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

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|------------------------------------|------------------------------------|
| Opening Balance | 599.31 | 403.83 |
| Add: Received during the year | 677.31 | 599.31 |
| Less: Paid during the year | - | 403.83 |
| Current Borrowings as per Balance Sheet | 1,276.62 | 599.31 |

Notes to the Standalone Financial Statements

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

| Note No. | Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|-------------|---|---------------------------------------|---------------------------------------|
| 26 | Trade Payables | | |
| (a) | Creditor for Supply of Materials | | |
| (i) | Due to Micro, Small and Medium Enterprises (Refer Note 53) | 15.00 | 398.06 |
| (ii) | Dues to Related Parties | - | - |
| (iii) | Others | 7,920.04 | 3,668.01 |
| (b) | Creditors for Expenses | 411.42 | 373.18 |
| | Total | 8,346.46 | 4,439.25 |
| 27 | Other Financial Liabilities | | |
| | Current | | |
| | Current Maturities of Long-Term Debt | 712.27 | 616.93 |
| | Capital Creditors | 136.63 | 484.43 |
| | Interest Accrued but not due | 19.44 | 14.66 |
| | Interest On Unsecured Loan | 10.44 | 1.97 |
| | Total | 878.78 | 1,117.99 |
| 27.1 | Interest on Un-Secured loan relates to Loan taken from Managing Director (Refer Note No 22.2.1) | | |
| 28 | Other Current Liabilities | | |
| | Statutory dues Payable | 131.28 | 106.27 |
| | Advance from Customers | 107.91 | 3.85 |
| | Employee Benefits Payable | 29.52 | 28.11 |
| | Total | 268.71 | 138.23 |
| 29 | Current Tax Liabilities (Net) | - | 34.52 |
| 29.1 | Movement in Current Tax (Assets)/Liabilities given in Note 19.1 | | |

Notes to the Standalone Financial Statements

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

| Note No. | Particulars | Current Year 2018-19 | Previous Year 2017-18 |
|-----------|--|-------------------------|--------------------------|
| 30 | Revenue from Operations | | |
| (a) | Sale of Products (including Excise Duty) | 37,096.99 | 22,618.30 |
| | Less: Sales Tax | - | 45.99 |
| | Less: Goods and Service Tax | 3,152.12 | 1,677.51 |
| | Net Revenue from Sales | 33,944.87 | 20,894.80 |
| (b) | Income from Services | | |
| (i) | Conversion Charges | 8.30 | 514.38 |
| | Less: Goods and Service Tax | 1.26 | 74.95 |
| | Net Revenue from Services | 7.04 | 439.43 |
| (c) | Other Operating Income | | |
| | Export Incentives | 463.25 | 413.94 |
| | Total Net Revenue from Operations (a+b+c) | 34,415.16 | 21,748.17 |

- 30.1** Post implementation of Goods and Service Tax (GST) with effect from 01-07-2017, Revenue from operations is disclosed net of GST. For the period prior to 01st July, 2017, the excise Duty amount was recorded as part of Revenue with a corresponding amount recorded as expenses. Accordingly, revenue from operations for the year ended 31st March, 2019 are not comparable with those of previous period revenue. Following additional information is being provided to facilitate such comparison.

| Particulars | For the year ended | |
|--|--------------------|------------------|
| | 31.03.2019 | 31.03.2018 |
| Gross Revenue from Operations | 37,568.55 | 23,546.62 |
| Less: GST Recovered | 3,153.39 | 1,752.46 |
| Less: Central Excise Duty | - | 444.97 |
| Less: Sales Tax | - | 45.99 |
| Revenue from Operations excluding GST/Excise Duty | 34,415.16 | 21,303.20 |

31 Other Income

| | | | |
|-----|-----------------------------------|---------------|---------------|
| (a) | Interest Income | 23.57 | 24.54 |
| (b) | Profit on Sale of Asset | - | 2.16 |
| (c) | Net Gain on Foreign Exchange | 196.49 | 223.67 |
| (d) | Miscellaneous Income (Net of GST) | 32.81 | 57.35 |
| | Total | 252.87 | 307.72 |

Notes to the Standalone Financial Statements

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

| Note No. | Particulars | Current Year 2018-19 | Previous Year 2017-18 |
|-----------|--|-------------------------|--------------------------|
| 32 | Cost of Materials Consumed | | |
| | Raw Materials & Packing Materials | | |
| | Stock at the Beginning of the Year | 1,537.85 | 1,176.88 |
| | Add: Purchases | 25,491.17 | 13,862.22 |
| | Less: Stock at the End of the Year | 3,181.86 | 1,537.85 |
| | Total Materials Consumed | 23,847.16 | 13,501.25 |
| 33 | Changes in Inventory | | |
| | (a) Opening Stock of Inventory: | | |
| | Finished Goods | 937.03 | 77.22 |
| | Stock in Process | 2,439.62 | 3,093.22 |
| | Sub Total (a) | 3,376.65 | 3,170.44 |
| | (b) Closing Stock of Inventory | | |
| | Finished Goods | 2,040.90 | 937.03 |
| | Stock in Process | 2,154.32 | 2,439.62 |
| | Sub Total (b) | 4,195.22 | 3,376.65 |
| | (Increase)/Decrease in Stocks (a) - (b) | (818.57) | (206.21) |
| 34 | Manufacturing Expenditure | | |
| | Power and Fuel | 2,243.32 | 2,002.08 |
| | Consumable Stores | 117.39 | 126.82 |
| | Testing Charges | 21.90 | 12.73 |
| | Water Charges | 167.77 | 106.91 |
| | Conversion Charges | 1,487.37 | 1,112.26 |
| | Effluent Treatment Charges | 304.41 | 265.32 |
| | Repairs and Maintenance | | |
| | to Plant and Machinery | 349.77 | 261.44 |
| | to Buildings | 27.54 | 15.20 |
| | Factory Maintenance | 57.92 | 47.84 |
| | Total | 4,777.39 | 3,950.60 |
| 35 | Employee Benefit Expenses | | |
| | Salaries, Wages and Bonus | 1,819.78 | 1,557.28 |
| | Contribution to Provident Fund | 112.36 | 99.46 |
| | Contribution to ESI | 17.00 | 15.47 |
| | Staff Welfare Expenses | 114.00 | 92.40 |
| | Total | 2,063.14 | 1,764.61 |

Notes to the Standalone Financial Statements

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

| Note No. | Particulars | Current Year 2018-19 | Previous Year 2017-18 |
|-------------|--|-------------------------|--------------------------|
| 36 | Finance Cost | | |
| | Interest on Non Current Borrowings | 232.48 | 203.94 |
| | Interest on Current Borrowings | 172.05 | 97.01 |
| | Interest on Others | 21.86 | 8.30 |
| | Bank Charges | 119.83 | 108.67 |
| | Total | 546.22 | 417.92 |
| 37 | Depreciation and Amortisation Expense | | |
| | Depreciation on Property, Plant and Equipment | 575.34 | 569.06 |
| | Depreciation on Investment Property | 1.03 | 1.03 |
| | Amortisation of Intangible Assets | 0.61 | 0.27 |
| | Total | 576.98 | 570.36 |
| 38 | Other Expenses | | |
| | Rent | 27.89 | 22.27 |
| | Rates and Taxes | 50.69 | 41.75 |
| | Repairs & Maintenance to Other Assets | 6.44 | 7.88 |
| | Insurance | 46.73 | 33.19 |
| | Directors Remuneration | 272.02 | 242.07 |
| | Travelling and Conveyance | 13.26 | 18.28 |
| | Communication Expenses | 8.25 | 7.39 |
| | Printing and Stationery | 33.94 | 37.89 |
| | Payments to Auditors | 8.00 | 6.00 |
| | Cost Audit Fee | 0.50 | 0.50 |
| | Vehicle Maintenance | 25.74 | 23.83 |
| | Interest on Indirect Taxes | - | 2.67 |
| | Loss on Sale of Assets | 8.74 | 3.58 |
| | General Expenses | 77.10 | 81.74 |
| | Bad Debts Written Off | - | 1.59 |
| | Business Promotion Expenses | 20.14 | 28.01 |
| | Sales Commission | 311.09 | 176.30 |
| | Carriage Outward | 331.89 | 233.37 |
| | Provision for Doubtful Debts | 40.14 | - |
| | Corporate Social Responsibility (Refer note 34(b)below) | 17.32 | - |
| | Total | 1,299.88 | 968.31 |
| 38.1 | Rent includes Rs.18.52 Lakhs paid to a related party (Previous Year Rs.22.27 Lakhs). | | |
| 38.2 | Details of payment to Auditors | | |
| | Statutory Audit fee | 6.00 | 6.00 |
| | Tax Audit fee | 2.00 | - |
| | Total | 8.00 | 6.00 |

Notes to the Standalone Financial Statements

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

| Note No. | Particulars | Current Year 2018-19 | Previous Year 2017-18 |
|-------------|---|-------------------------|--------------------------|
| 38.3 | Corporate Social Responsibility Expenditure | | |
| | Amount required to be spent as per section 135 of the Companies Act, 2013 | 16.36 | 12.31 |
| | Amount spent during the year on | | |
| | (i) Construction/Acquisition of an Asset | 14.82 | - |
| | (ii) For other than (i) above | 2.50 | - |
| | Total amount Spent | 17.32 | - |
| | Balance amount to be Spent | - | 12.31 |
| 39 | Income Tax Expense | | |
| | Current Tax | | |
| | Current Tax on Profits for the Year | 630.00 | 170.00 |
| | Adjustments for Current Tax of Prior Years | (0.57) | (133.72) |
| | Total Current Tax | 629.43 | 36.28 |
| | Deferred Tax | | |
| | Increase/(Decrease) in Deferred Tax Liabilities | 109.48 | (193.33) |
| | Decrease/(increase) in Deferred Tax Assets | (28.98) | 149.21 |
| | Actuarial (Gain)/Loss | 2.58 | (2.63) |
| | Total Deferred Tax Expense/(Benefit) | 83.08 | (46.75) |
| | Total Tax Expenses | 712.51 | (10.48) |
| 39.1 | Reconciliation of Tax Expense with Tax on Accounting Profits at normal rate is as follows: | | |
| (a) | Profit before Income Tax Expenses | 2,375.83 | 639.66 |
| (b) | Enacted Tax Rate in India | 29.12% | 27.55% |
| (c) | Expected Tax Expenses (a)x(b) | 691.84 | 176.24 |
| (d) | Tax Effect on Permanent Difference: | | |
| | Adjustment of Current Tax of Prior Periods | (0.57) | (49.54) |
| | Others | 21.23 | (137.17) |
| | Total Adjustments | 20.66 | (186.71) |
| | Expense as per Profit & Loss | 712.51 | (10.47) |
| | Effective Tax Rate | 29.99% | -1.64% |

Notes to the Standalone Financial Statements

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

| Note No. | Particulars | Current Year 2018-19 | Previous Year 2017-18 |
|-----------|---|-------------------------|--------------------------|
| 40 | Other Comprehensive Income | | |
| | Actuarial Gain/(Loss) on Post Employment Benefit Expenses | 9.33 | 8.89 |
| | Return on Plan Assets excluding net interest | (0.47) | 0.55 |
| | | 8.86 | 9.44 |
| | Deferred Taxes on above | (2.58) | (2.63) |
| | Net Comprehensive Income | 6.28 | 6.81 |
| 41 | Earning Per Share (Basic and Diluted) | | |
| (a) | Net profit for Basic & Diluted EPS | 1,663.33 | 650.13 |
| (b) | Weighted average number of equity shares of Rs.10/- each -Basic /Dilute" | 3,023,287 | 3,023,287 |
| (c) | Earnings Per Share Basic /Diluted | 55.02 | 21.50 |

42 Post Employment Benefits

42.1 Defined Contribution Plans

42.1.1 Employer's Contribution to Provident Fund:

Contributions are made to provident fund in India for employees at the rate of 12% of the employee's qualifying salary 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.112.36 Lakhs (31st March, 2018- Rs. 99.46 Lakhs).

42.1.2 Employer's Contribution to State Insurance Scheme:

Contributions are made to State Insurance Scheme in India for employees at the rate of 4.75%. 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.16.10 Lakhs (31st March, 2018 - Rs. 15.47 Lakhs).

