



LifeSciences

2023-24 ANNUAL REPORT

SMS Lifesciences India Limited

UNIT I — KHAZIPALLY, HYDERABAD



R&D UNIT — SANATH NAGAR, HYDERABAD



CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. TVVSN Murthy	Managing Director
Mr. TV Praveen	Executive Director
Mrs. Sudeepthi Gopineedi	Whole-time Director
Mr. P Sarath Kumar	Independent Director
Dr. (Mr.) Mannam Malakondaiah	Independent Director
Dr. (Mr.) Srinivas Samavedam	Independent Director

Statutory Auditors

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

Internal Auditors

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

Secretarial Auditors

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

Cost Auditors

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

Listing

BSE Limited
National Stock Exchange of India Limited

Chief Financial Officer

Mr. N. Rajendra Prasad

Company Secretary

Mr. Trupti Ranjan Mohanty

Registered cum Corporate Office

Plot No:19-III, Road No:71,
Opp. Bharatiya Vidya Bhavan Public School,
Jubilee Hills, Hyderabad – 500096
Website: www.smslife.in
Email: info@smslife.in

Registrar & Share Transfer Agent

Aarathi Consultants Private Limited
1-2-285, Domalguda Hyderabad – 500029 |
040 2763811 / info@aarathiconsultants.com

Subsidiary Company

Mahi Drugs Private Limited
CIN: U24233AP2012PTC084875
Vishakhapatnam - 531019

Bankers

EXIM Bank
RBL Bank Ltd
HDFC Bank Ltd

CIN: L74930TG2006PLC050223

Website: www.smslife.in

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IMPORTANT COMMUNICATION TO SHAREHOLDERS:

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

Further, in compliance with the provisions of the Companies Act, 2013, the Rules framed thereunder and the recent Circulars issued by the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI), electronic copies of the Notice of the 18th (Eighteenth) Annual General Meeting (AGM) and the Annual Report for the year 2023-24 will be sent to all the Shareholders whose e-mail addresses are registered with the Company / Depository Participant(s) as on **30th August, 2024**, to support the Green Initiative of the Government in full measures, Shareholders are requested to register/update their latest e-mail addresses with the Company via email to Company Secretary (cs@smslife.in)

Shareholders may note that the Notice of the 18th AGM and the Annual Report 2023-24 will also be available on the Company's website (www.smslife.in), on the websites of the Stock Exchanges where the Equity Shares of the Company are listed, i.e., BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com) and on the website of Central Depository Services Limited (CDSL) (www.evotingindia.com).

AGM NOTICE:

Notice is hereby given that the 18th Annual General Meeting (AGM) of the members of **SMS Lifesciences India Limited** (CIN: L74930TG2006PLC050223) to be held on **Monday, 30th September, 2024 at 03.00 pm** through Video Conferencing (“VC”), to transact the following business:

ORDINARY BUSINESS:

1. ADOPTION OF FINANCIAL STATEMENTS.

To receive, consider and adopt the Audited (Standalone and Consolidated) Financial Statements of the Company for the year ended 31st March, 2024 and the reports of the Board of Directors and the Auditors thereon.

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

“RESOLVED THAT the Audited (standalone and consolidated) Financial Statements of the Company for the year ended 31st March, 2024 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

2. DECLARING THE DIVIDEND FOR THE YEAR 2023-24.

To declare Dividend on Equity Shares at ₹1.50 per Equity Share of the face value of ₹10/- each (15%), for the year 2023-24.

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

“RESOLVED THAT dividend at ₹1.50/- (15%) per equity share of the face value of ₹10/- each, as recommended by the Board for the year ended 31st March, 2024, out of the profits for the year, be and is hereby approved and declared.”

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

To re-appoint Mr. Talluri Venkata Praveen (DIN: 08772030), who retires by rotation.

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

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

SPECIAL BUSINESS:

4. APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS FOR THE YEAR 2024-25.

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

“RESOLVED THAT pursuant to the provisions of Section 188 and all other provisions, if any of the Companies Act, 2013 read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, as amended from time to time and pursuant to the Company's policy on materiality of Related Party Transactions and dealing with Related Party Transactions and based on the approval / recommendation of the Audit Committee and Board of Directors, consent of the Members of the Company be and is hereby accorded to enter into / continue with the existing Related Party Transaction(s) (whether by way of an individual transaction or transactions taken together or series of transactions or otherwise) as set out in the Explanatory Statement with 'Related Parties' within the definition of Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which may exceed 10% of the annual consolidated turnover of the Company for the last year (i.e. FY 2023-24), on such terms and conditions as may be agreed between the Company and such related parties, in the ordinary course of business of the Company and at an arms length basis.

RESOLVED FURTHER THAT all actions taken by the Board or any person so authorised by the Board, in connection with any matter referred to or contemplated in any of the foregoing resolutions, be and are hereby approved, ratified and confirmed in all respects.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to negotiate, finalize, amend and revise the terms and conditions of the aforesaid transactions and execute such agreements, documents and letters thereof as may be necessary, from time to time and to do all such acts, deeds and things as may be necessary or expedient to give effect to this resolution."

5. APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS OF THE MATERIAL SUBSIDIARY OF THE COMPANY FOR THE YEAR 2024-25.

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

"**RESOLVED THAT** pursuant to the provisions of Section 188 and all other provisions, if any of the Companies Act, 2013 read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, as amended from time to time and pursuant to the Company's policy on materiality of Related Party Transactions and dealing with Related Party Transactions and based on the approval / recommendation of the Audit Committee and Board of Directors, consent of the Members of the Company be and is hereby accorded to enter into / continue with the existing Related Party Transaction(s) by the material subsidiary of the Company (whether by way of an individual transaction or transactions taken together or series of transactions or otherwise) as set out in the Explanatory Statement with 'Related Parties' within the definition of Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which may exceed 10% of the annual consolidated turnover of the Company for the last year (i.e. FY 2023-24), on such terms and conditions as may be agreed between the material subsidiary of the Company and such related parties, in the ordinary course of business of the Company and at an arms length basis.

RESOLVED FURTHER THAT all actions taken by the Board or any person so authorised by the Board, in connection with any matter referred to or contemplated in any of the foregoing resolutions, be and are hereby approved, ratified and confirmed in all respects.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to negotiate, finalize, amend and revise the terms and conditions of the aforesaid transactions and execute such agreements, documents and letters thereof as may be necessary, from time to time and to do all such acts, deeds and things as may be necessary or expedient to give effect to this resolution."

6. RATIFICATION OF REMUNERATION PAYABLE TO COST AUDITORS.

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

"**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactments thereof and pursuant to the recommendation of the Audit Committee, the remuneration payable to M/s. Harshitha Annapragada & Co, Cost Accountants (Firm registration no. 006031), appointed by the Board of Directors of the Company, as Cost Auditors to conduct the audit of the cost records of the Company for the year ending 31st March, 2025, amounting to ₹75,000/- (Rupees Seventy-Five Thousand only) plus out of pocket expenses, at actuals and applicable taxes be and is hereby ratified and confirmed.

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

By Order of the Board
For SMS Lifesciences India Limited

Date: 09.08.2024
Place: Hyderabad

Trupti Ranjan Mohanty
Company Secretary

NOTES TO E-AGM NOTICE:

- 1) The Ministry of Corporate Affairs (“MCA”) has, vide its General Circular No. 14/2020 dated 8th April, 2020, General Circular No.17/2020 dated 13th April, 2020, General Circular No. 20/2020 dated 5th May, 2020, General Circular No. 02/2021 dated 13th January, 2021, General Circular No. 19/2021 dated 8th December 2021, General Circular No. 21/2021 dated 14th December, 2021, General Circular No. 2/2022 dated 5th May, 2022, General Circular No. 10/2022 dated 28th December, 2022 and General Circular No. 09/2023 dated 25th September, 2023 (collectively referred to as “MCA Circulars”), permitted the holding of the Annual General Meeting (“AGM”) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), without the physical presence of the Shareholders at a common venue. In compliance with the provisions of the Companies Act, 2013, SEBI Circular No. SEBI/HO/CFD/Pod-2/P/CIR/2023/4 dated 5th January, 2023 and Circular No. SEBI/HO/DDHS/P/CIR/2023/0164 dated 7th October, 2023 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and MCA Circulars, the 18th AGM of the Company is being held through VC / OAVM.