42.2 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:

Notes to the Standalone Financial Statements

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

| Particulars | 31 st March, 2019 | | 31 st March, 2018 | |
|---|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | Gratuity (funded) | Leave Encashment (unfunded) | Gratuity (funded) | Leave Encashment (unfunded) |
| 42.2.1 Net Employee Benefit Expense | | | | |
| (recognised in Employee Benefit Expenses) | | | | |
| Current Service Cost | 17.32 | 7.37 | 15.66 | 8.64 |
| Interest Cost | 15.13 | 4.02 | 11.57 | 3.28 |
| Past Service Cost (Vested Benefits) | - | - | 24.50 | - |
| Contribution Paid | (22.18) | (1.45) | (17.57) | (1.71) |
| Adjustment to Opening Balance | 1.64 | - | 1.25 | - |
| Actuarial Gain/(Loss) other than OCI | - | (6.29) | - | (6.97) |
| Net Employee Benefit Expenses | 11.91 | 3.65 | 35.41 | 3.24 |
| Other Comprehensive Income | | | | |
| Actuarial Gain/(Loss) | 9.33 | - | 8.89 | - |
| Actual return on plan asset | (0.47) | - | 0.55 | - |
| Total Actuarial (Gain)/Loss recognized in (OCI) | 8.86 | - | 9.44 | - |
| 42.2.2 Amount recognised in the Balance Sheet | | | | |
| Defined Benefit Obligation | 256.37 | 56.75 | 219.57 | 53.09 |
| Fair Value of Plan Assets | (29.13) | (1.45) | (13.10) | - |
| | 227.24 | 55.30 | 206.47 | 53.09 |
| 42.2.3 Change in the Present Value of the Defined Benefit Obligation | | | | |
| Opening Defined Benefit Obligation | 206.47 | 53.09 | 180.50 | 49.85 |
| Adjustment to Opening Balance | 1.64 | - | 1.25 | - |
| Current Service Cost | 17.32 | 7.37 | 15.66 | 8.64 |
| Interest Cost | 15.13 | 4.02 | 11.57 | 3.28 |
| Past Service Cost | - | - | 24.50 | - |
| Contribution Paid | (22.18) | (1.45) | (17.57) | (1.71) |
| Net Actuarial (gain)/losses on Obligation for the year recognised under OCI | 8.86 | (6.29) | (9.44) | (6.97) |
| Closing Defined Benefit Obligation | 227.24 | 56.74 | 206.47 | 53.09 |

Notes to the Standalone Financial Statements

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

| Particulars | 31 st March, 2019 | | 31 st March, 2018 | |
|---|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | Gratuity (funded) | Leave Encashment (unfunded) | Gratuity (funded) | Leave Encashment (unfunded) |
| 42.2.4 Change in the Fair Value of Plan Assets | | | | |
| Opening Fair Value of Plan Assets | 13.10 | - | - | - |
| Adjustment to Opening Fair Value of Plan Asset | (1.64) | - | (1.25) | - |
| Return on Plan Assets Excluding Interest Income | 0.47 | - | 0.55 | - |
| Interest Income | 1.48 | - | 0.37 | - |
| Contributions | 22.18 | (1.45) | 17.57 | (1.71) |
| Benefits Paid | (6.47) | - | (4.14) | - |
| Closing Fair Value of Plan Assets | 29.12 | (1.45) | 13.10 | (1.71) |
| 42.2.5 Acturial (Gain)/Loss on Obligation | | | | |
| Due to Demographic Assumption | - | - | - | - |
| Due to Financial Assumption | 0.39 | 0.07 | (18.28) | (3.23) |
| Due to Experience | 8.94 | (6.36) | 9.39 | (3.74) |
| Return on Plan Assets excluding Interest | (0.47) | - | (0.55) | - |
| Total Acturial (Gain)/Loss | 8.86 | (6.29) | (9.44) | (6.97) |

42.2.6 The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|-----------------------|------------------------------|------------------------------|
| State Govt Security | 14.48 | 6.51 |
| Central Govt Security | 5.47 | 2.46 |
| NCD/Bonds | 6.60 | 2.97 |
| Others | 2.58 | 1.16 |
| Total | 29.13 | 13.10 |

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

Notes to the Standalone Financial Statements

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

42.2.7 Actuarial Assumptions for estimating Company's Defined Benefit Obligation:

| Particulars | 31 st March 2019 | 31 st March 2018 |
|--|-----------------------------|-----------------------------|
| Discount rate | 7.66% | 7.68% |
| 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 (2006-08) Ult. | IALM (2006-08) Ult. |
| Expected average remaining Service (Yrs) | 17.82 | 17.17 |

- (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.

42.2.8 Sensitivity analysis

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

| Particulars | 31 st March 2019 | 31 st March 2018 |
|---|-----------------------------|-----------------------------|
| Defined Benefit Obligation | 227.24 | 206.47 |
| Effect of 1% change in assumed discount rate on defined benefit obligation | | |
| Increase : +1% | 238.05 | 203.47 |
| Decrease: -1% | 277.38 | 238.05 |
| Effect of 1% change in assumed salary escalation rate on defined benefit obligation | | |
| Increase : +1% | 276.99 | 237.67 |
| Decrease: -1% | 238.09 | 203.49 |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied while calculating the defined benefit liability recognised within the Balance Sheet.

Notes to the Standalone Financial Statements

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

42.2.9 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 7.68% to 7.66% 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.

The Weighted Average duration of the defined benefit obligation is 8.90 years (31st March, 2018 9.14 years). The expected cash flows over the subsequent years is as follows:

| Expected Payout Gratuity | 31st March, 2019 | 31st March, 2018 |
|---------------------------------|------------------------------------|------------------------------------|
| 1 st Year | 35.11 | 8.97 |
| 2 nd Year | 26.68 | 22.78 |
| 3 rd Year | 9.63 | 11.93 |
| 4 th Year | 9.51 | 9.32 |
| 5 th Year | 25.59 | 11.07 |
| beyond 5 th Year | 102.78 | 102.54 |

Notes to the Standalone Financial Statements

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

42.2.10 Risk Exposure

Though it is defined benefit plans, 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.

43 Assets pledged as Security For Non Current Borrowings

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

For Current Borrowings

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

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings are as follows:

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|---------------------------------|---------------------------------|
| Property, Plant and Equipment | 8,708.50 | 6,835.84 |
| Investment Property | 91.31 | 80.20 |
| Sub Total | 8,799.81 | 6,916.04 |
| Current Assets | 12,953.53 | 8,871.78 |
| Total Assets Pledged as Security | 21,753.34 | 15,787.82 |

Notes to the Standalone Financial Statements

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

Financial Instruments and Risk Management 44 Categories of Financial Instrument

| Particulars | Notes | Level | As at | | As at | | |
|--------------------------------------|-------|------------|------------------------------|-----------------|------------------------------|-----------------|--|
| | | | 31 st March, 2019 | | 31 st March, 2018 | | |
| | | | Carrying Value | Fair Value | Carrying Value | Fair Value | |
| A. Financial Assets | | | | | | | |
| (i) Non Current | | | | | | | |
| (a) Investment in Equity Instruments | 9 | 3 | 2,597.60 | 2,597.60 | 500.35 | 500.35 | |
| (b) Bank Balances | 10 | 3 | 104.89 | 104.89 | 107.88 | 107.88 | |
| (c) Other Financial Assets | 11 | 3 | 216.46 | 216.46 | 196.69 | 196.69 | |
| Sub - Total | | | 2,918.95 | 2,918.95 | 804.92 | 804.92 | |
| (ii) Current | | | | | | | |
| (a) Trade Receivables | 14 | | 3,657.65 | 3,657.65 | 2,707.56 | 2,707.56 | |
| (b) Cash and Cash Equivalents | 15 | refer note | 203.07 | 203.07 | 43.58 | 43.58 | |
| (c) Other Bank Balances | 16 | 44.2 | 43.64 | 43.64 | 32.52 | 32.52 | |
| (d) Other Financial Assets | 17 | | 10.28 | 10.28 | 14.25 | 14.25 | |
| Sub - Total | | | 3,914.64 | 3,914.64 | 2,797.91 | 2,797.91 | |
| Total Financial Assets | | | 6,833.59 | 6,833.59 | 3,602.83 | 3,602.83 | |
| B. Financial Liabilities | | | | | | | |
| (i) Non Current | | | | | | | |
| (a) Borrowings | 22 | 3 | 2,720.46 | 2,720.46 | 1,519.07 | 1,519.07 | |
| (ii) Current | | | | | | | |
| (a) Borrowings | 25 | refer note | 1,276.62 | 1,276.62 | 599.31 | 599.31 | |
| (b) Trade Payables | 26 | 44.2 | - | - | 4,439.25 | 4,439.25 | |
| (c) Other Financial Liabilities | 27 | | 878.78 | 878.78 | 1,117.99 | 1,117.99 | |
| Sub - Total | | | 2,155.40 | 2,155.40 | 6,156.55 | 6,156.55 | |
| Total Financial Liabilities | | | 4,875.86 | 4,875.86 | 7,675.62 | 7,675.62 | |

44.1 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.

44.2 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 values due to their short term nature.

44.3 The management has assessed that fair value of borrowings approximate to their carrying amounts largely since they are carried at floating rate of interest.

44.4 Other Non Current Financial Assets consist of certain non current portion relating to deposits with Government authorities where the fair value is considered to be the carrying value.

44.5 The carrying amount reported in statement of Financial Position for Investment in Equity Instruments approximate their respective fair values based on the fair valuation performed as at 31st March, 2019.

Notes to the Standalone Financial Statements

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

45 Fair Value Measurements

45.1 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 price 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.

46 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.

46.1 Credit Risk:

Credit risk is the risk that counter party 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. Counter party 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 counter party's potential failure to make payments.

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

For trade receivables, the group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the Standalone Financial Statements

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

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

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---|------------------------------|------------------------------|
| Gross Carrying Amount | 3,746.05 | 2,755.82 |
| Expected Credit Losses (Loss allowance Provision) | 88.40 | 48.26 |
| Net Carrying Amount of Trade Receivables | 3,657.65 | 2,707.56 |

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 | 2,489.79 | 600.42 | 655.85 | 3,746.06 |
| Expected Loss Rate | 2.36% | 2.36% | 2.36% | 2.36% |
| Expected Credit Losses (Loss Allowance Provision) | 58.75 | 14.17 | 15.48 | 88.40 |
| Net Carrying Amount of Trade Receivables | 2,431.03 | 586.25 | 640.37 | 3,657.66 |

46.2 Liquidity Risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

| Particulars | Upto 1 Year | 1 to 3 Years | 3 to 5 Years | > 5 Years | Total |
|---|-------------|--------------|--------------|-----------|----------|
| 31st March, 2019 | | | | | |
| Non Current Borrowings (including Current Maturities) | 712.27 | 835.18 | 873.93 | 1,011.35 | 3,432.73 |
| Current Borrowings | 1,276.62 | | | | 1,276.62 |
| Interest Accrued but not due | 29.88 | | | | 29.88 |
| Trade Payables | 8,346.46 | | | | 8,346.46 |
| Capital Creditors | 136.63 | | | | 136.63 |
| 31st March, 2018 | | | | | |
| Non Current Borrowings (including Current Maturities) | 616.93 | 1,024.07 | - | 495.00 | 2,136.00 |
| Current Borrowings | 599.31 | | | | 599.31 |
| Interest Accrued but not due | 16.63 | | | | 16.63 |
| Trade Payables | 4,439.25 | | | | 4,439.25 |
| Capital Creditors | 484.43 | | | | 484.43 |

Notes to the Standalone Financial Statements

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

46.3 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.

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

| Particulars | Change in basis points | | Effect on Profit before Tax | |
|------------------------------|------------------------|----------|-----------------------------|----------|
| | Increase | Decrease | Decrease | Increase |
| 31 st March, 2019 | 0.50% | 0.50% | (23.55) | 23.55 |
| 31 st March, 2018 | 0.50% | 0.50% | (13.68) | 13.68 |

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 |
|------------------------------------|----------|----------------------------|---------------|-----------------|
| 31st March, 2019 | | | | |
| Trade Receivables | USD | 21.90 | 1,496.72 | 68.35 |
| Trade Payables | USD | 38.27 | 2,678.95 | 70.00 |
| 31st March, 2018 | | | | |
| Trade Receivables | USD | 15.11 | 983.17 | 65.07 |
| Trade Payables | USD | 31.29 | 2,036.22 | 65.07 |

(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.

Notes to the Standalone Financial Statements

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

| Particulars | Effect on Profit before Tax | |
|--------------------------|------------------------------|------------------------------|
| | 31 st March, 2019 | 31 st March, 2018 |
| USD Sensitivity | | |
| Rs/USD - Increases by 1% | (11.82) | (10.53) |
| Rs/USD - Decreases by 1% | 11.82 | 10.53 |

(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.

47 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 st March, 2019 | 31 st March, 2018 |
|--|------------------------------|------------------------------|
| Borrowings including Interest Accrued | 4,739.22 | 2,751.94 |
| Less: Cash and Short Term Deposits | 203.07 | 43.58 |
| Net Debt | 4,536.15 | 2,708.36 |
| Equity | 302.33 | 302.33 |
| Other Equity | 10,195.53 | 8,538.49 |
| Total Equity | 10,497.86 | 8,840.82 |
| Total Capital | 15,034.02 | 11,549.18 |
| Gearing Ratio (Net Debt/[(Net Debt +Total Equity)]) | 0.30 | 0.23 |

48 Leases (Ind AS -17):

48.1 Operating Lease Commitments - Company as Lessee

The Company has taken leased premises for its office use. During the year, the company has paid an amount of Rs. 27.51 Lakhs (31st March, 2018 Rs. 22.42 Lakhs) towards rental charges. As the said lease is revocable by either of the parties with prior notice, other disclosure requirements under Ind AS 17 "Leases" is not applicable.

48.2 Operating Lease Commitments - Company as Lessor

The Company has given on Lease, its Premises in Sanathnagar for a lease term of 12 Months. During the year, the Company has received annual lease receipts of Rs. 18.90 Lakhs.

Notes to the Standalone Financial Statements

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

49 Related Party Transactions

(a) Key Management Personnel(KMP)

| Name | Relationship |
|-----------------------|---|
| Sri TVVSN Murthy | Managing Director |
| Sri P Ramesh Babu | Director |
| Sri N Rajendra Prasad | Chief Financial Officer (from 01-06-2017) |
| Mr. Pavan Pise | Company Secretary |

(b) Relatives of KMP

| Name of the Relative | Relationship with KMP |
|----------------------|-------------------------------|
| Sri. T V Praveen | Son of Managing Director |
| Smt .G.Sudeepthi | Daughter of Managing Director |

(c) List of Related Parties over which Control / Significant Influence exists with whom the Company has transactions :

| Relationship | Name of the Company |
|---|--|
| Wholly Owned Subsidiary | 1 Mahi Drugs Pvt Ltd |
| Enterprises over which KMP are able to Exercise Significant Influence | 1. SMS Pharmaceuticals Limited 2. Rchem(Somanahalli) Private Limited 3. VKT Pharma Private Limited |

(d) Transactions with Related Parties:

| Name of the Company | 31 st March 2019 | 31 st March 2018 |
|---|-----------------------------|-----------------------------|
| | Amount | Amount |
| Key Management Personnel | | |
| Remuneration - (Short Term Employee Benefits) | 294.30 | 260.24 |
| Interest on Unsecured Loan | 47.03 | 2.19 |
| Unsecured Loan Taken | - | 495.00 |
| Relatives of KMP | | |
| Remuneration - (Short Term Employee Benefits) | 67.18 | 51.00 |
| Enterprise with Significant Influence | | |
| Purchases | 492.55 | 180.96 |
| Sales | 2,936.80 | 1,382.56 |
| Conversion Charges | 1,217.58 | 984.90 |
| Rent paid | 21.85 | 26.28 |
| Balance (Payable)/Receivable at the year end | | |
| Key Management Personnel | | |
| Remuneration Payable | 41.75 | 11.26 |
| Interest payable | 10.44 | 2.19 |
| Unsecured Loan Payable | 495.00 | 495.00 |
| Relatives of KMP | | |
| Remuneration Payable | 3.77 | 1.63 |
| Enterprise with Significant Influence | 1,483.48 | 369.16 |

(e) Note:

Short Term Employee Benefits to KMP does not include expenditure on account of contribution to Provident Fund and Provision for Gratuity and Compensated Absences computed for Company as a whole.

Notes to the Standalone Financial Statements

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

50 Contingent Liabilities

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|--|---------------------------------------|---------------------------------------|
| 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 | 93.35 | 72.17 |
| Disputed Income Tax Demands | 22.62 | 22.62 |
| Interest dues in respect of disputed demands of Income Tax and Central Excise | 186.73 | 177.72 |
| Interest dues in respect of disputed demands of Central Excise | 16.40 | 16.40 |
| 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 |

51 Commitments

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---------------------|---------------------------------------|---------------------------------------|
| Capital Commitments | 208.41 | - |
| Export Obligations | 4,816.70 | 3,739.27 |

52 Segment Information

(a) Description of Segments and Principal Activities

The Managing Director has been identified as being the chief operating decision maker(CODM). Operating segments are defined as components of an enterprise for which discrete financial information is available. This is evaluated regularly by the CODM, in deciding how to allocate resources and assessing the Company's performance. 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 as detailed below:

| Particulars | Current Year 2018-19 | | Previous Year 2017-18 | |
|------------------|----------------------|----------------|-----------------------|----------------|
| | Revenue | % | Revenue | % |
| Exports | 16,667.68 | 48.43% | 10,775.29 | 49.55% |
| Domestic | 11,298.61 | 32.83% | 10,158.09 | 46.71% |
| Deemed Exports | 5,985.62 | 17.39% | 400.85 | 1.84% |
| Export Incentive | 463.25 | 1.35% | 413.94 | 1.90% |
| Total | 34,415.16 | 100.00% | 21,748.17 | 100.00% |

Notes to the Standalone Financial Statements

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

53 Payables to Micro, Small & Medium Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

| Particulars | As at 31 st March, 2019 | As at 31 st March, 2018 |
|---|---------------------------------------|---------------------------------------|
| (i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; | 15.00 | 398.06 |
| (ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. | | |
| (iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act; | | |
| (iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and | 2.69 | 8.10 |
| (v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23. | | |

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.

54 Previous year figure have been regrouped and reclassified whenever considered necessary to confirm to this year classification.

As per our report of even date
for **RAMBABU & CO**
Chartered Accountants
FRN 002976S
RAVI RAMBABU
Partner
M.No.018541

Place : Hyderabad
Date : 29th May, 2019

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

TVVSN MURTHY
Managing Director
DIN: 00465198

PAVAN PISE
Company Secretary
M.No.42117

RAMESH BABU POTLURI
Director
DIN: 00166381

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

Independent Auditor's Report

**To the Members of
SMS Lifesciences India Limited
Report on the Consolidated Financial Statements**

Opinion

We have audited the accompanying consolidated Ind AS financial statements of SMS Lifesciences India Limited (*"the Company"*) and its Subsidiary Company Mahi Drugs, Private Limited which is Audited by us (collectively referred to as "the Group") which comprise the consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss, consolidated statement of changes in equity and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (here in referred as "the consolidated Ind AS financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its consolidated Profit (including other comprehensive income), consolidated changes in equity and its consolidated Cash Flow for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|---|---|
| 1 | Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard) | <p>Principal Audit Procedures</p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> • Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. |

| | | |
|--|--|--|
| | | <ul style="list-style-type: none"> • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls. • Selected a sample of continuing and new contracts and performed the following procedures: <ol style="list-style-type: none"> 1. Read, analysed and identified the distinct performance obligations in these contracts. 2. Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration. |
|--|--|--|

Management’s Responsibility for the Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order under Section 143(11) of the Act.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company’s preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design

audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Other Matters

We have audited the financial statements/financial information of Mahi Drugs Private Limited whose financial statements/financial information reflects total assets of Rs.2883.56 lacs as at 31st March 2019, total expenses Rs.3748.47 lacs and total revenue 3911.13 lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The consolidated Balance Sheet, the consolidated Statement of Profit and Loss, consolidated the statement of changes in equity and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors of the Company and its subsidiary as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 and in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at 31st March 2019 on its consolidated financial position in its financial statements as referred to in note 49 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund for the year ending 31st March, 2019.

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

Place: Hyderabad
Date: 29-05-2019

Ravi Rambabu
Partner
M. No. 018541

“Annexure A” to the Independent Auditor’s Report

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

We have audited the internal financial controls over financial reporting of SMS Lifesciences India Limited (“the Holding Company”) in respect of standalone Financial Statements as at March 31, 2019 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 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, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Hyderabad
Date: 29-05-2019

Ravi Rambabu
Partner
M. No. 018541

Consolidated Balance Sheet as at 31st March, 2019

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

| Sl. No. | Particulars | Note | As at 31 st March, 2019 |
|-----------------------------|---|------|---------------------------------------|
| I ASSETS | | | |
| 1 Non-Current Assets | | | |
| | (a) Property, Plant and Equipment | 6 | 10,043.90 |
| | (b) Capital Work-in-Progress | 6 | 329.34 |
| | (c) Intangible Assets | 7 | 4.47 |
| | (d) Goodwill | 7 | 1,710.99 |
| | (e) Investment Property | 8 | 91.31 |
| | (f) Financial assets | | |
| | (i) Investments | 9 | 4.11 |
| | (ii) Bank Balances | 10 | 104.88 |
| | (iii) Other Financial Assets | 11 | 228.11 |
| | (f) Other Non-Current Assets | 12 | 261.88 |
| | Total | | 12,778.99 |
| 2 Current Assets | | | |
| | (a) Inventories | 13 | 8,116.78 |
| | (b) Financial Assets | | |
| | (i) Trade Receivables | 14 | 4,132.06 |
| | (ii) Cash and Cash Equivalents | 15 | 217.48 |
| | (iii) Bank Balances other than (ii) above | 16 | 43.63 |
| | (iv) Other Financial Assets | 17 | 10.28 |
| | (c) Other Current Assets | 18 | 1,694.38 |
| | (d) Current Tax Assets (Net) | 19 | 1.51 |
| | Total | | 14,216.12 |
| | Total Assets | | 26,995.11 |

(Contd.)



Consolidated Balance Sheet as at 31st March, 2019 (Contd.)

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

| Sl. No. | Particulars | Note | As at 31 st March, 2019 |
|----------------------------------|--|------|------------------------------------|
| II EQUITY AND LIABILITIES | | | |
| 1 Equity: | | | |
| | (a) Equity Share Capital | 20 | 302.33 |
| | (b) Other Equity | 21 | 10,330.57 |
| | Total | | 10,632.90 |
| 2 LIABILITIES | | | |
| A Non-Current Liabilities | | | |
| | (a) Financial liabilities | | |
| | (i) Borrowings | 22 | 2,720.46 |
| | (b) Provisions | 23 | 233.01 |
| | (c) Deferred Tax Liability (Net) | 24 | 906.21 |
| | Total | | 3,859.68 |
| B Current Liabilities | | | |
| | (a) Financial Liabilities | | |
| | (i) Borrowings | 25 | 1,276.62 |
| | (ii) Trade Payables: | 26 | |
| | (a) Dues to Micro & Small Enterprises | | 36.40 |
| | (b) Dues to Creditors Other than Micro & Small Enterprises | | 9,770.88 |
| | (iii) Other Financial Liabilities | 27 | 878.78 |
| | (b) Provisions | 23 | 59.80 |
| | (c) Other Current Liabilities | 28 | 480.05 |
| | Total | | 12,502.53 |
| | Total Liabilities | | 16,362.21 |
| | Total Equity and Liabilities | | 26,995.11 |
| | Significant Accounting Policies | 5 | |

The accompanying notes 1 to 54 are an integral part of the Consolidated financial statements

As per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

RAVI RAMBABU

Partner

M.No.018541

Place : Hyderabad

Date : 29th May, 2019

for and on behalf of the Board of Directors

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

PAVAN PISE

Company Secretary

M.No.42117

RAMESH BABU POTLURI

Director

DIN: 00166381

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Consolidated Statement of Profit and Loss for the Year Ended 31st March, 2019

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

| Sl. No. | Particulars | Note | Current Year 2018-19 |
|----------|---|------|-------------------------|
| 1 | Income | | |
| | Revenue from Operations | 29 | 37,785.22 |
| | Other Income | 30 | 254.64 |
| | Total Income | | 38,039.86 |
| 2 | Expenses | | |
| | Cost of Materials Consumed | 31 | 26,879.44 |
| | Change in Inventories | 32 | (1,291.80) |
| | Manufacturing Expenditure | 33 | 5,054.41 |
| | Employee Benefits Expense | 34 | 2,311.08 |
| | Finance Costs | 35 | 550.68 |
| | Depreciation and Amortization Expense | 36 | 638.04 |
| | Other Expenses | 37 | 1,359.52 |
| | Total Expenses | | 35,501.37 |
| 3 | Profit Before Tax (1-2) | | 2,538.49 |
| 4 | Tax Expense | | |
| | (a) Current Tax | | |
| | (i) relating to Current Year | | 670.00 |
| | (ii) relating to Earlier Year | 38 | (8.38) |
| | (b) Deferred Tax | | 92.15 |
| | Total Taxes | | 753.77 |
| 5 | Profit After Tax for the Year (3-4) | | 1,784.72 |
| | Other Comprehensive Income/(Loss) Items that will not be reclassified to Profit/(Loss) | | |
| 6 | Remeasurement Gain/(Loss) of the defined benefit plans | 39 | (3.69) |
| 7 | Income Tax effect on the above | | (1.14) |
| 8 | Other Comprehensive Income/(Loss) After Tax for the Year (6-7) | | (2.55) |
| 9 | Total Comprehensive Income/(Loss) for the Year (5+8) | | 1,782.17 |
| | Earnings Per Share (Face Value of Rs.10 each) ' -Basic / Diluted | 40 | 59.03 |
| | Significant Accounting Policies | 5 | |