- **The deemed venue for the 18th AGM shall be the Registered Office of the Company i.e. Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad – 500096.**
- **Company is providing VC/OAVM facility to its members to attend the 18th AGM on Monday, 30th September, 2024 through Central Depository Services Limited (CDSL).**

- 2) The statement pursuant to Section 102(1) of the Companies Act, 2013 and the Rules made thereunder in respect of the special business set out in the notice, Secretarial Standard on General Meetings (“SS-2”), wherever applicable, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, wherever applicable, is annexed hereto. The Board of Directors of the Company at its meeting held on 9th August, 2024, has considered and decided to include the Item Nos. 4 to 6 given above as Special Business in the AGM.

Further, additional information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (“SS-2”) issued by the Institute of Company Secretaries of India (“ICSI”), in respect of Director seeking re-appointment at the AGM as mentioned in Item No. 3 of this AGM Notice is provided in **Annexure I** of this report.

Members may also note that the notice of the AGM and the Annual Report 2023-24 will be posted on the Company’s website, www.smslife.in and also on the websites of the stock exchanges, i.e. BSE and NSE at www.bseindia.com and www.nseindia.com respectively.

- 3) Pursuant to the above-mentioned MCA Circulars, physical attendance of the Members is not required at the AGM, and attendance of the Members through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013. Accordingly, the facility for **appointment of proxies by the Shareholders will not be available for the AGM** and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives by sending representation at cs@smslife.in to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
- 4) In case of joint Shareholders attending the AGM, only such joint Shareholder who is higher in the order of the names will be entitled to vote.
- 5) The VC/OAVM facility for members to join the meeting shall be kept open 30 minutes before the start of the AGM. Members can attend and participate in the AGM through VC/ OAVM only, by following the instructions given in note no. 26 of this Notice.
- 6) The facility for attending the AGM virtually will be made available for 1,000 shareholders on a first come first served basis. This will not include large members (i.e. members with 2% or more shareholding, promoters, institutional investors, Directors, key managerial personnel, the chairpersons of the Audit Committee, Nomination

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

[The detailed instructions for e-voting and attending the AGM through VC/OAVM is mentioned in note no. 23 – 29 and can be accessed from www.smslife.in/investors/procedure.pdf]

- 7) The transcript of the AGM and link of video recording shall be made available on the website of the Company www.smslife.in in the "Investors relations" section as soon as possible, after the meeting is concluded.
- 8) In line with the aforesaid Circulars, the Notice of AGM along with Annual Report 2023-24 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories as on **Friday, 30th August, 2024 ("First Cutoff Date")**. Members may note that Notice and Annual Report 2023-24 can also be accessed from the websites of the Company at www.smslife.in, websites of the Stock Exchange(s) www.bseindia.com and www.nseindia.com, website of CDSL (agency for providing the remote / venue e-voting facility) at www.evotingindia.com.

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

No physical copy of the notice of the 18th AGM and the Annual Report for the year 2023-24, has been sent to any members. However, members will be entitled to a physical copy of the Annual Report for the year 2023-24, free of cost, upon sending a request to the Company Secretary at cs@smslife.in or at the Registered Office of the Company.

- 9) The registers, i.e. Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested maintained under Section 170 and Section 189 of the Companies Act 2013, respectively, will be available electronically for

inspection by members during the AGM. All documents referred to in this Notice and the explanatory statement annexed hereto will also be available for electronic inspection without any fee by the members from the date of circulation of this notice up to the date of AGM, i.e. 30th September, 2024. Members seeking to inspect such documents can send an email to cs@smslife.in.

- 10) Members seeking any information with regard to accounts or any other information are requested to write to the Company atleast 10 (ten) days before the meeting so as to enable the management to keep the information ready.
- 11) The annual accounts of the Subsidiary (i.e. Mahi Drugs Private Limited) is made available on the website of the Company at <https://www.smslife.in/financials.php>.
- 12) To prevent fraudulent transactions, Members are advised to exercise due diligence and notify immediately any change of particulars such as name, postal address, e- mail address, telephone/ mobile numbers, PAN, registering of nomination, bank mandate details and / or demise of any Member as soon as possible:
 - to their Depository Participants (DPs) in respect of their electronic share accounts, and
 - to the Company's Registrar & Share Transfer Agents (RTA), M/s Aarathi Consultants Private Limited, 1-2-285, Domalguda Hyderabad – 500029, in respect of their physical share folios, if any, quoting their folio numbers.

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

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

14) SEBI has mandated the submission of permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. The Company has sent 4 reminder letters to all the Members holding shares in physical form on (i) 1st June, 2022, (ii) 22nd February, 2023, (iii) 27th February, 2024 and (iv) 13th July, 2024 pursuant to SEBI Circular SEBI/HO/MIRSD/POD-1/P/CIR/2024/81 dated 10th June, 2024 read with Master Circular for RTAs dated 7th May, 2024 for furnishing their PAN, KYC details and Nomination forms in form ISR-1.

Folios which are not KYC Compliant shall be eligible to lodge grievance or avail any service request from the RTA only after furnishing PAN, KYC details and Nomination.

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3rd November, 2021 (subsequently amended by Circular Nos. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/687 dated 14th December, 2021, SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 16th March, 2023 and SEBI/HO/MIRSD/POD-1/P/CIR/2023/181 17th November, 2023) has mandated that with effect from 1st April, 2024, dividend to security holders (including holding securities in physical form), shall be paid only through electronic mode. Such payment shall be made only after furnishing the PAN, choice of nomination, contact details including mobile number, bank account details and specimen signature.

Further, relevant FAQs published by SEBI on its website can be viewed at the following link: https://www.sebi.gov.in/sebi_data/faqfiles/jan-2024/1704433843359.pdf

The form ISR-1 is available at the website of the Company at www.smslife.in/investors/KYC-updation-forms.pdf; attention of the Members holding shares of the Company in physical form is invited to go through and submit the details to info@aarthiconsultants.com and cs@smslife.in

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

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

Pursuant to SEBI Circular dated 3rd November, 2021, the RTA/ Company shall verify and process the service requests and **issue a 'Letter of Confirmation' in lieu of physical securities certificate(s)**, to the securities holder/ claimant after removing objections, if any, which shall be valid for a period of 120 days from the date of its issuance, within which the securities holder/ claimant shall make a request to the DP for dematerializing the said securities. If the Members fail to submit the dematerialisation request within 120 days, then the Company shall **credit those shares in the Suspense Escrow Demat account** held by the Company. Members can claim these shares transferred to Suspense Escrow Demat account on submission of necessary documentation.

Further, SEBI in its notification dated 24th January, 2022, has mandated that all requests for transfer of securities, including transmission and transposition requests, shall be processed only in dematerialized form. In view of this, to eliminate all risks associated with physical shares and avail themselves of various benefits of dematerialization, members holding shares in physical form are requested to convert their holdings to dematerialized form. Members can contact the Company's Registrar and Share Transfer Agent, Aarthi Consultants, for assistance in this regard.

16) Shareholders holding shares in more than one folio in the same name(s) are requested to send the details of their folios along with share certificates so as to enable the Company to consolidate their holding into one folio.

17) SEBI has introduced a common Online Dispute Resolution Portal (“ODR Portal”) for resolution of disputes arising in the Indian Securities Market.

Post exhausting the option to resolve their grievances with the RTA/ Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal “SMART ODR” which can be accessed at <https://smartodr.in/login>.

18) Dividend of ₹1.50/- (15%) per equity share of ₹10/- each, for the year 2023-24, as recommended by the Board of Directors in the meeting held on 27th May, 2024, if approved at the AGM, would be paid subject to deduction of tax at source, as may be applicable, to those persons or their mandates:

- whose names appear as Beneficial Owners as at the end of the business hours on **Monday, 23rd September, 2024 (“Record Date”)** in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
- whose names appear as Members in the Register of Members of the Company as at the end of the business hours on Monday, 23rd September, 2024 after giving effect to valid request(s) received for transmission/transposition of shares.