The accompanying notes 1 to 54 are an integral part of the Consolidated financial statements

As per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

RAVI RAMBABU

Partner

M.No.018541

Place : Hyderabad

Date : 29th May, 2019

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SMS Lifesciences India Limited

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RAMESH BABU POTLURI

Director

DIN: 00166381

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Consolidated Statement of Changes in Equity for the Year Ended 31st March, 2019

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

a. Equity Share Capital

| Particulars | As at 31 st March, 2019 | |
|--|------------------------------------|---------------|
| | Number of Shares | Amount |
| At the Beginning of the Year | 3,023,287 | 302.33 |
| Changes in Equity Share Capital | - | - |
| At the End of the Year | 3,023,287 | 302.33 |

b. Other Equity

| | Capital Reserve | General Reserve | Retained Earnings | Total Equity |
|--|-----------------|-----------------|-------------------|------------------|
| Balance as at 01st April, 2018 | 1.00 | 6,516.02 | 2,173.25 | 8,690.27 |
| Profit for the Year | - | - | 1,784.72 | 1,784.72 |
| Dividend & Dividend Tax | | | (141.87) | (141.87) |
| Other Comprehensive Income for the Year, net of Income Tax | | | (2.55) | (2.55) |
| Total Comprehensive Income for the Year | - | - | 1,640.30 | 1,640.30 |
| Balance as at 31st March, 2019 | 1.00 | 6,516.02 | 3,813.55 | 10,330.57 |

The accompanying notes 1 to 54 are an integral part of the Consolidated financial statements

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

Chartered Accountants
FRN 002976S

RAVI RAMBABU

Partner

M.No.018541

Place : Hyderabad

Date : 29th May, 2019

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

TVVSN MURTHY

Managing Director

DIN: 00465198

PAVAN PISE

Company Secretary

M.No.42117

RAMESH BABU POTLURI

Director

DIN: 00166381

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Consolidated Statement of Cash Flow for the Year Ended 31st March, 2019

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

| Particulars | For the Year ended 31 st March, 2019 |
|---|--|
| A Cash Flow from Operating Activities | |
| Profit Before Income Tax | 2,538.49 |
| Adjustments for: | |
| Depreciation and amortisation expense | 638.04 |
| Interest Income classified as Investing Cash Flows | (11.60) |
| Allowance for Doubtful Debts | 40.14 |
| Interest on Non Current Borrowings | 232.48 |
| Provision for Employee Benefits | 41.02 |
| Term Loan Processing Fee | (5.67) |
| | 3,472.90 |
| Change in Operating Assets and Liabilities | |
| (Increase)/Decrease in Trade Receivables | (1,152.87) |
| (Increase)/Decrease in Inventories | (3,044.07) |
| Increase/(Decrease) in Trade Payables | 4,973.62 |
| (Increase)/Decrease in Other Non Current Financial Assets | (19.77) |
| (Increase)/Decrease in Other Non Current Asset | 99.67 |
| (Increase)/Decrease in Other Current Financial Assets | 3.98 |
| (Increase)/Decrease in Other Current Asset | (573.37) |
| Increase/(Decrease) in Provisions | (2.80) |
| Increase/(Decrease) in Other Current Liabilities | (90.55) |
| | 193.84 |
| Cash generated from Operations | 3,666.74 |
| Income Taxes Paid | (667.47) |
| Net Cash Inflow from Operating Activities "A" | 2,999.27 |



Consolidated Statement of Cash Flow (Contd.)

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

| Particulars | For the Year ended 31 st March, 2019 |
|--|--|
| B Cash flows from Investing Activities | |
| Payment for Purchase of Property, Plant and Equipment | (2,441.78) |
| Proceeds from sale of Property, Plant and Equipment | 12.37 |
| Payments for Purchase of Investments | (2,097.26) |
| Margin Money Deposits | 125.15 |
| Interest Received on Margin Money Deposit | 0.48 |
| Net Cash Outflow from Investing Activities "B" | (4,401.04) |
| C Cash flows from Financing Activities | |
| Proceeds from Long Term Borrowings | 1,922.00 |
| Repayment of Long Term Borrowings | (619.60) |
| Proceeds from Short Term Borrowings | 677.31 |
| Repayment of Short term Borrowings | (81.81) |
| Interest paid | (219.23) |
| Dividends paid to including Dividend Distribution Tax | (141.87) |
| Net Cash (Outflow) from Financing Activities "C" | 1,536.80 |
| Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C) | 135.03 |
| Cash and Cash Equivalents at the beginning of the Financial Year (Refer Note 15) | 82.46 |
| Cash and Cash Equivalents at End of the Year (Refer Note 15) | 217.48 |

The accompanying notes 1 to 54 are an integral part of the Consolidated financial statements

As per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

RAVI RAMBABU

Partner

M.No.018541

Place : Hyderabad

Date : 29th May, 2019

for and on behalf of the Board of Directors

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

PAVAN PISE

Company Secretary

M.No.42117

RAMESH BABU POTLURI

Director

DIN: 00166381

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, and Hyderabad. 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 Khazipally and Jeedimetla, Hyderabad.

The consolidated financial statements are approved for issue by the company's Board of Directors on 29th May, 2019.

2. Basis of preparation of Consolidated Financial Statements

2.1 Statement of Compliance

The consolidated financial statements of 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'). Group has uniformly applied the accounting policies during the years presented.

These consolidated financial statements of The Company and its Wholly Owned Subsidiary have been prepared as a going concern on the basis of relevant Ind AS that are effective at the Group's annual reporting date. These Consolidated Financial Statements for the year ended 31st March, 2019 were authorized and approved for issue by the Board of Directors on 29th May, 2019.

2.2 Basis of Consolidation

The Consolidated financial statements of the Company and its Subsidiary have been prepared in accordance with Indian Accounting Standards notified under Companies Accounting Standard rules, 2015 (as amended from time to time).

The Consolidated Financial Statements relate to SMS Lifesciences India Ltd and its wholly owned Subsidiary Company, M/s. Mahi Drugs Pvt Ltd, Parawada, Visakhapatnam.

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date the control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

2.3 Compliance with Ind AS

The financial statements of the parent 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.

2.4 Historical Cost Convention:

The consolidated financial statements have been prepared on a going concern basis under the historical cost basis except for the following:

- Certain Financial Assets and Liabilities measured at Fair Value; (refer accounting policy regarding financial instruments).
- 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.
- (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. Group has identified Twelve months as its Operating Cycle.

2.5 Current and Non-Current Classification:

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

- (a) An asset is treated as current when it satisfies the below mentioned criteria:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
 - Held primarily for the purpose of trading;
 - Expected to be realized within twelve months after the reporting period, or
 - Cash or Cash Equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- (b) All Other Assets are classified as non-current.
- (c) A liability is classified as current when it satisfies the below mentioned criteria:
- Expected to settle the liability in normal operating cycle;
 - Held primarily for the purpose of trading;
 - Due to be settled within twelve months after the reporting period, or
 - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

3. New Standards adopted by Group

Ind AS 115, Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs (“MCA”) has notified Ind AS 115, Revenue from Contracts with Customers, which is effective for accounting periods beginning on or after 1st April 2018. This comprehensive new standard supersedes Ind AS 18, Revenue, Ind AS 11, Construction contracts and related interpretations. The new standard amends revenue recognition requirements and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Group adopted Ind AS 115 effective as of 1st April 2018. Group applied the modified retrospective method upon adoption of Ind AS 115 on 1st April 2018. This method requires the recognition of the cumulative effect of initially applying Ind AS 115 to retained earnings and not to restate prior years.

The application of this standard did not have a material impact on Group’s revenue

4. Recent accounting pronouncements not yet effective

Effective date for application of the following amendments is annual period beginning on or after 1st April, 2019. Group is currently evaluating the effect of these amendments on the consolidated financial statements.

4.1 Ind AS 116 - Leases :

On 30th March, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the

recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after 1st April, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective - Retrospectively, with the cumulative effect of initially applying the Standard recognised at the date of initial application

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

4.2 Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On 30th March, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition –

- i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

5. Summary of Significant Accounting Policies:

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

5.1 Revenue Recognition:

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration Group expects to receive in exchange for those products or services. To recognise revenues, we apply 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) recognise revenues when a performance obligation is satisfied.

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

Group's revenue is derived from sales of goods, service income and income from licensing arrangements. Most of such revenue is generated from the sale of goods. Accounting policies relating to revenue for the periods with effect from 1st April, 2018 are as follows:

(i) Revenue from Sale of Goods:

Revenue is recognised 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, Group considers the terms of the contract with the customers and its customary business practices. The transaction price is the amount of consideration 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. Group estimates the amount of

variable consideration using the expected value method

Presented below are the points of recognition of revenue with respect to 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 Group. |
| Export Sales | Upon delivery of the products to the customers unless the terms of the applicable contract provide for specific revenue generating activities to be completed, in which case revenue is recognised once all such activities are completed. |

(ii) Revenue from Sale of Services:

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

(iii) Export incentives:

Export incentives comprise of Duty draw back and MEIS (Merchandise Exports Incentive scheme) scrips. Duty drawback is recognised as income when the right to receive credit as per the terms is established in respect of the exports made.

MEIS is recognized as income on receipt of said scrips which will be after receipt of export proceeds. These scrips are freely transferable or can be utilized for the payment of customs duty on Imports.

(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).

5.2 Foreign Currency Transactions:

i. Functional and Reporting Currency:

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

5.3 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 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.

5.4 Investment Property:

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where its applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with

the expenditure will flow to Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life of buildings, classified as Investment properties, is considered as 30 years. The useful life has been determined based on technical evaluation performed by the management's expert.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their use. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de- recognition.

5.5 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.

5.6 Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is or contains a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to use the asset, even if that right is not explicitly specified in an arrangement.

Classification on inception of lease:

a. Finance Leases:

Finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding lease liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

b. Operating Lease:

“Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement Profit & Loss on a straight-line basis over the lease term unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.”

5.7 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 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, stores and spare parts 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.

5.8 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 Group’s cash management.

5.9 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, Group decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

(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 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, 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 Group in accordance with the contract and all the cash flows that Group expects to receive. When estimating the cash flows, 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

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, 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.

5.10 Income Taxes:

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.

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.

5.11 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). 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. Refer note 51 for the segment information presented.

5.12 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.

5.13 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.

5.14 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 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.

5.15 Dividends

Group recognises a liability to make cash to equity holders when the distribution is authorized and the distribution is no longer at the discretion of 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 Group's Board of Directors.

5.16 Research and Development:

Revenue Expenditure on Research and Development is charged to revenue in the year in which it is incurred. Capital Expenditure on research and development is added to Property, Plant and Equipment and depreciated in accordance with the policies of Group.

5.17 Retirement and Other Employee Benefits:

(a) Defined Contribution Plan:

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

(b) Defined Benefit Plan:

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-measurements of the liability are included in other comprehensive income.

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 Group makes contributions to the Gratuity Fund.

(c) Other Long-Term Employee Benefits

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.

5.18 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.

5.19 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.

5.20 Fair Value Measurement

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 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.

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.

5.21 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. Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of 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 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 Group can control the timing of reversal of deferred tax calculation on undistributed profits of its subsidiaries requires judgement.

(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 / Amortisable 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, Group assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from this judgment.

Notes to the Consolidated Financial Statements

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

6 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) |
| Year ended 31st March, 2018. | | | | | | | | | | | |
| Gross Carrying Amount | | | | | | | | | | | |
| 1 Opening Gross Carrying Amount as at 01st April, 2018 | 476.61 | 1,675.85 | 6,929.87 | 94.11 | 29.92 | 49.06 | 4.54 | 157.41 | 13.48 | 9,430.85 | 708.80 |
| 2 Additions | - | 873.04 | 1,520.66 | - | 19.08 | 30.68 | 10.07 | 31.42 | 20.73 | 2,505.68 | 2,036.22 |
| 3 Disposals/Transfers | - | - | (46.66) | - | - | - | (0.00) | (15.52) | - | (62.18) | (2,415.69) |
| 4 Closing Gross Carrying Amount as at 31st March, 2019 (1+2+3) | 476.61 | 2,548.89 | 8,403.88 | 94.11 | 49.00 | 79.74 | 14.61 | 173.31 | 34.21 | 11,874.35 | 329.34 |
| Accumulated Depreciation | | | | | | | | | | | |
| 5 Opening Accumulated Depreciation | - | 128.50 | 974.20 | 35.25 | 21.05 | 8.62 | 1.88 | 31.66 | 3.08 | 1,204.24 | - |
| 6 Depreciation Charge during the Year | - | 79.36 | 505.96 | 13.72 | 8.02 | 6.36 | 0.98 | 20.18 | 1.82 | 636.41 | - |
| 7 Disposals/Transfers/Adjustments | - | - | (7.19) | - | - | - | - | (3.01) | - | (10.20) | - |
| 8 Closing Accumulated Depreciation as at 31st March, 2019 (5+6+7) | - | 207.86 | 1,472.97 | 48.97 | 29.07 | 14.98 | 2.86 | 48.83 | 4.90 | 1,830.45 | - |
| 9 Net Carrying Amount as at 31st March, 2019 (4-7) | 476.61 | 2,341.03 | 6,930.91 | 45.14 | 19.92 | 64.76 | 11.75 | 124.48 | 29.31 | 10,043.90 | 329.34 |

6.1 Property, Plant and Equipment pledged as Security

Refer Note 42 for information on Property, Plant and Equipment pledged as security by the Company

6.2 Refer Note 50 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

6.3 The Gross Carrying amount of land Rs. 20.00 Lakhs situated at Plot No.D-63, Phase-I, IDA Jeedimetla, Hyderabad, acquired from M/s Divya Enterprises Limited on which the company does not have title, in view of issues pending between TSIC and M/s Divya Enterprises Limited, the vendor. The Company is Pursuing with TSIC to sort out the issue.

6.4 Gross carrying value was considered as deemed cost as at 1st April 2016 for property, plant and equipment of parent company and in case of property, plant and equipment Wholly Owned Subsidiary it is 1st April, 2017, which is its cutoff date for transition to IND AS.

Notes to the Consolidated Financial Statements

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

7 Intangible Assets

| Particulars | Computer Software* | Goodwill | Total |
|--|--------------------|-----------------|-----------------|
| (1) | (2) | (3) | (4) |
| A Year ended 31st March, 2019 | | | |
| 1 Opening Gross Carrying Amount as at 01st April, 2018 | 2.66 | - | 2.66 |
| 2 Additions | 2.70 | 1,710.99 | 1,713.69 |
| 3 Closing Gross Carrying Amount as at 31st March, 2019 (1+2) | 5.36 | 1,710.99 | 1,716.35 |
| Opening Accumulated Amortisation as at 01st April, 2018 | 0.28 | - | 0.28 |
| 4 Amortisation Charge during the Period | 0.61 | - | 0.61 |
| 5 Closing Accumulated Amortisation as at 31st March, 2019 | 0.89 | - | 0.89 |
| 6 Closing Net Carrying Amount as at 31st March, 2019 (3-5) | 4.47 | 1,710.99 | 1,715.46 |

7.1 Goodwill amount represents acquisition cost incurred by the company over the value of assets of M/s. Mahi Drugs Pvt Ltd, Wholly Owned Subsidiary

8 Investment Property

| Particulars | Land & Development | Buildings | Total |
|--|--------------------|--------------|--------------|
| (1) | (2) | (3) | (4) |
| Year ended 31st March, 2019 | | | |
| Gross Carrying Amount | | | |
| 1 Opening Gross Carrying Amount | 62.13 | 20.12 | 82.25 |
| 2 Additions | 0.35 | - | 0.35 |
| 3 Disposals/Transfers | - | - | - |
| 4 Closing Gross Carrying Amount as at 31st March, 2019. (1+2+3) | 62.48 | 20.12 | 82.60 |
| Accumulated Depreciation | | | |
| 5 Depreciation Charge during the Period | - | 2.05 | 2.05 |
| 6 Disposals | - | 1.03 | 1.03 |
| 7 Closing Accumulated Depreciation as at 31st March, 2019. (5+6) | - | 3.08 | 3.08 |
| 8 Net Carrying Amount as at 31st March, 2019. (4-7) | 62.48 | 17.04 | 79.52 |
| Add: Capital Work in Progress as at 31 st March, 2019 | - | 11.79 | 11.79 |
| Total | 62.48 | 28.83 | 91.31 |

8.1 The Land and Buildings Situated at Plot No.C 23, Industrial Estate Sanathnagar, Hyderabad, of the Group, let out to M/s Aureore life Sciences Private Limited to carryout their R & D activities vide lease agreement dated 1st April 2018 Subsequently the company has requested to vacate the premises in the month of December 2018.

Notes to the Consolidated Financial Statements

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

Non Current Financial Assets - Unsecured, Considered Good

| Note No | Particulars | As at 31 st March, 2019 |
|-----------|--|---------------------------------------|
| 9 | Non-Current Investments | |
| | (Un quoted, fully paid up and carried at cost) | |
| | Investment in other Companies | |
| | Equity Shares of Rs.100/- each in | |
| | M/s. Jeedimetla Effluent Treatment Ltd | 2.25 |
| | Equity Shares of Rs.10/- each in | |
| | M/s. Patancheru Envirotech Ltd | 1.76 |
| | M/s Sireen Drugs Private Ltd | 0.10 |
| | Total | 4.11 |
| 10 | Bank Balances | |
| | Margin Money Deposits | 104.09 |
| | Fixed Deposit | 0.79 |
| | Total | 104.88 |
| 11 | Other Non-Current Financial Assets | |
| | Deposits Recoverable | 228.11 |
| | Total | 228.11 |
| 12 | Other Non-Current Assets | |
| | Capital Advances | 261.88 |
| | Total | 261.88 |

- 12.1** 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, towards 100% land cost to APIIC and about 80% of development cost to Ramky Pharmacy. Due to disputes between the parties, the developer has cancelled the said allotment illegally and the company has filed a writ petition before the Hon'ble High Court of Judicature at Hyderabad (for the state of Telangana and for the state of Andhra Pradesh) , the Court has granted stay and the case is pending.

Notes to the Consolidated Financial Statements

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

| Note No | Particulars | As at 31 st March, 2019 |
|-------------|--|---------------------------------------|
| 13 | Inventories | |
| | (Cost or Net Realisable Value, whichever is lower and as valued and certified by the Management) | |
| | (a) Raw Materials | 3,313.75 |
| | (b) Stock in Process | 2,482.93 |
| | (c) Finished Goods | 2,310.15 |
| | (d) Coal & Fuel | 9.95 |
| | Total | 8,116.78 |
| 13.1 | Finished Goods includes stock in transit of Rs.1,155.49 Lakhs | |
| 14 | Trade Receivables | |
| | Trade Receivables | 3,096.05 |
| | Receivables from related parties (Refer Note 14.3) | 1,124.41 |
| | Less: Loss Allowance | 88.40 |
| | Less: Bad Debts | - |
| | Total Trade Receivables | 4,132.06 |
| | Current Portion | 4,132.06 |
| | Non-Current Portion | - |
| | Break-up of security details | |
| | Trade Receivables considered Good-Secured | 178.51 |
| | Trade Receivables considered Good-Un Secured | 4,041.95 |
| | Trade Receivables which have significant increase in credit risk | - |
| | Trade Receivables - credit impaired | - |
| | Total | 4,220.46 |
| | Less: Loss Allowance. | 88.40 |
| | Total Trade receivables | 4,132.06 |
| 14.1 | The Group has computed the expected loss allowance for doubtful trade receivables based on three years average of loss allowance and credit impaired (Refer Note No. 45.1). | |
| 14.2 | Trade Receivables considered good amounting Rs. 178.51 Lakhs (31 st March, 2018 Rs. 104.20 Lakhs) is held against letter of credit provided by customers of the Company. | |
| 14.3 | Trade Receivables recoverable from related parties represents Rs. 1046.77 lakhs (Previous Year Rs. 186.34 lakhs) due from SMS Pharmaceuticals Limited and Rs. 77.64 Lakhs (previous year Rs. NIL) due from M/s. R Chem (Somanahalli) Private Limited. | |

Notes to the Consolidated Financial Statements

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

| Note No | Particulars | As at 31 st March, 2019 |
|-------------|---|---------------------------------------|
| 15 | Cash and Cash Equivalents | |
| | (a) Balances with Banks | |
| | - in Current Accounts | 83.40 |
| | - in EEFC account | 130.32 |
| | (b) Cash in Hand | 3.76 |
| | Total | 217.48 |
| 16 | Bank Balances other than Cash and Cash Equivalents | |
| | Margin Money Deposit | 43.63 |
| | Total | 43.63 |
| 16.1 | Margin Money deposits are subject to the first charge against Bank Guarantee and / or letter of credits. | |
| 17 | Other Current Financial Assets | |
| | (Unsecured, Considered Good) | |
| | Export Incentives Receivable | 10.28 |
| | Total | 10.28 |
| 18 | Other Current Assets | |
| | (Unsecured Considered Good) | |
| | Income Tax Refund Receivable | 40.95 |
| | GST Credit Receivable | 906.10 |
| | Prepaid Expenses | 21.52 |
| | Interest Receivable | 11.17 |
| | Advance to Suppliers | 574.03 |
| | Export Benefits Receivable | 121.68 |
| | Other Advances and Receivables | 18.93 |
| | Total | 1,694.38 |
| 18.1 | Advance to Suppliers includes an amount of Rs. 199.07 Lakhs to M/s. R Chem (Somanahalli) Pvt Ltd, a related Party. | |
| 18.2 | Advance to suppliers includes An amount of Rs.133.42 Lakhs paid during the year 2008-09 towards import of raw materials and the said materials were damaged in the bonded godown of C & F agent. The C & F agent have filed a case for claiming the insurance and the company has also filed a case against the C&F agent and both the cases are pending. | |

Notes to the Consolidated Financial Statements

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

| Note No | Particulars | As at 31 st March, 2019 |
|-------------|---|---------------------------------------|
| 19 | Current Tax Assets (Net) | 1.51 |
| 19.1 | Movement in Current Tax Assets/(Liabilities) | |
| | Advance Tax | 661.92 |
| | TDS Receivable | 9.59 |
| | Less: Provision for Income Tax | 670.00 |
| | Sub Total | 1.51 |
| | Amount disclosed under current tax Liabilities | - |
| | Total | 1.51 |

20 Equity Share Capital

| Particulars | As at 31 st March, 2019 | |
|---|---------------------------------------|---------------|
| | Number of shares | Amount |
| Authorised Share Capital | | |
| Equity Shares of Rs. 10/- each | 3,250,000 | 32.50 |
| Issued, Subscribed and Fully Paid Up | | |
| Equity Shares of Rs. 10/- each | 3,023,287 | 302.33 |
| TOTAL | 3,023,287 | 302.33 |

20.1 All the above Shares were issued for consideration other than cash during the year 2016-17 in pursuance of de-merger scheme

20.2 Rights attached to Equity Shares

The Group 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 Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Group declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

For the Year ended 31st March, 2019, proposed dividend for distribution to equity shareholders was Re. 1.50 per share of Rs.10/- each (31st March, 2018: Nil).

Notes to the Consolidated Financial Statements

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

20.3 Details of shareholders holding more than 5% shares in the company

| Particulars | As at 31 st March, 2019 | |
|----------------------------|------------------------------------|-----------|
| | Number of shares | % holding |
| Ramesh Babu Potluri | 518,105 | 17.14% |
| Hima Bindu Potluri | 441,905 | 14.62% |
| TVVSN Murthy* | 436,012 | 14.42% |
| T. Annapurna | 156,797 | 5.19% |
| Potluri Infra Projects LLP | 213,213 | 7.05% |

*including shares held in the capacity of Karta of HUF aggregating to 1,42,191 Shares.

| Note No | Particulars | As at 31 st March, 2019 |
|---------------|--|------------------------------------|
| 21 | Other Equity | |
| | Reserves and Surplus | |
| | Capital Reserve | 1.00 |
| | General Reserve | 6,516.02 |
| | Retained Earnings | 3,813.55 |
| | Total | 10,330.57 |
| 21.1 | Capital Reserve | |
| | Opening balance | 1.00 |
| | Adjustments- | - |
| | Closing Balance | 1.00 |
| 21.1.1 | Capital Reserve was created during the earlier year due to cancellation of Equity Share Capital held by the Company before issue of Equity Shares in Pursuance of Demerger Scheme. | |
| 21.2 | General Reserve | |
| | Opening balance | 6,516.02 |
| | Adjustments | - |
| | Closing Balance | 6,516.02 |

Notes to the Consolidated Financial Statements

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

| Note No | Particulars | As at 31 st March, 2019 |
|-------------|--|---------------------------------------|
| 21.3 | Retained Earnings | |
| | Opening balance | 2,173.25 |
| | Net profit for the Period | 1,784.72 |
| | Dividend & Dividend Tax | (141.87) |
| | Items of Other Comprehensive Income | |
| | Remeasurement Gain/(Loss) of the Defined Benefit Plans, net of tax | (2.55) |
| | Closing balance | 3,813.55 |

21.4 Nature and Purpose of Reserves

(i) Capital Reserve

Capital Reserve was created during the year 2017-18 on cancellation of share capital existing as on the date of issue of share capital in pursuance of Demerger Scheme. The Group uses this reserve for transactions in accordance with the provisions of the Companies Act, 2013.