Dividend, if declared, at the 18th AGM, will be paid within 30 days by way of credit to the respective Bank accounts of the members from the date of approval by the Shareholders, subject to deduction of tax at source, to those members whose names appear on the register of members of the Company as on the record date.

19) **The register of members and share transfer books of the Company will remain closed from Tuesday, 24th September, 2024 to Monday, 30th September, 2024 (both days inclusive) for the purpose of Dividend and AGM.**

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

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

21) Pursuant to the changes introduced in the Income Tax Act, 1961 (“the IT Act”) as amended by the Finance Act, 2020, dividend income will be taxable in the hands of the members and the Company is required to deduct tax at source (TDS) at the time of making the payment of dividend to members at the prescribed rates. (For the prescribed rates for various categories, shareholders are requested to refer to the Finance Act, 2023 and amendments thereof.)

However, no tax shall be deducted on the dividend payable to a resident individual member, if the total dividend to be received by them during the year 2024-25 does not exceed ₹5,000/- and also in cases where members provide Form 15G (applicable to any person other than HUF or a company or a firm)/Form 15H (applicable to an individual who is 60 years and older) subject to such conditions as specified in the IT Act. Members may also submit any other document as prescribed under the IT Act, to claim a lower/nil withholding tax. PAN is mandatory for members providing Form 15G/Form 15H or any other documents as mentioned above.

The formats are available on the website of the Company at www.smslife.in/investors/TDS.pdf

The aforesaid declarations and documents need to be submitted by the members on or before Wednesday, 25th September, 2024 to the Company / RTA. No communication on the tax determination/ deduction shall be entertained post the aforesaid

date. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from the members, there would still be an option available with the members to file the return of income and claim an appropriate refund, if eligible.

Members are requested to update their Permanent Account Number ("PAN") with the Company (in case of shares held in physical mode) and Depositories (in case of shares held in demat mode). PAN linked with Aadhar shall only be considered as valid PAN.

- 22)** Pursuant to the provision of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules") and amendments thereto, shares on which dividend has not been paid or claimed for 7 (Seven) consecutive years or more shall be transferred to the demat account of the IEPF Authority except for shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority restraining any transfer of the shares.

Members who have not encashed their dividend warrant for respective financial years, are requested to write to the Company/Registrar and Share Transfer Agent (RTA) at least a month before the due date, as under:

Finan- cial Year	Date of declaration of Dividend	Unclaimed dividend as on 31.03.2024	Last date for claiming unpaid/ unclaimed dividend
2018-19	30.09.2019	₹ 37,911	07.11.2026
2019-20	-	-	-
2020-21	30.09.2021	₹ 17,214	07.11.2028
2021-22	30.09.2022	₹10,745	07.11.2029
2022-23	29.09.2023	₹23,460	06.11.2030

Members who have not uncashed the sale consideration against fractional shares issued pursuant to demerger (i.e. ₹6,16,645/-), are requested to make their claims to RTA (info@aarthicconsultants.com) or the Company (cs@smslife.in).

Detailed list unclaimed dividend and unclaimed fractional share amount as on 31st March, 2024 is uploaded in the website of the Company at www.smslife.in/shareholding-information.php.

Shareholders are requested to note that pursuant to the provisions of Section 124 of the Companies Act, 2013 read with IEPF Rules, all shares on which dividend has not been paid or claimed for 7 (Seven) consecutive years or more shall be transferred to IEPF Authority as notified by the MCA. Similarly, the unclaimed fractional share amount remaining unclaimed shall become due for transfer to IEPF on 15th December, 2024, upon expiry of 7 (Seven) years from the sale proceeds payout date pursuant to demerger order, in terms of Section 124 of the Companies Act, 2013.

Complying with various requirements set out in the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended), the Company shall send individual notices / reminders within the specific timelines to the concerned persons at their latest available address(es) / email id / contact no. registered with the Company or RTA, whose fractional share sale consideration amount has remained unpaid or unclaimed, giving them the opportunity to claim the same latest by 15th November, 2024 to avoid transfer to IEPF, by making an application to the Company or the Company's Registrar & Transfer Agent, Aarthi Consultant along with all the requisite documents.

The concerned claimant are requested to send their claims preferably well in advance in order to allow sufficient time for processing their claims.

It may be further noted that, in case no valid claims in respect of such unclaimed amount are received by the due date or such other date as may be extended under the provisions of law, the Company shall be compelled to transfer the said unclaimed amount to IEPF by the due date, as per stipulated procedure, without any further notice. No claim shall lie against the Company in respect of unclaimed fractional share amount transferred to IEPF.

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

- a) In compliance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020, Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), the Company is providing facility of remote e-voting to its members in respect of the business to be transacted at the 18th AGM to be held on Monday, 30th September, 2024, at 3.00 p.m.

The Company has appointed Central Depository Services (India) Limited ("CDSL") as the authorised e-Voting agency for facilitating voting through electronic means. The facility of casting votes by members using remote e-voting as well as e-voting system on the date of the AGM will be provided by CDSL.

- b) Members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on **Monday, 23rd September, 2024 ("Second Cut-off Date")**, shall be entitled to avail the facility of remote e-voting as well as e-voting system on the date of the AGM. Any recipient of this Notice, who has no voting rights as on the "Second Cut-off date", shall treat this Notice as intimation only.
- c) A person who has acquired the shares and has become a member of the Company after "First cut-off date" (i.e. after dispatch of the Notice of the AGM) and prior to "Second Cut-off date" (i.e. entitled to participate in AGM), shall be entitled to exercise his/her vote electronically i.e. remote e-voting or e-voting system on the date of the AGM.
- d) **The remote e-voting will commence on Thursday, 26th September, 2024 at 9.00 a.m. and will end on Sunday, 29th September, 2024 at 5.00 p.m.**

- e) Once the vote on a resolution is casted by the member, he/she shall not be allowed to change it subsequently or cast the vote again.
- f) The voting rights of the members shall be in proportion to their share in the paid up equity share capital of the Company as on the "Second Cut-off date".

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

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

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

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

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

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

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

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

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

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

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

c) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders holding in Demat form & physical shareholders.**

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

For Shareholders holding shares in Demat Form other than individual and Physical Form	
PAN	<p>Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p><input type="checkbox"/> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</p>

Dividend Bank Details	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.
OR	
Date of Birth (DOB)	<input type="checkbox"/> If both the details are not recorded with the Depository or Company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

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

25) Note for Non – Individual Shareholders and Custodians

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

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

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

- a) Members will be provided with a facility to attend the AGM through VC/OAVM by CDSL. Members may access the same at www.evotingindia.com under shareholders'/ members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- b) Members may join the Meeting through Laptops, smartphones, Tablets and ipads for better experience.
- c) Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- d) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- e) For ease of conduct, members who would like to express their views or ask questions during the AGM may **register themselves as a speaker by sending request from their registered email address mentioning their questions by 25th September, 2024** mentioning their name, demat account number (along with DP ID) / folio number, PAN, email id, mobile number at cs@smslife.in.

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

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

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

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

- a) For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to cs@smslife.in and info@aarthiconsultants.com.
- b) For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP).
- c) For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

Detailed procedure is laid down in www.smslife.in/investors/procedure.pdf

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

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

- 30) The Board of Directors of the Company at their meeting held on 9th August, 2024, have appointed Mr. C. Sudhir Babu, Practicing Company Secretary, Proprietor, CSB Associates as the Scrutinizer, for conducting the remote e-voting process as well as the e-voting system on the date of the AGM, in a fair and transparent manner.

The Scrutinizer shall, immediately after the conclusion of voting during the meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make not later than two (2) working days from the conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman or a person authorised by the Chairman for counter signature.

The Results shall be declared by the Chairman or by an authorized person of the Chairman, and the resolutions will be deemed to have been passed on the date of the AGM, subject to receipt of the requisite number of votes in favour of the resolutions.

After the declaration of the results, the same shall be placed along with the Scrutinizer's Report(s) on the website of the Company www.smslife.in and on CDSL i.e. www.cdslindia.com and communicated to the Stock Exchanges i.e. BSE and NSE, where the shares of the Company are listed for placing the same on their website(s).

CONTACT DETAILS:

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

ANNEXURE TO NOTICE:

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

ITEM#04

Material Related Party Transactions for the year 2024-25:

Pursuant to the Provisions of Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, the Company is required to obtain consent of the Board of Directors and prior approval of the members by way of Ordinary resolution, in case certain transactions with related parties exceeds the specified threshold limits. The aforesaid provisions are not applicable in respect of transactions which are in the ordinary course of business and on arm's length basis.

However, pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, approval of the members through resolution passed at General Meeting is required for all Material related party transactions, even if they are entered into in the ordinary course of business and at arms length basis.

In this regard, all Related Party Transactions with an aggregate value exceeding ₹1,000 crore or 10% of annual audited consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, shall be considered as "material" and requires prior approval of members by means of an Ordinary Resolution.

Given the nature of the Company, the Company works closely with its subsidiary and other related parties to achieve its business objectives and enters into various operational transactions with its related parties, from time to time, in the ordinary course of business and at arms length basis.

Following shall be considered as "Material Related Party Transactions" of the Company for the year 2024-25, based on the annual audited consolidated turnover of the Company for the previous year (i.e. FY 2023-24) :

[₹ in Crores]

SL No.	Name of Related Party	Nature of transaction	Threshold limit**	Estimated Transaction(s) value
1.	Mahi Drugs Private Limited ¹	Sale & Purchase of Goods & Services, rent	30.60	85.10
2.	Purogene Labs Private Limited ² (Formerly known as "RCHEM Somanahalli Private Limited)	Sale & Purchase of Goods & Services, rent	30.60	70.10
3.	ChemWerth Inc, USA ³	Sale & Purchase of Goods & Services, Business advance	30.60	40.00

1- Subsidiary Company | 2 - Directors have significant influence | 3 - Other related party

****10% of consolidated turnover (i.e. ₹306.00 Crs) of the Company for the year 2023-24**

Note –

- Approval is required even if the transactions are in the ordinary course of business of the concerned Company and at an arm's length basis.
- The amended Regulation 2(1)(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has also enhanced the definition of Related Party Transactions which now includes a transaction involving a transfer of resources, services or obligations between a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand, regardless of whether a price is charged or not.

Accordingly, the Board of Directors based on recommendation of the Audit Committee at their meeting held on 10th February, 2024, have accorded approval to enter into and/or continue with aforesaid material Related Party Transactions with 'Related Parties' within the definition of Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (whether individual transaction or transactions taken together or series of transactions or otherwise) for the year 2024-25.

Additional Information pursuant to SEBI master circular dated 11th July, 2023:

Sl.No.	Description	Details		
1.	Details of summary of information as provided by the Management to the Audit Committee			
a.	Name of the related party and its relationship with the Company	Mahi Drugs Private Limited, [Material Subsidiary]	Purogene Labs Private Limited [Directors have significant influence]	ChemWerth Inc, USA [Other related party -Strategic Investor (40% stake) in Subsidiary Company]
b.	Name of the Director or key managerial personnel who is related and nature of relationship	Mr. TVVSN Murthy, Mr. TV Praveen & Mr. P Sarath Kumar are also Directors in the Board of Mahi Drugs Private Limited.	Mr. TVVSN Murthy, Mr. TV Praveen & Mrs. Sudeepthi Gopineedi are shareholders in Purogene Labs Private Limited	-
c.	Nature, material terms, monetary value and particulars of contracts or arrangement	The transaction involves Sale & Purchase of goods, availing & rendering of Services and renting of property / Business advance. The maximum annual value of the proposed transactions is estimated based on the Company's current transactions and future business projections.		
d.	Value of Transaction(s) (aggregate limits is an enabling limit to help the business to operate smoothly without interruptions)	₹85.10 Crores	₹70.10 Crores	₹40.00 Crores
e.	Tenure of the proposed transaction(s)	This related party transactions are recurring in nature. However, the approval of the shareholders is being sought for related party transactions for the year 2024-25.		
f.	Percentage of annual consolidated turnover considering FY 2023-24 as the immediately preceding financial year	27.82%	22.91%	13.07%

Sl.No.	Description	Details
2.	Justification for the transaction	<p>The proposed transactions are in the best interest of the Company and are purely for the purpose of furthering the main business activities ensuring that it would be in the best interest of the Company and towards achieving synergies and economies of scale; reduce operational costs and strengthen sustainability.</p> <p>These proposed transactions with related parties shall support the availability of prime raw material & intermediaries to API's, for increase of its overall operations and profitability.</p> <p>These transactions shall be purely on the basis of day to day business requirements and in the Ordinary Course of business and at an arm's length basis as per the guidelines of related party policy of the Company.</p>
3.	Details of transactions relating to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary	Not Applicable
4.	A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction	The transactions do not contemplate any valuation.
5.	Any other information that may be relevant	Based on the nature of transaction, advance for part or full amount of the transaction/ arrangement could be paid / received in the ordinary course of business.

The aforesaid estimated value of the proposed transactions may exceed the materiality threshold limits as prescribed under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the Actual value of the transactions may vary depending upon the business requirements.

Furthermore, the value of Related Party transactions with aforesaid Related Parties for the period commencing from 1st April, 2024 to the date of this Notice has not exceeded the materiality thresholds and the Company will ensure that the same does not exceed the aforesaid threshold upto the date of the 18th AGM.

The aforesaid transactions shall also be reviewed/monitored on quarterly basis by the Audit Committee of the Company and shall at all time remain within the aforesaid limits. However, in case of any subsequent material modifications as defined in the Company's policy on materiality of Related Party Transactions and dealing with Related Party Transactions, shall be placed before the members for approval, in terms of Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board, based on the recommendation made by the Audit Committee, recommends the resolution set forth in item no. 4 of the notice for approval of the members by passing an **Ordinary Resolution**. All entities falling under the definition of the related party of the Company shall abstain from voting irrespective of whether the individual/entity is party to the particular transaction or not.

Mr. TVVSN Murthy, Mr. T.V. Praveen and Mrs. Sudeepthi Gopineedi are interested in the resolution as set out at Item No. 4 of the Notice with regard to approval of proposed material Related Party Transactions for the year 2024-25.

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

ITEM#05

Material Related Party Transactions of Mahi Drugs Private Limited, Material Subsidiary of the Company, for the year 2024-25:

Pursuant to the Provisions of Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, the Company is required to obtain consent of the Board of Directors and prior approval of the members by way of Ordinary resolution, in case certain transactions with related parties exceeds the specified threshold limits. The aforesaid provisions are not applicable in respect of transactions which are in the ordinary course of business and at arm's length basis.

However, pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, approval of the members through resolution passed at General Meeting is required for all Material related party transactions, even if they are entered into in the ordinary course of business and at arm's length basis.

In this regard, all Related Party Transactions with an aggregate value exceeding ₹1,000 crore or 10% of annual audited consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, shall be considered as "material" and requires prior approval of members by means of an Ordinary Resolution.

Following shall be considered as "Material Related Party Transactions" of the Company pertaining to the Material Subsidiary for the year 2024-25, based on the annual audited consolidated turnover of the Company for the previous year (i.e. FY 2023-24):

[₹ in Crores]				
Sl. No.	Name of Related Party	Nature of transaction	Threshold limit**	Estimated Transaction value
1.	SMS Lifesciences India Limited ¹	Sale & Purchase of Goods & Services, Rent	30.60	85.10
2.	ChemWerth Inc, USA ²	Sale & Purchase of Goods & Services, Business advance	30.60	55.00

1- Company | 2 - Other related party

**10% of consolidated turnover (i.e. ₹306 Crs) of the Company for the year 2023-24

Note –

- Approval is required even if the transactions are in the ordinary course of business of the concerned Company and at an arm's length basis.
- The amended Regulation 2(1)(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has also enhanced the definition of Related Party Transactions which now includes a transaction involving a transfer of resources, services or obligations between a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand, regardless of whether a price is charged or not.