(ii) General Reserve:

The Group generally appropriates a portion of its earnings to the general reserve to be used for contingencies. These reserves are freely available for use by the Group.

(iii) Retained Earnings:

These are the accumulated earnings after appropriation of total comprehensive income and related transfers. The Group uses retained earnings in accordance with the provisions of the Companies.

| Note No | Particulars | As at 31 st March, 2019 |
|-------------|---------------------------------------|---------------------------------------|
| | Financial Liabilities | |
| 22 | Non Current Borrowings | |
| 22.1 | Secured | |
| | (i) Term Loans from Banks | |
| | (a) Export Import Bank of India TL-I | 293.09 |
| | (b) Export Import Bank of India TL-II | 1,864.73 |
| | (ii) Hire Purchase Loans | 24.72 |
| | Sub Total | 2,182.54 |
| 22.2 | Unsecured | |
| | (i) Sales Tax Deferment | 42.92 |
| | (ii) From Directors | 495.00 |
| | Sub Total | 537.92 |
| | Total | 2,720.46 |

Notes to the Consolidated Financial Statements

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

| Note No | Particulars | As at 31 st March, 2019 |
|-------------|---|---------------------------------------|
| 22.3 | Current Maturities of Non Current Borrowings | |
| | Secured | |
| | (a) Term Loans from Banks | |
| | (i) Export Import Bank of India | 600.00 |
| | (ii) Export Import Bank of India TL II | 25.00 |
| | (b) Hire Purchase Loans | 17.64 |
| | Unsecured | |
| | (i) Sales Tax Deferment | 69.63 |
| | Total | 712.27 |
| | Amount disclosed under the head " Other Current Financial Liabilities " | (712.27) |
| | Total | - |

22.1.1 Security Terms

- (a) Term Loan I 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 P.Ramesh Babu, Director and Sri TVVSN Murthy, Managing Director of the company in their personal capacity.
- (b) 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, Vice President of the Company in their personal capacity.
- (c) Hire Purchase Loan availed from ICICI Bank Ltd and Yes Bank Ltd, is secured by the respective vehicles.
- (d) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 42.

22.1.2 Rate of Interest:

- (a) The above said Term Loan I carries an interest rate @ 11.5% p.a (LTMLR+250 bps p.a.)
- (b) The above said Term Loan II carries an interest rate @ 10.35% p.a (LTMLR+115 bps p.a.)

22.1.3 Terms of Repayment

- (a) Term loan I availed from Export Import Bank of India amounting to Rs.3,000.00 Lakhs for funding the Expansion Project of Kazipally unit. The loan is repayable in 20 Quarterly Installments of Rs. 150.00 Lakhs each, commencing from December, 2015.

Notes to the Consolidated Financial Statements

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

- (b) During the year, the company has availed Term Loan II from Export Import Bank of India amounting to Rs.2,000.00 Lakhs for funding the Expansion Project of Kazipally unit. The amount disbursed as on 31st March, 2019 was Rs. 1,900.00 Lakhs. The said loan is repayable in 24 Quarterly Installments commencing from February, 2020, as mentioned 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 |

22.1.4 Current Maturities of Long Term borrowings have been disclosed separately under the head other current financial liabilities (Refer Note No.27).

22.2.1 Un-Secured Loans

- (a) 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 9.75% pa.
- (b) Sales Tax (deferment) Loan liability is due for repayment as under:

| Year | Note No | Amount | Year of Repayment |
|--------------|---------|---------------|-------------------|
| 2006-07 | 22.3 | 69.63 | 2019-20 |
| 2007-08 | 22.2 | 42.92 | 2020-21 |
| Total | | 112.55 | |

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

| Particulars | As at 31 st March, 2019 |
|--|---------------------------------------|
| Opening Borrowings | 1,519.07 |
| Add: Opening Current Maturities | 616.93 |
| Add: Amortisation of Transaction Cost | (5.68) |
| Add: Received during the year | 1,922.00 |
| Less: Paid during the year | 619.60 |
| Closing Borrowings | 3,432.73 |
| Less: Closing Current Maturities | 712.27 |
| Non Current Borrowings as per Balance Sheet | 2,720.46 |

Notes to the Consolidated Financial Statements

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

| Note No | Particulars | As at 31 st March, 2019 |
|-------------|--|---------------------------------------|
| 23 | Provisions | |
| | Employee Benefit Obligations | |
| | Non Current | |
| | Gratuity | 192.67 |
| | Leave Encashment | 40.34 |
| | Sub Total | 233.01 |
| | Current | |
| | Gratuity | 35.11 |
| | Leave Encashment | 24.69 |
| | Sub Total | 59.80 |
| | Total | |
| | Gratuity | 227.78 |
| | Leave Encashment | 65.03 |
| | Grand Total | 292.81 |
| 23.1 | For details of Post Employment Obligations. Refer Note 41. | |
| 24 | Deferred Tax Liabilities (net) | |
| | The balance comprises Temporary Differences attributable to: | |
| | (a) Deferred Tax Liability | |
| | (i) Property, Plant and Equipment | 1,144.21 |
| | (ii) Others | 5.00 |
| | Total | 1,149.21 |
| | (b) Deferred Tax Asset | |
| | (i) Expenses allowable on Payment basis | 94.61 |
| | (ii) MAT Credit | 5.60 |
| | (ii) Others | 142.79 |
| | Total | 243.00 |
| | Net Deferred Tax Liabilities (a)-(b) | 906.21 |

Notes to the Consolidated Financial Statements

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

| Note No | Particulars | As at 31 st March, 2019 |
|---------------|---|---------------------------------------|
| 25 | Current Borrowings | |
| 25.1 | Secured | |
| | Working Capital Loans from Banks | |
| | --- RBL Bank Ltd | 1,276.62 |
| | Total | 1,276.62 |
| 25.1.1 | Security Terms | |
| | (a) Working capital facility sanctioned by RBL Bank Limited 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 P.Ramesh Babu, 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 43. | |
| 25.1.2 | Rate of Interest: The above loan carries an interest rate of 9.75% p.a | |
| 25.1.3 | During the year, RBL Bank Limited has extended total working capital facilities of Rs. 3,300.00 Lakhs consisting of fund based and non fund based with interchangeability. Fund based balance outstanding as on 31 st March, 2019 was Rs. 1,276.62 Lakhs and non fund based outstanding as on 31 st March, 2019 is Rs. 971.47 Lakhs. | |
| 25.1.4 | Repayment Terms: The above working capital facilities are repayable on demand. | |
| 25.2 | Debt Reconciliation as required by Ind AS -7, Statement of Cash Flows | |
| | Opening Borrowings | 599.31 |
| | Add: Received during the year | 677.31 |
| | Less: Paid during the year | - |
| | Current Borrowings as per Balance Sheet | 1,276.62 |

Notes to the Consolidated Financial Statements

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

| Note No | Particulars | As at 31 st March, 2019 |
|-------------|--|---------------------------------------|
| 26 | Trade Payables | |
| | (a) Creditor for Supply of Materials | |
| | (i) Due to Micro, Small and Medium Enterprises (Refer Note 51) | 36.40 |
| | (ii) Dues to Related Parties | - |
| | (iii) Others | 9,326.44 |
| | (b) Creditors for Expenses | 444.44 |
| | Total | 9,807.28 |
| 27 | Other Financial Liabilities | |
| | Current | |
| | Current Maturities of Long-Term Debt | 712.27 |
| | Capital Creditors | 136.63 |
| | Interest Accrued but not due | 19.44 |
| | Interest on Unsecured Loan. | 10.44 |
| | Total | 878.78 |
| 28 | Other Current Liabilities | |
| | Statutory dues Payable | 135.32 |
| | Advance from Customers | 312.11 |
| | Employee Benefits Payable | 32.62 |
| | Total | 480.05 |
| Note No | Particulars | Current Year 2018-19 |
| 29 | Revenue from Operations | |
| | (a) Sale of Products (including Excise Duty) | 41,170.73 |
| | Less: Goods and Service Tax | 3,855.80 |
| | Net Revenue from Sales | 37,314.93 |
| | (b) Income from Services | |
| | (i) Conversion Charges | 8.31 |
| | Less: Goods and Service Tax | 1.27 |
| | Net Revenue from Services | 7.04 |
| | (c) Other Operating Income | |
| | Export Incentives | 463.25 |
| | Total Net Revenue from Operations (a+b+c) | 37,785.22 |
| 29.1 | Goods and Service Tax (GST) has come into force w.e.f 01 st July, 2017. The revenue for the year ended 31 st March, 2019 is net of such GST. | |

Notes to the Consolidated Financial Statements

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

| Note No | Particulars | Current Year 2018-19 |
|-----------|--|-------------------------|
| 30 | Other Income | |
| | (a) Interest Income | 24.34 |
| | (b) Net Gain on Foreign Exchange | 196.49 |
| | (c) Miscellaneous Income (Net of GST) | 33.81 |
| | Total | 254.64 |
| 31 | Cost of Materials Consumed | |
| | Raw Materials & Packing Materials | |
| | Stock at the Beginning of the Year | 1,562.36 |
| | Add: Purchases | 28,638.85 |
| | Less: Stock at the End of the Year | 3,321.77 |
| | Total Materials Consumed | 26,879.44 |
| 32 | Changes in Inventory | |
| | (a) Opening Stock of Inventory: | |
| | Finished Goods | 937.03 |
| | Stock in Process | 2,564.25 |
| | Sub Total (a) | 3,501.28 |
| | (b) Closing Stock of Inventory | |
| | Finished Goods | 2,310.15 |
| | Stock in Process | 2,482.93 |
| | Sub Total (b) | 4,793.08 |
| | (Increase)/Decrease in Stocks (a) - (b) | (1,291.80) |
| 33 | Manufacturing Expenditure | |
| | Power and Fuel | 2,419.27 |
| | Consumable Stores | 136.38 |
| | Testing Charges | 21.91 |
| | Water Charges | 173.30 |
| | Conversion Charges | 1,487.37 |
| | Effluent Treatment Charges | 342.07 |
| | Repairs and Maintenance | |
| | to Plant & Machinery | 373.93 |
| | to Buildings | 30.76 |
| | Factory Maintenance | 69.42 |
| | Total | 5,054.41 |

Notes to the Consolidated Financial Statements

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

| Note No | Particulars | Current Year 2018-19 |
|-----------|---|-------------------------|
| 34 | Employee Benefit Expenses | |
| | Salaries, Wages and Bonus | 2,037.58 |
| | Contribution to Provident Fund | 124.31 |
| | Contribution to ESI | 19.58 |
| | Staff Welfare Expenses | 129.61 |
| | Total | 2,311.08 |
| 35 | Finance Cost | |
| | Interest on Non Current Borrowings | 232.48 |
| | Interest on Current Borrowings | 174.60 |
| | Interest on Others | 22.20 |
| | Bank Charges | 121.40 |
| | Total | 550.68 |
| 36 | Depreciation and Amortisation Expense | |
| | Depreciation on Property, Plant and Equipment | 636.40 |
| | Depreciation on Investment Property | 1.03 |
| | Amortisation of Intangible Assets | 0.61 |
| | Total | 638.04 |
| 37 | Other Expenses | |
| | Rent | 27.88 |
| | Rates and Taxes | 54.44 |
| | Repairs & Maintenance to Other Assets | 6.56 |
| | Insurance | 48.73 |
| | Directors Remuneration | 294.22 |
| | Sales Tax Vat Prior Period | 3.29 |
| | Travelling and Conveyance | 14.63 |
| | Communication Expenses | 8.93 |
| | Printing and Stationery | 37.91 |
| | Payments to Auditors | 11.00 |
| | Cost Audit Fee | 0.50 |
| | Vehicle Maintenance | 25.74 |
| | Interest on Indirect Taxes | 0.05 |
| | Loss on Sale of Assets | 8.74 |
| | General Expenses | 85.71 |
| | Business Promotion Expenses | 20.14 |
| | Sales Commission | 311.09 |

(Contd.)