Accordingly, the Board of Directors based on recommendation of the Audit Committee at their meeting held on 10th February, 2024, have accorded approval to enter into and/or continue with aforesaid material Related Party Transactions pertaining to Mahi Drugs Private Limited (Material Subsidiary) with its 'Related Parties' within the definition of Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (whether individual transaction or transactions taken together or series of transactions or otherwise) for the year 2024-25.

Additional Information pursuant to SEBI master circular dated 11th July, 2023:

SI No.	Description	Details	
1.	Details of summary of information as provided by the Management to the Audit Committee		
a.	Name of the related party and its relationship with the Company	SMS Lifesciences India Limited [Company]	ChemWerth Inc, USA [Other related party -Strategic Investor (40% stake) in Subsidiary Company]
b.	Name of the Director or key managerial personnel who is related and nature of relationship	Mr. TVVSN Murthy, Mr. TV Praveen & Mr. P. Sarath Kumar are also Directors in the Board of Mahi Drugs Private Limited.	-
c.	Nature, material terms, monetary value and particulars of contracts or arrangement	The transaction involves Sale & Purchase of goods, availing & rendering of Services and renting of property / Business advance. The maximum annual value of the proposed transactions is estimated based on the Company's current transactions and future business projections.	
d.	Value of Transaction(s) (aggregate limit is an enabling limit to help the business operate smoothly without interruptions)	₹85.10 Crores	₹ 55.00 Crores
e.	Tenure of the proposed transaction(s)	This related party transactions are recurring in nature. However, the approval of the shareholders is being sought for entering into related party transactions for the year 2024-25.	
f.	Percentage of annual consolidated turnover considering FY 2023-24 as the immediately preceding financial year	27.82%	17.98%
2.	Justification for the transaction	The proposed transactions are in the best interest of the Mahi Drugs (Subsidiary) and are purely for the purpose of furthering the main business activities ensuring that it would be in the best interest of the Mahi Drugs (Subsidiary) and towards achieving synergies and economies of scale; reduce operational costs and strengthen sustainability. Under current business scenario, these proposed transactions with related parties shall support the availability of prime raw material & intermediaries to API's, for increase of its overall operations and profitability. These transactions shall be purely on the basis of day to day business requirements and in the Ordinary Course of business & on an arm's length basis as per the guidelines of related party policy of the Company.	

Sl No.	Description	Details
3.	Details of transactions relating to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary	Not Applicable
4.	A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction	The transactions do not contemplate any valuation.
5.	Any other information that may be relevant	Based on the nature of transaction, advance for part or full amount of the transaction/ arrangement could be paid / received in the ordinary course of business.

The aforesaid estimated value of the proposed transactions may exceed the materiality threshold limits as prescribed under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the Actual value of the transactions may vary depending upon the business requirements.

Furthermore, the value of Related Party transactions with aforesaid Related Parties for the period commencing from 1st April, 2024 to the date of this Notice has not exceeded the materiality thresholds and the Company will ensure that the same does not exceed the aforesaid threshold upto the date of the 18th AGM.

The aforesaid transactions shall also be reviewed/ monitored on quarterly basis by the Audit Committee of the Company and shall at all time remain within the aforesaid limits. However, in case of any subsequent material modifications as defined in the Company's Policy on Related Party Transactions, shall be placed before the members for approval, in terms of Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board, based on the recommendation made by the Audit Committee, recommends the resolution set forth in item no. 5 of the notice for approval of the members by passing an **Ordinary Resolution**. All entities falling under definition of related party of the Company shall abstain from voting irrespective of whether the individual/entity is party to the particular transaction or not.

Mr. TVVSN Murthy, Mr. T.V. Praveen and Mrs. Sudeepthi Gopineedi are interested in the resolution as set out at Item No. 5 of the Notice with regard to approval of proposed material Related Party Transactions of the Subsidiary Company for the year 2024-25.

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

ITEM#06

The Company is required to have its cost records audited by a Cost Accountant in practice. Accordingly, the Board of Directors of the Company on the recommendation of the Audit Committee, at their Meeting held on 27th May, 2024, had approved the appointment of M/s Harshitha Annapragada & Co Cost Accountants, Hyderabad (firm registration no. 006031), as the Cost Auditors to conduct the audit of the cost records maintained by the Company for the year 2024-25 at a remuneration of ₹75,000/- (excluding all taxes and reimbursement of out of pocket expenses, if any at actuals).

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors needs to be ratified by the Members of the Company. Accordingly, consent of the Members is sought for ratification of the remuneration payable to the Cost Auditors for the year 2024-25. The Board, on the recommendation of the Audit Committee, recommends the resolution set forth in Item No. 6 of the notice for approval of the members by passing an **Ordinary Resolution**.

None of the Directors/ key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at Item No. 6 of the notice.

By Order of the Board
For SMS Lifesciences India Limited

Date: 09.08.2024
Place: Hyderabad

Trupti Ranjan Mohanty
Company Secretary

DIRECTORS' REPORT:

[for the year ended 31st March 2024]

TO THE MEMBERS,

Your Directors have pleasure in presenting this 18th (Eighteenth) Annual Report along with the Audited Financial Statements for the year ended 31st March, 2024.

1) FINANCIAL SUMMARY/PERFORMANCE/STATE OF COMPANY'S AFFAIRS:

The Highlights of the standalone and consolidated financial Statements for the financial year 2023-24 as per the IND-AS are given below:

(₹in Lakhs)

PARTICULARS	Standalone		Consolidated	
	2023-24	2022-23	2023-24	2022-23
Revenue from operations	30,000.16	31,524.18	30,595.84	31,556.03
Other income	383.68	288.17	382.81	307.24
Profit Before Depreciation, Interest and Tax (PBDIT)	3,826.81	3,163.98	3,494.10	3,417.64
Finance Cost	890.23	509.44	1,015.67	679.49
Depreciation	1,025.35	817.30	1,493.76	1,078.86
Profit before Tax (PBT)	1,911.23	1,837.24	984.67	1,659.29
Tax expenses	604.69	515.48	351.89	521.55
Profit after Tax (PAT)	1,306.54	1,321.76	632.78	1,137.74
Total Comprehensive Income (TCI)	1,265.35	1,326.75	587.34	1,140.17
TCI attributable to:				
Equity holders of the parents	-	-	865.54	1,149.74
Non-controlling interest	-	-	(278.20)	(9.57)
EPS (excl. of Exceptional income) in ₹	43.22	36.34	30.08	30.53
EPS (incl. of Exceptional income) in ₹	43.22	43.72	30.08	37.92

- **Standalone Financial summary:**

During the FY 2023-24, your Company achieved an operating revenue of ₹300.00 crores against ₹315.24 crores in 2022-23. The Gross Profit before interest, depreciation and taxes during the year stood at ₹38.27 crores as against ₹31.64 crores in 2022-23, which is a growth of 21%. However, after providing for interest expense, depreciation, the Profit before tax of the Company for the year was ₹19.11 Crores against ₹18.37 crores in 2022-23. Total Comprehensive Income stood at ₹12.65 crores during 2023-24 against ₹13.27 crores in 2022-23.

- **Consolidated Financial summary:**

On consolidation basis, the revenue from operations for the year was ₹305.96 crores against ₹315.56 crores in 2022-23. The Gross Profit before interest, depreciation and taxes during the year stood at ₹34.94 crores as against ₹34.18 crores in 2022-23, which is a meager growth of 2.22%. However, after providing for interest expense, depreciation, the Profit before tax of the Group for the year was ₹9.84 Crores against ₹16.59 crores in 2022-23. Total Comprehensive Income stood at ₹5.87 crores during 2023-24 against ₹11.40 crores in 2022-23.