Notes to the Consolidated Financial Statements

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

| Note No | Particulars | Current Year 2018-19 |
|-------------|---|-----------------------------------|
| | Carriage Outward | 339.29 |
| | Provision for Doubtful Debts | 40.14 |
| | Corporate Social Responsibility (Refer note 34 (b)below) | 17.32 |
| | Net Loss on Foreign Currency Transactions | 3.21 |
| | Total | 1,359.52 |
| 37.1 | Rent includes Rs. 18.52 Lakhs paid to a related party | |
| 37.2 | Details of payment to Auditors | |
| | Statutory Audit fee | 8.00 |
| | Tax Audit fee | 3.00 |
| | Total | 11.00 |
| 37.3 | Corporate Social Responsibility Expenditure | |
| | Particulars | 31st March 2019 |
| | Amount required to be spent as per section 135 of the Companies Act, 2013 | 16.36 |
| | Amount spent during the year on | |
| | (i) Construction/Acquisition of an Asset | 14.82 |
| | (ii) For other than (i) above | 2.50 |
| | Total amount Spent | 17.32 |
| | Balance amount to be Spent | - |
| 38 | Income Tax Expense | |
| | Current Tax | |
| | Current Tax on Profits for the Year | 670.00 |
| | Adjustments for Current Tax of Prior Years | (8.38) |
| | Total Current Tax | 661.62 |
| | Deferred Tax | |
| | Mat Credit Entitlement | (5.60) |
| | Increase/(Decrease) in Deferred Tax Liabilities | 118.49 |
| | Decrease/(increase) in Deferred Tax Assets | (21.88) |
| | Acturial (Gain)/Loss | 1.14 |
| | Total Deferred Tax Expense/(Benefits) | 92.15 |
| | Total Tax Expenses | 753.77 |

Notes to the Consolidated Financial Statements

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

| Note No | Particulars | Current Year 2018-19 |
|---------------|--|-------------------------|
| 38.1 | Reconciliation of Tax Expense with Tax on Accounting Profit at normal rate is as follows: | |
| (a) | Profit Before Income Tax Expenses | 2,538.49 |
| (b) | Expected Tax Expenses | 737.09 |
| (c) | Tax Effect on Permanent Difference: | |
| | Expenses not allowed under Income Tax Act | 1.30 |
| | Others | 13.05 |
| | Adjustment of Current Tax of Prior Periods | 0.21 |
| | Tax Rate Difference | 2.12 |
| | Total Adjustments | 16.68 |
| | Expenses as per Profit & Loss | 753.77 |
| | Effective Tax Rate | 29.69% |
| 39 | Other Comprehensive Income | |
| | Actuarial Gain/(Loss) on Post Employment Benefit Expenses | (3.83) |
| | Return on Plan Assets excluding net interest | 0.14 |
| | | (3.69) |
| | Deferred Taxes on above | 1.14 |
| | Net Comprehensive Income | (2.55) |
| 40 | Earnings Per Share (Basic and Diluted) | |
| (a) | Net profit for Basic & Diluted EPS | 1,784.72 |
| (b) | Weighted average number of equity shares of Rs.10/- each -Basic /Dilute | 3,023,287 |
| (c) | Earnings Per Share | |
| | Basic /Diluted | 59.03 |
| 41 | Post Employment Benefits | |
| 41.1 | Defined Contribution Plans | |
| 41.1.1 | Employer's Contribution to Provident Fund: | |
| | Contributions are made to provident fund in India for employees at the rate of 12% of the employee's qualifying salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group 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.124.31 Lakhs | |

Notes to the Consolidated Financial Statements

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

41.1.2 Employer's Contribution to State Insurance Scheme:

Contributions are made to State Insurance Scheme in India for employees at the rate of 4.75%. The Contributions are made to Employee State Insurance Corporation (ESI) to the respective State Governments of the location of the Group. This Corporation is administered by the Government and the obligation of the Group 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.19.58 Lakhs

41.2 Defined Benefit Plans

The Group 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 Group 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 summaries net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance Sheet for both the plans:

| Particulars | 31 st March, 2019 | |
|--|------------------------------|-----------------------------|
| | Gratuity (funded) | Leave Encashment (unfunded) |
| 41.2.1 Net Employee Benefit Expense | | |
| (recognised in Employee Benefit Expenses) | | |
| Current Service Cost | 21.90 | 9.59 |
| Interest Cost | 15.28 | 4.68 |
| Past Service Cost (Vested Benefits) | - | - |
| Contribution Paid | (24.18) | (2.25) |
| Adjustment to Opening Balance | 1.64 | - |
| Actuarial Gain/(Loss) other than OCI | - | (9.11) |
| Net Employee Benefit Expenses | 14.64 | 2.91 |
| Other Comprehensive Income | | |
| Actuarial Gain/(Loss) | 3.83 | - |
| Actual return on plan asset | (0.14) | - |
| Total Actuarial (Gain)/Loss recognized in (OCI) | 3.69 | - |
| 41.2.2 Amount recognised in the Balance Sheet | | |
| Defined Benefit Obligation | 276.33 | 65.03 |
| Fair Value of Plan Assets | (48.55) | - |
| | 227.78 | 65.03 |

Notes to the Consolidated Financial Statements

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

| Particulars | 31 st March, 2019 | |
|--|------------------------------------|-----------------------------------|
| | Gratuity (funded) | Leave Encashment (unfunded) |
| 41.2.3 Change in the Present Value of the Defined Benefit Obligation | | |
| Opening Defined Benefit Obligation | 209.46 | 62.12 |
| Adjustment to Opening Balance | 1.64 | - |
| Current Service Cost | 21.90 | 9.59 |
| Interest Cost | 15.28 | 4.68 |
| Past Service Cost | - | - |
| Contribution Paid | (24.18) | (2.25) |
| Benefits Paid | - | - |
| Net Actuarial (gain)/ losses on Obligation for the year recognised under OCI | 3.69 | (9.11) |
| Closing Defined Benefit Obligation | 227.78 | 65.03 |
| 41.2.4 Change in the Fair Value of Plan Assets | | |
| Opening Fair Value of Plan Assets | 29.52 | - |
| Adjustment to Opening Fair Value of Plan Asset | (1.64) | - |
| Return on Plan Assets Excluding Interest Income | 0.14 | - |
| Interest Income | 2.82 | - |
| Contributions | 24.18 | (2.25) |
| Benefits Paid | (6.47) | - |
| Closing Fair Value of Plan Assets | 48.55 | (2.25) |
| 41.2.5 Actuarial (Gain)/Loss on Obligation | | |
| Due to Demographic Assumption | - | - |
| Due to Financial Assumption | 2.91 | 1.08 |
| Due to Experience | 0.92 | (10.19) |
| Return on Plan Assets excluding Interest | (0.14) | - |
| Total Actuarial (Gain)/Loss | 3.69 | (9.11) |
| 41.2.6 The major categories of plan assets as a percentage of the fair value of total plan assets are as follows: | | |
| Particulars | 31st March, 2019 | |
| State Govt Security | | 24.13 |
| Central Govt Security | | 9.11 |
| NCD/Bonds | | 11.01 |
| Others | | 4.30 |
| Total | | 48.55 |
| Expected Return on Assets is based on rate of return declared by fund managers. | | |

Notes to the Consolidated Financial Statements

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

41.2.7 Actuarial Assumptions for estimating Company's Defined Benefit Obligation:

| Particulars | 31 st March 2019 |
|--|-----------------------------|
| Discount rate | 7.66% |
| Attrition Rate | PS : 0 to 40 : 2% |
| Expected rate of increase in Salary | 3.00% |
| Mortality Table | IALM (2006-08) Ult. |
| Expected average remaining Service (Yrs) | 17.82 |

- (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 financial instruments of the Group or any assets used by the Group. 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.

41.2.8 Sensitivity analysis

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

| Particulars | 31 st March 2019 |
|--|-----------------------------|
| Defined Benefit Obligation | 227.78 |
| Effect of 1% change in assumed discount rate on defined benefit obligation | |
| Increase : +1% | 255.57 |
| Decrease: -1% | 300.29 |
| Effect of 1% change in assumed salary escalation rate on defined benefit obligation | |
| Increase : +1% | 299.88 |
| Decrease: -1% | 255.59 |

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: Indian Rupees in Lakhs, unless otherwise stated)

41.2.9 Other Information

(i) Expected rate of return basis

Since the scheme funds are invested with LIC of India EROA is based on rate of return declared by fund managers

(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 decreased from 7.68% to 7.66% 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 Group has purchased insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuation is funded by the Group. The Group considers that the contribution rate set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs will not increase significantly.

The Weighted Average duration of the defined benefit obligation is 9.14 years (Previous Year 10.33 years).

Notes to the Consolidated Financial Statements

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

The expected cash flows over the subsequent years is as follows:

| Expected Payout Gratuity | 31 st March, 2019 |
|--------------------------|------------------------------|
| 1st Year | 36.24 |
| 2nd Year | 27.83 |
| 3rd Year | 10.16 |
| 4th Year | 10.08 |
| 5th Year | 26.25 |
| beyond 5th Year | 107.59 |

41.2.10 Risk exposure

Though it is defined benefit plans, the company 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.

42 Assets Pledged as Security

For Non Current Borrowings

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

For Current Borrowings

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

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings are as follows:

| Particulars | 31 st March, 2019 |
|---|------------------------------|
| Property, Plant and Equipment | 8,708.50 |
| Investment Property | 91.31 |
| Sub Total | 8,799.81 |
| Current Assets | 12,953.53 |
| Total Assets Pledged as Security | 21,753.34 |

Notes to the Consolidated Financial Statements

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

Financial Instruments and Risk Management

43 Categories of Financial Instrument

| Particulars | Notes | Level | As at 31 st March, 2019 | |
|--------------------------------------|-------|-----------------------|---------------------------------------|------------------|
| | | | Carrying Value | Fair Value |
| A. Financial Assets | | | | |
| (i) Non Current | | | | |
| (a) Investment in Equity Instruments | 9 | 3 | 4.11 | 4.11 |
| (b) Bank Balances | 10 | 3 | 104.88 | 104.88 |
| (c) Other Financial Assets | 11 | 3 | 228.10 | 228.10 |
| Sub - Total | | | 337.10 | 337.10 |
| (ii) Current | | | | |
| (a) Trade Receivables | 14 | refer note 43.2 | 4,132.06 | 4,132.06 |
| (b) Cash and Cash Equivalents | 15 | | 217.48 | 217.48 |
| (c) Other Bank Balances | 16 | | 43.63 | 43.63 |
| (d) Other Financial Assets | 17 | | 10.28 | 10.28 |
| Sub - Total | | | 4,403.45 | 4,403.45 |
| Total Financial Assets | | | 4,740.55 | 4,740.55 |
| B. Financial Liabilities | | | | |
| (i) Non Current | | | | |
| (a) Borrowings | 22 | 3 | 2,720.46 | 2,720.46 |
| (ii) Current | | | | |
| (a) Borrowings | 25 | refer note 43.2 | 1,276.62 | 1,276.62 |
| (b) Trade Payables | 26 | | 9,807.28 | 9,807.28 |
| (c) Other Financial Liabilities | 27 | | 878.78 | 878.78 |
| Sub - Total | | | 11,962.68 | 11,962.68 |
| Total Financial Liabilities | | | 14,683.14 | 14,683.14 |

Notes to the Consolidated Financial Statements

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

- 43.1** The Principal Financial liabilities Group comprise Loans and Borrowings, Trade Payables and other Liabilities. The main purpose of these financial Liabilities is to Finance the Group's Operations. The Group'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 as their fair values due to their short term nature.
- 43.3** The management has assessed that fair value of borrowings approximate to their carrying amounts largely since they are carried at floating rate of interest.
- 43.4** Other Non Current Financial Assets consist of certain non current portion relating to deposits with Government authorities where the fair value is considered to be the carrying value.
- 43.5** The carrying amount reported in statement of Financial Position for Investment in Equity Instruments approximate their respective fair values based on the fair valuation performed as at 31st March, 2018.

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 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 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.

Notes to the Consolidated Financial Statements

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

45 Financial Risk Management Objectives and Policies

Financial Risk Management Framework

The Group is exposed primarily to credit risk, liquidity risk and market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

45.1 Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the 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.

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

| Particulars | 31 st March, 2019 |
|--|------------------------------|
| Gross Carrying Amount | 4,220.46 |
| Expected Credit Losses (Loss allowance Provision) | 88.40 |
| Net Carrying Amount of Trade Receivables | <u>4,132.06</u> |

Notes to the Consolidated Financial Statements

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

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 | 2,964.19 | 600.42 | 655.85 | 4,220.46 |
| Expected Loss Rate | 2.09% | 2.09% | 2.09% | 2.09% |
| Expected Credit Losses (Loss Allowance Provision) | 62.09 | 12.58 | 13.74 | 88.40 |
| Net Carrying Amount of Trade Receivables | 2,902.10 | 587.84 | 642.11 | 4,132.06 |

45.2 Liquidity Risk:

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the financial liabilities of the Group based on contractual undiscounted payments:

| Particulars | Upto 1 Year | 1 to 3 Years | 3 to 5 Years | > 5 Years | Total |
|--|-------------|--------------|--------------|-----------|----------|
| 31st March, 2019 | | | | | |
| Non Current Borrowings (including Current Maturities) | 712.27 | 835.18 | 873.93 | 1,011.35 | 3,432.73 |
| Current Borrowings | 1,276.62 | | | | 1,276.62 |
| Interest Accrued but not due | 29.88 | | | | 29.88 |
| Trade Payables | 9,807.28 | | | | 9,807.28 |
| Capital Creditors | 136.63 | | | | 136.63 |

45.3 Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk, currency rate risk, interest rate risk and other price risks such as equity risk. Financial instruments affected by market risk include loans and advances deposits investments in debt securities mutual funds and other equity funds.