Mahi Drugs Private Limited (subsidiary) has reported a net loss of ₹691.24 lakhs during the period under review as compared to net loss of ₹21.36 lakhs in the previous year. The main reason for loss is due to low operations / less margins, delay in regulatory approvals and increase in deprecation cost on account of capitalization in the later part of the year 2022-23. (Financials of the subsidiary is available in the website of the Company at www.smslife.in/financials.php)

Silver-lining being, the manufacturing facility of the subsidiary is ready to meet the high standards of regulatory compliances of USFDA & EDQM and currently awaiting for regulatory approvals and accordingly the Subsidiary Company is hopeful that in the ensuing years both the topline and bottom-line shall improve considerably.

- **Earnings Per Share (EPS):**

The Standalone operational EPS for continuing operations of the Company stood at ₹43.22 for the year ended 31st March, 2024 as against ₹36.34 for the year ended 31st March, 2023, with a growth of 19% as compared to previous year

- **Capex and Liquidity:**

During the year, the Company has spent ₹754.52 lakhs towards capital expenditure, largely towards balancing facilities and essential sustenance capital items. As on 31st March, 2024, consolidated cash and cash equivalent stood at ₹56.95 lakhs. The Company's working capital management is robust and involves a well-organized process, which facilitates continuous monitoring and control over receivables, inventories and other parameters.

- **Future Outlook:**

During the year, your Company has filed DMF for 1 (one) product and CEP for 2 (two) products, which will contribute significantly to elevate the financial position of the Company in the coming years. Further, the management is continuously working to improve the performance and there have been efforts to identify new products and devise a better product mix. Details is provided in Management Discussion and Analysis report.

- **Management Discussion and Analysis report:**

Report on the Management Discussion and Analysis in terms of the provisions of Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented as **Annexure II** to this report.

- **Corporate Governance Report:**

The Company firmly believes in adhering to Corporate Governance codes to ensure protection of its investor's interest as well as healthy and sustainable growth of the Company. It upholds and adheres to highest standards of Corporate Governance and the requirements set out by the SEBI and other statutory bodies.

In compliance with Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Corporate Governance Report for the year 2023-24 as required under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 of the Company is attached to this report as **Annexure III**.

The certificate from M/s. Rambabu & Co., Statutory Auditors of the Company with regard to compliance of conditions of corporate governance as stipulated under Schedule V (E) of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is annexed to the Report on Corporate Governance as **Annexure IIIA**.

Further, a Certificate from Mr. C. Sudhir Babu, Company Secretary in Practice, Hyderabad (ICSI Memb. No. 2724 and C.P. No. 7666) pursuant to the provisions of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority, is provided as **Annexure IV** of this Report.

- **Material changes and commitments.**

Except otherwise stated herein in this Report, there are no material changes and commitment affecting financial position of the Company from the closure of year ended on 31st March, 2024 and till the date of this Annual Report (i.e. between 1st April 2024 and 9th August, 2024). Further, there is no change in the nature of business carried on by your Company during the year ended 31st March, 2024.

2) **DIVIDEND:**

Your Directors are pleased to recommend a dividend of ₹1.50/- each (Rupee One and Fifty paise only) per equity share of the face value of ₹10/- each for the year ended 31st March, 2024 out of the profits of the Company.

The Dividend, shall be subject to the approval of the Members at the 18th Annual General Meeting ("AGM") to be held on Monday, 30th September, 2024 and shall be paid within a period of 30 days from the date of AGM to the Shareholders whose names appear in the Register of Members of the Company as on Monday, 23rd September, 2024, in respect of shares held in dematerialized form, it will be paid to Shareholders, whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), as the beneficial owners as on the even date.

- **Transfer to reserves.**

During the period under review, your Board of Directors in its meeting held on 27th May, 2024 has approved for transfer of ₹200 lakhs to the general reserve. Current general reserves stand at ₹7,212.02 lakhs.

- **Transfer of unpaid/ unclaimed dividend:**

In accordance with the applicable provisions of the Companies Act, 2013, read with the Companies Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“the IEPF Rules”), all the Unpaid or Unclaimed dividends including the Shares on which dividend has not claimed are required to be transferred by the Company to the IEPF Authority after completion of 7 (seven) years.

During the period under review, the Company was not required and had not transferred any amount or shares to the IEPF Authority. However, the unclaimed fractional share amount remaining unclaimed shall become due for transfer to IEPF on 15th December, 2024, upon expiry of 7 (Seven) years from the sale proceeds payout date pursuant to demerger order, in terms of Section 124 of the Companies Act, 2013. The Shareholders are requested to read the instructions given in Note no. 22 to the AGM Notice, forming a part of this Annual Report.

Details of unclaimed dividends and sale proceeds of fractional shares are available on the website of the Company at www.smslife.in/shareholding-information.php.

3) **RESEARCH & DEVELOPMENT (R&D):**

Your Company has always considered Research and Development (R&D) is crucial for the sustained growth of the Company. In the recent years, the Company has stepped-up investments in R&D to keep pace with the changing domestic and global scenario.

The Company has R&D centers at Hyderabad is duly recognized by the Government of India, Ministry of Science and Technology, Department of Scientific & Industrial Research (DSIR). The R&D expenditure of the Company during the financial year was ₹599.33 lakhs (2.00% of the turnover) as against ₹453.73 lakhs (1.44% of the turnover) in the previous year.

With qualified and experienced research scientists and engineers manning the research and development activities, the Company has focused its thrust on new and innovative process and product development for the manufacture of APIs with non-infringing processes.

4) **CREDIT RATING:**

The Company has obtained the Credit ratings from CARE Ratings Limited (CARE). Details are provided in the Corporate Governance Report forming part of the Annual Report.

5) **SHARE CAPITAL DETAILS:**

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

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

- **Listing on Stock Exchanges:**

Equity shares of your Company are listed in National Stock Exchange of India (NSE) and BSE Limited (BSE).

- **Promoters holding:**

The Promoter Shareholding in the Company stands increased to 71.19% as on 31st March, 2024 as compared to 70.32% on 31st March, 2024. The details of Shareholding of promoter / promoter group of the Company as on 31st March, 2024 as stated in the notes to the financial statements forms part of this annual report and list of Top 10 shareholders (other than Promoters) of the Company as on 31st March, 2024 is provided separately in **Annexure V**.

6) FIXED DEPOSITS:

During the FY 2023-24, your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits), Rules 2014 and as such no amount of principal or interest was outstanding as on the balance sheet date.

7) PROCEEDINGS UNDER IBC CODE / ONE-TIME SETTLEMENT:

There were no proceedings against your Company under the Insolvency and Bankruptcy Code, 2016 and no one time settlement of financial dues during the period under review.

8) PARTICULARS OF LOANS, INVESTMENTS AND GUARANTEES:

Details of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report

During the year under review, your Company has not given any loan or provided any security which are covered under the provisions of Sections 186 of the Companies Act, 2023.

9) DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Board composition is in accordance with the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, with an optimum combination of Executive Directors and Independent Directors. The affairs of your Company are being managed by Executive Directors comprising of eminent personalities having experience and expertise to guide the Company in the right direction.

(Details of the Board Members are provided in the Corporate Governance Report).

- **Retirement by rotation:**

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Talluri Venkata Praveen (DIN: 08772030), retires at the ensuing Annual General Meeting (AGM), and being eligible, offers himself for reappointment under the category of Director retire by rotation. The Board considering his vast experience, knowledge, expertise, performance, enriched guidance role, recommends his reappointment.

A resolution seeking shareholders' approval for his reappointment along with brief profile and other required details as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forming part of this Report as **Annexure I**.

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses, if any.

- **Appointment & Cessation:**

During the year under review, there was no change in the Board composition.

- **Declaration by Independent Directors:**

All Independent Directors have given a declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the Independent Directors of the Company have registered their names with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs (IICA).