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimize the Group position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its portfolio.

Notes to the Consolidated Financial Statements

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

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

| Particulars | Change in basis points | | Effect on Profit before Tax | |
|------------------------------|------------------------|----------|-----------------------------|----------|
| | Increase | Decrease | Decrease | Increase |
| 31 st March, 2019 | 0.50% | 0.50% | (23.55) | 23.55 |

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

(ii) Foreign Currency Exchange Rate Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group has transactional currency exposures arising from services provided or availed that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars (\$). The 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 |
|------------------------------------|----------|----------------------------|---------------|-----------------|
| 31st March, 2019 | | | | |
| Trade Receivables | USD | 21.90 | 1,496.72 | 68.35 |
| Trade Payables | USD | 38.27 | 2,678.95 | 70.00 |

(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 profit before tax of the Group is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Group exposure to foreign currency changes for all other currencies is not material.

| Particulars | Effect on Profit before Tax |
|--------------------------|------------------------------------|
| USD Sensitivity | 31st March, 2019 |
| Rs/USD - Increases by 1% | (11.82) |
| Rs/USD - Decreases by 1% | 11.82 |

(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.

Notes to the Consolidated Financial Statements

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

46 Capital Management

For the purposes of Capital Management of the Group, 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 Group manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group intends to keep the gearing ratio less than 1. The Group includes within net debt, borrowings including interest accrued on borrowings less cash and short term deposits.

| Particulars | 31 st March, 2019 |
|---|------------------------------|
| Borrowings including Interest Accrued | 4,739.23 |
| Less: Cash and Short Term Deposits | 217.48 |
| Net Debt | 4,521.75 |
| Equity | 302.33 |
| Other Equity | 10,330.57 |
| Total Equity | 10,632.90 |
| Total Capital | 15,154.65 |
| Gearing Ratio (Net Debt/((Net Debt +Total Equity))) | 0.30 |

47 Leases (Ind AS -17):

47.1 Operating Lease Commitments - Company as Lessee

The Group has taken leased premises for its office use. During the year, the Group has paid an amount of Rs. 27.88 Lakhs towards rental charges. As the said lease is revocable by either of the parties with prior notice, other disclosure requirements under Ind AS 17 "Leases" is not applicable.

47.2 Operating Lease Commitments - Group as Lessor

The Group has given on Lease, its Premises in Sanathnagar for a lease term of 12 Months. During the year, the Group has received annual lease receipts of Rs. 18.90 Lakhs.

48 Related Party Transactions

(a) Key Management Personnel(KMP)

| Name | Relationship |
|-----------------------|-------------------------|
| Sri TVVSN Murthy | Managing Director |
| Sri P Ramesh Babu | Director |
| Sri N Rajendra Prasad | Chief Financial Officer |
| Mr. P Pavan | Company Secretary |

Notes to the Consolidated Financial Statements

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

(b) Relatives of KMP

Name of the Relative

Relationship with KMP

Sri. T V Praveen

Son of Sri TVVSN Murthy

Smt .G.Sudeepthi

Daughter of Sri TVVSN Murthy

(c) List of Related Parties over which Control / Significant Influence exists with whom the Company has transactions :

Relationship

Name of the Company

Enterprises over which KMP are able to Exercise Significant Influence

1. SMS Pharmaceuticals Limited
2. Rchem(Somanahalli) Private Limited
3. VKT Pharma Private Limited

(d) Transactions with Related Parties:

| Name of the Company | 31 st March, 2019 Amount |
|---|--|
| Key Management Personnel | |
| Remuneration (Short Term Employee Benefits) | 294.30 |
| Interest on Unsecured Loan | 47.03 |
| Relatives of KMP | |
| Remuneration - (Short Term Employee Benefits) | 67.18 |
| Enterprise with Significant Influence | |
| Purchases | 71.90 |
| Sales | 2,489.54 |
| Conversion Charges | 1,217.58 |
| Rent Paid | 21.85 |
| Balance (Payable)/Receivable at the year end | |
| Key Management Personnel | |
| Remuneration Payable | 41.75 |
| Interest payable | 10.44 |
| Unsecured Loan Payable | 495.00 |
| Relatives of KMP | |
| Remuneration Payable | 3.77 |
| Enterprise with Significant Influence | 1,323.48 |

(e) Note:

Short Term Employee Benefits to KMP does not include expenditure on account of contribution to Provident Fund and Provision for Gratuity and Compensated Absences computed for Company as a whole.

Notes to the Consolidated Financial Statements

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

49 Contingent Liabilities

| Particulars | As at 31 st March, 2019 |
|--|---------------------------------------|
| Guarantees issued by the Bankers | 32.00 |
| Letter of credit opened in favor of suppliers for which goods are yet to be received | 93.35 |
| Disputed Income Tax Demands | 22.62 |
| Interest dues in respect of disputed demands of Income Tax and Central Excise | 186.73 |
| Interest dues in respect of disputed demands of Central Excise | 16.40 |
| Non Agricultural land Tax | 22.50 |
| Claims not acknowledged as debt | 10.40 |
| Penal Interest on Provident Fund | 7.52 |

50 Commitments

| Particulars | As at 31 st March, 2019 |
|---------------------|---------------------------------------|
| Capital Commitments | 283.55 |
| Export Obligations | 4,816.70 |

51 Segment Information

(a) Description of Segments and Principal Activities

The Managing Director has been identified as being the chief operating decision maker(CODM). Operating segments are defined as components of an enterprise for which discrete financial information is available. This is evaluated regularly by the CODM, in deciding how to allocate resources and assessing the performance of the Group. 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 as detailed below:

| Particulars | Current Year 2018-19 | |
|------------------|----------------------|----------------|
| | Revenue | % |
| Exports | 16,667.68 | 44.11% |
| Domestic | 14,668.67 | 38.82% |
| Deemed Exports | 5,985.62 | 15.84% |
| Export Incentive | 463.25 | 1.23% |
| Total | 37,785.22 | 100.00% |

Notes to the Consolidated Financial Statements

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

52 Payables to Micro, Small & Medium Enterprises

The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

| Particulars | As at 31 st March, 2019 |
|---|---------------------------------------|
| (i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; | 36.40 |
| (ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. | - |
| (iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act; | - |
| (iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and | 3.02 |
| (v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23. | - |
| The above information regarding Micro Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Group. This has been relied upon by the auditors. | |
| The accompanying notes are an integral part of the financial statements | |

Notes to the Consolidated Financial Statements

(All amounts: 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 |
| 31st March, 2019 | | | | | | | | |
| Parent | | | | | | | | |
| SMS Lifesciences India Ltd | 90.35% | 9,607.32 | 93.20% | 1,663.33 | 246.44% | (6.28) | 92.98% | 1,657.05 |
| Associate | | | | | | | | |
| Mahi Drugs Pvt Ltd | 9.65% | 1,025.58 | 9.65% | 121.39 | -146.44% | 3.73 | 7.02% | 125.13 |
| Total | 100.00% | 10,632.90 | 100.00% | 4,004.83 | 100.00% | (6.85) | 100.00% | 3,997.99 |

Salient features of financial statements of subsidiary/associates as per the Companies Act, 2013

| | |
|-------------------------------|-----------------------------------|
| Name of the Subsidiary | : Mahi Drugs Pvt Ltd |
| Reporting Currency | : Indian Rupees |
| Date of Incorporation | : 17 th December, 2012 |
| Particulars | 31st Marc, 2019 |
| Share Capital | 471.51 |
| Reserves & Surplus | 554.07 |
| Total Assets | 2,975.56 |
| Total Current Liabilities | 117.81 |
| Investments | - |
| Turnover/Total Income | 3,911.13 |
| Profit/(Loss) before taxation | 162.66 |
| Provision for Taxation | 41.27 |
| Profit/(Loss) after taxation | 121.39 |
| Proposed dividend | - |
| % Share holding | 100.00% |



Notes to the Consolidated Financial Statements

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

54 Comparative figures are not available as this is the first year of consolidation.

As per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

RAVI RAMBABU

Partner

M.No.018541

Place : Hyderabad

Date : 29th May, 2019

for and on behalf of the Board of Directors

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

PAVAN PISE

Company Secretary

M.No.42117

RAMESH BABU POTLURI

Director

DIN: 00166381

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

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ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

SMS LIFESCIENCES INDIA LIMITED

CIN: L74930TG2006PLC050223

Registered Office: 19-III, Road No.71, Opp. Bharatiya Vidya Bhavan Public School,
Jubilee Hills, Hyderabad-500 096, Telangana, India.

Tel.: 040-66288888 - Fax: 040 - 23551401

website: www.smslife.in | E-mail: info@smslife.in

ATTENDANCE SLIP

| | |
|--|--|
| Name of the Member(s)/ Proxy (In Block Letters) | |
| Folio No. | |
| DP ID - Client ID | |
| No. of Shares Held | |

I hereby record my presence at the 13th Annual General Meeting of the Company at "JRC Conventions & Trade Fairs, Narne Road, Survey No-4, Film Nagar, Jubilee Hills, Hyderabad-500008 on the 30th day of September, 2019 at 11.30 a.m.

Signature of the Member(s) / Proxy

Notes:

1. Members are requested to bring their copies of Annual Report at the AGM.
2. Please strike off whichever is not applicable.

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SMS LIFESCIENCES INDIA LIMITED

CIN: L74930TG2006PLC050223

Registered Office: 19-III, Road No.71, Opp. Bharatiya Vidya Bhavan Public School,
Jubilee Hills, Hyderabad-500 096, Telangana, India.

Tel.: 040-66288888 - Fax: 040 - 23551401

website: www.smslife.in | E-mail: info@smslife.in

PROXY FORM

Name of the Member (s): _____

Registered Address: _____

Email-Id: _____

Folio No./Client ID: _____ DP ID: _____

I/We, being the member (s) of shares of the above named Company, hereby appoint -

1. Name:

Address:.....

..... E-mail Id:

Signature:....., or failing him.

2. Name:

Address:.....

..... E-mail Id:

Signature:....., or failing him.

3. Name:

Address:.....

..... E-mail Id:

Signature:.....



as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 13th Annual General Meeting, SMS Lifesciences India Limited to be held on the 30th day of September, 2019 At 11.30 a.m. at "JRC Conventions & Trade Fairs, Narne Road, Survey No-4, Film Nagar, Jubilee Hills, Hyderabad-500008 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Resolution | Vote for | Vote against |
|--------------------------|--|----------|--------------|
| Ordinary Business | | | |
| 01. | To receive, consider and adopt the Audited Standalone and Consolidated Balance Sheet as at 31st March 2019, the Statement of Profit & Loss for the year ended on 31st March, 2019 together with the Reports of the Directors & Auditors thereon. | | |
| 02. | To declare a dividend of Rs.1.50 (15%) per equity share of Rs.10 each. | | |
| 03. | To re-appoint Sri Ramesh Babu Potluri (DIN: 00166381) who retires by rotation, and being eligible, offers himself for re-appointment. | | |
| Special Business | | | |
| 04. | Re-appointment of Mr T.V.Praveen as Senior Vice-President (Marketing) of the Company. | | |
| 05. | To Ratify / Approve the Related Party Contracts/Arrangements/ Transactions of the Company. | | |
| 06. | Ratification of Remuneration Payable to the Cost Auditor for the Financial Year Ending on 31st March, 2020. | | |

Signed this..... day of..... 2019.

Please Affix
Re. 1/-
Revenue
Stamp

Signature of shareholder(s)

Signature of Proxy holder(s)

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. Please complete all details including details of member(s) before submission. (To be handed over at the entrance of the Meeting Hall).

Book Post

If Undelivered Please return to



SMS Lifesciences India Limited

Registered & Corporate Office :

Plot No. 19-III, Road No. 71,

Opp. Bharatiya Vidya Bhavan Public School,

Jubilee Hills, Hyderabad - 500 096, Telangana, INDIA.

Tel : +91-040-6628 8888, Fax : +91-40-2355 1401

CIN : U74930TG2006PLC050223

Email : cs@smslife.in, www.smslife.in