Further, in terms of Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors have confirmed that they are not aware of any circumstances or situation which exist or may be anticipated, that could impair or impact their ability to discharge their duties. Further, in the opinion of the Board, Independent Directors qualify the criteria of Independent Director as mentioned in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

The Board opines that all the Independent Directors of the Company strictly adhere to corporate integrity, possesses requisite expertise, experience and qualifications to discharge the assigned duties and responsibilities as mandated by the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- **Directors' Responsibility Statement:**

Your Directors would like to assure the members that the financial statements for the year under review is as per the requirements of the Companies Act, 2013 and guidelines issued by SEBI. Further, pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013, to the best of their knowledge and based on the information and explanations received from the Company, your Directors confirm that:

- a) in the preparation of the annual financial statements for the year ended 31st March, 2024, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b) the accounting policies selected and applied consistently, give a true and fair view of the state of affairs of the Company and of the profits for the year 2023-24.
- c) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts were prepared on a going concern basis;
- e) proper internal financial controls were in place and that such internal financial controls are adequate and were operating effectively; and
- f) proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and were operating effectively.

- **Board Evaluation:**

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be conducted by the Board of its own performance and that of its committees and individual Directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of Independent Directors shall be conducted by the entire Board of Directors, excluding the Director being evaluated.

The Annual Performance Evaluation was conducted for all Board Members, for the Board and its Committees for the financial year 2023-24 in the Nomination and Remuneration Committee meeting held on 10th February, 2024. The Board evaluation framework has been designed in compliance with the requirements under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board evaluation was conducted through questionnaires designed with qualitative parameters based on ratings.

Evaluation of Committees was based on criteria such as adequate independence of each Committee, frequency of meetings and time allocated for discussions at meetings, functioning of Board Committees and effectiveness of its recommendation & suggestions to the Board, etc.

Evaluation of Directors was based on criteria such as participation and contribution in Board and Committee meetings, representation of shareholders interest and enhancing shareholders value, experience, and expertise to provide feedback and guidance to top management on business strategy, governance, risk and understanding of the Company's operations.

The Board of Directors in the meeting held on 27th May, 2024 evaluated the individual performance of the Independent Directors of the Company based on the specified criteria pursuant to Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and were satisfied with their performance.

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

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

- **Nomination & Remuneration on Policy:**

The Company has formulated the Nomination and Remuneration Policy in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The remuneration paid to the Directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

The Policy is available on the website of the Company at www.smslife.in/pdf/Nomination%20and%20Remuneration%20Policy.pdf

- **Remuneration of Non- Executive Directors:**

Non-Executive Directors (Independent Directors) are entitled to receive sitting fees for attending the meetings of the Board or Committees thereof, as approved by the Board and within the overall limits prescribed under the Companies Act, 2013 and rules thereunder. Details of sitting fees paid to Independent Directors are provided in Corporate Governance Report.

The Criteria for determining independence of Director are based on the academic accomplishments, qualifications, expertise and experience in the respective fields, diversity of the Board, global exposure, professional network, technical expertise, functional domain expertise, independence and innovation.

The Criteria for making payment / remuneration to the Non-Executive Directors as approved by the Board in the meeting held on 8th August, 2023 is available on the website of the Company at www.smslife.in/pdf/Criteria%20of%20making%20Payment%20to%20NED.pdf

- **Familiarization Programme:**

The Company has in place the familiarization program for the Independent Directors appointed from time to time. The program aims to familiarize the Independent Directors with various aspects of the Company including the nature of industry, operations and performance of the Company and its subsidiaries, roles, rights and responsibilities of the Independent Directors and other relevant information required by Independent Directors to discharge their functions as well as with the nature of industry and business model of the Company. The Directors are also explained in detail the compliance required under the Companies Act, 2013, the SEBI Regulations and other relevant regulations and affirmation are taken with respect to the same.

The induction programme includes:

- Independent Directors have one-to-one discussion with the Managing Director, Executive Director and Chief Financial Officer to familiarise them with the Company's operations.
- Compliance Officer makes presentations to the Board periodically on the amendments to applicable laws, new enactments which are critical to the business operations of the Company and the compliance status of such laws.

The details of familiarization programmes are provided on the website of the Company and can be accessed at www.smslife.in/pdf/familiarisation-program-for-independent-directors-2022.pdf

- **Key Managerial Personnel:**

The Key Managerial Personnel of the Company as on 31st March, 2024 in accordance with the provisions of Section 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is as below:

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

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

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

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

10) MEETINGS OF THE BOARD OF DIRECTORS:

Your Board of Directors met four (4) times during the year under review.

SI No.	Date and time	No. of Directors present
1.	29 th May, 2023 [05.00 pm]	06
2.	8 th August, 2023 [05.30 pm]	05
3.	11 th November, 2023 [04.30 pm]	06
4.	10 th February, 2024 [12.30 pm]	06

- **Details of Sub-committees of Board:**

The details of sub-committees of the Board of Directors are provided in the Corporate Governance Report which forms a part of this Report. Further, there were no instances where the Board has not accepted the recommendation of any sub-committees.

- **Separate Independent Directors Meeting:**

In terms of requirements of Schedule IV of the Companies Act, 2013, a separate meeting of Independent Directors of the Company was held on 10th February 2024 at the Registered Office of the Company located at Hyderabad to review:

- The performance of Non-Independent Directors (i.e. Executive Directors) and the Board as a whole and its Committees thereof;
- To assess the quality, quantity and timeliness of the flow of information between the Management and the Board.
- The Independent Directors noted that there is no full time Chairman.

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

11) CODE OF CONDUCT:

Pursuant to Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a Code of Conduct for its Directors and Senior Management (Code). The Codes provides guidance and support needed for ethical conduct of business and compliance of law. The said code of conduct is posted on Company's website www.smslife.in/pdf/Code%20of%20conduct%20of%20Board%20of%20Directors%20and%20Senior%20Management.pdf

The Code has been circulated to Directors and Senior Management Personnel, and its compliance is affirmed by them as per Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Certificate of the Managing Director of the Company is enclosed as **Annexure VI** to this report.

12) ANNUAL RETURN:

In accordance with Section 92(3) and Section 134 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, every company shall place a copy of the annual return on the website of the Company, if any, and the web-link of such annual return shall be disclosed in the Board's report.

Accordingly, a copy of the Annual return of the Company is available on the website of the Company on www.smslife.in/financials.php under the "Investors Relations" section.

13) AUDITORS & AUDITORS' REPORT:

• STATUTORY AUDITORS:

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

The Auditor's Report for the year ended 31st March, 2024, on the financial statements of the Company is provided along with financial statements forming part of this Report and the same does not contain any qualification, adverse remark, reservation or disclaimer and therefore, does not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

• COST AUDITOR:

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

The Board has appointed M/s. Harshitha Annapragada & Co., Cost Accountants, Hyderabad (Firm Registration No. 006031), as Cost Auditors of the Company for conducting the cost audit for the year 2024-25, subject to ratification of their remuneration at the ensuing 18th Annual General Meeting.

• SECRETARIAL AUDITORS:

Board of Directors had reappointed M/s. SVVS & Associates Company Secretaries LLP, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of your Company for the year 2023-24 pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report issued by M/s. SVVS & Associates Company Secretaries LLP, Secretarial Auditors for the year ended 31st March, 2024, which is an unqualified report, is annexed herewith as **Annexure VII**.

Board of Directors has at its Meeting held on 27th May, 2024, re-appointed M/s. SVVS & Associates Company Secretaries LLP, as the "Secretarial Auditors" of your Company for the year 2024-25.

■ Annual Secretarial Compliance Report:

Company has obtained Annual Secretarial Compliance Report from Mr. C. Sudhir Babu, Practicing Company Secretary (Proprietor, CSB Associates) on 27th May, 2024, pursuant to SEBI circular no. CIR/CFD/CMD1/27/2019 dated 8th February, 2019; forms part of this Report as **Annexure VIII** and the same was also submitted to the Stock Exchange(s) on 30th May, 2024. The aforesaid Report do not contain any qualification, reservation or adverse remarks.

■ **Secretarial Audit of Material Unlisted Subsidiary:**

Secretarial Audit of Mahi Drugs Private Limited, the material unlisted subsidiary of the Company was also undertaken by M/s. SVVS & Associates Company Secretaries LLP for the year 2023-24 and the same forms part of this Report as **Annexure IX** in terms of Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

● **INTERNAL AUDITORS:**

The Company continues to engage M/s Adusumilli & Associates, Chartered Accountants (Firm No. 06983S) as the Internal Auditors in accordance with the provisions of Section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014.

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

14) REPORTING OF FRAUDS BY AUDITORS:

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

15) CODE FOR PREVENTION OF INSIDER TRADING:

The Board of Directors in the Meeting held on 29th May, 2023, have revised the following codes/ policies pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015:

- Code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information along with Policy for Determination of Legitimate Purposes.
- Code of Conduct for Prevention of Insider Trading.
- Policy and procedures for inquiry in case of leak of UPSI.
- Whistle Blower/ Vigil Mechanism Policy.

The objective of the aforesaid Code is to regulate, monitor and report trading by its Designated Persons and Immediate Relatives of Designated Persons towards achieving and protecting the interest of Stakeholders at large and the same has been made available on the Company's website at www.smslife.in/policies.php.

Further details provided in the Corporate Governance Report forming part of this Annual Report.

16) MARKET CAPITALIZATION [RANKING]:

Stock Exchanges have released a list of ranking of the Companies as on 31st March, 2024 based on the Market capitalization and the ranking of your Company is as under:

Stock Exchange	Rank as per Market Capitalization
National Stock Exchange of India Limited	1,708
BSE Limited	1,959

Note –

Based on the aforesaid ranking, following compliances are not applicable to the Company:

- Constitution of Risk Management Committee.
- Adopting Dividend Distribution Policy.
- Appointment of Women Independent Director.

17) COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARDS:

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) and during the year under review, your Company has complied with the Secretarial Standards issued by ICSI on Board Meeting (SS - 1) and General Meetings (SS - 2).

18) SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company has at present 1 (one) subsidiary (with 60% stake) which is also material subsidiary of the Company as per the definition of Regulation 16(1) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Statement containing salient features of the financial statements of the aforesaid subsidiary in the prescribed Form AOC-1 forms part of the Annual Report as **Annexure X**. Further, the policy for determining material subsidiary pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is available on the website of the Company at www.smslife.in/policies.php

Your Company has no joint venture or Associate Companies as on 31st March, 2024. No company has ceased to be a subsidiary/ associate/ joint venture of the Company during the year.

19) CORPORATE SOCIAL RESPONSIBILITY (CSR):

The annual report on Corporate Social Responsibility ('CSR') containing details of CSR Policy, composition of the CSR Committee, CSR projects undertaken and web-link thereto on the website of the Company, as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014, is set out in **Annexure XI** to this Report.

Details of the CSR Committee has been provided in Corporate Governance Report, which is a part of this Annual Report.

20) DEPOSITORY SYSTEM:

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

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

21) RELATED PARTY TRANSACTIONS:

During the year, all the Related Party Transactions entered into by the Company were at arm's length basis and are in the ordinary course of business. Further, all the transactions entered with Related Parties were in accordance with the Related Party Transactions Policy of the Company and in pursuance of quarterly review by the Audit Committee. Details of related party disclosures as stated in the notes to the financial statements forms part of this annual report.

Furthermore, in accordance with the provisions of Section 134(3) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, the details of Related Party Transactions which were approved by the shareholders in the 17th Annual General Meeting is provided in form AOC-2 as **Annexure XII** to this Annual Report.

- **Material Related Party Transactions:**

During the year under review, there were no Material Related Party Transactions pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- **Policy on Related Party Transactions:**

The “Policy on materiality of Related Party Transactions and dealing with Related Party Transactions” can be accessed from the website of the Company at www.smslife.in/policies.php.

22) ADEQUACY OF INTERNAL FINANCIAL CONTROL SYSTEM:

The Internal Financial Controls of the Company encompasses the policies, standards operating procedural manuals (SOPs), approval matrix and risk & control matrices adopted by the company for ensuring the orderly and efficient conduct of its business & support functions, adherence to these policies & procedures, 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 during the process of financial reporting.

Audit Committee annually reviews and evaluates the effectiveness of internal financial control.

The Statutory Auditors of the Company has shown their satisfaction on the Internal Financial Controls established by the Company over Financial Reporting System in compliance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

- **Vigil Mechanism/Whistle Blower Policy:**

Your Company has established a vigil mechanism under Section 177(9) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which enables the Directors and the employees report genuine concerns.

The Company encourages its employees who have concerns about unethical practices, fraud and mismanagement, actual or suspected fraud or violation of the Company's code of conduct or ethics policy and any leak/suspected leak of Unpublished Price Sensitive Information or gross misconduct by the employees of the Company, if any, that can lead to financial loss or reputational risk to the Company, to come forward and express their concerns without fear of punishment or unfair treatment.

The mechanism allows direct access to Chairperson of the Audit Committee and Chief Financial officer of the Company in exceptional cases and provides safeguard against the victimization of whistle blowers. The Whistle Blower Policy as approved by the Board in the meeting held on 29th May, 2023 is available on the website at www.smslife.in/pdf/Whistle%20Blower%20Policy.pdf

During the year under review, no complaint pertaining to the Company was received under the Whistle Blower mechanism.

23) RISK MANAGEMENT:

The Company identifies the various risks and challenges, internally as well as externally and takes appropriate measures with timely actions to mitigate risk. Audit Committee periodically oversee and advise on current risk exposures of the Company and future risk strategies and also recommend the Board about risk assessment and minimization procedures. The Audit Committee has additional oversight in the area of financial risks and controls. To ensure the mitigation of risk the Company manages monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives.

Your Company has framed a Risk Management Policy in the Board meeting held on 11th November, 2023 to ensure that the Company has proper and continuous risk identification and management process in place to manage the risks associated with its activities.

The Policy is available on the website of the Company at <https://www.smslife.in/pdf/Risk-Management-Policy.pdf>

24) SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

Your Company believes in fair employment practices and is committed to provide an environment that ensures that every employee is treated with dignity and respect and is provided equitable treatment. Your 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. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

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

25) CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars as required to be furnished as per the provisions of Section 134(3) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed herewith as **Annexure XIII**.

- **Safety, Environment and Health:**

The Company considers safety, environment and health as the management responsibility. Regular employee training programmes are carried out in the manufacturing facilities on safety, environment and health. Your Company has ensured the Implementation of E-Waste (Management) Rules, 2022 and is an Extended Producer Responsibility (EPR) complaint.

26) MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES:

The ratio of the remuneration of each director to the median's employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in separate annexure forming part of this report as **Annexure XIV**.

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

Name	: Mr. TVVSN Murthy
Age	: 65 years
Designation	: Managing Director
Remuneration	: ₹2.03 Crores**
Qualification	: Graduate in Chemistry
Experience	: More than 40 years' experience in Pharma sector
Date of commencement of employment	: 01.04.2016
Nature of employment	: Contractual (as approved by shareholders)
Last employment	: SMS Pharmaceuticals Limited
Shareholding as on 31st March, 2024	: 23.86% (including indirect holding)
Relationship with other Directors	: Father of Mr. TV Praveen, Executive Director and Mrs. Sudeepthi Gopineedi, Whole-time Director.

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

The remuneration paid to Directors, Key Managerial Personnel and other employees of the Company during the year 2023-24 was in conformity with the Nomination and Remuneration Policy of the Company and within the limits approved by the shareholders.

27) WEblink OF POLICIES:

Company has adopted various statutory policies / codes as required under Companies Act, 2013 and various SEBI Regulations and the same can be accessed from the website of the Company at www.smslife.in/policies.php

28) GENERAL DISCLOSURE:

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

- No agreement has been executed by the shareholders, promoters, promoter group related parties, Directors, KMPs and employees of the Company and its Subsidiary pursuant to Regulation 30A of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 which might Impact the management or control of the Company / Impose any restriction on the Company, except in normal course of business.
- No special rights have been granted to any shareholders of the Company, hence no compliance pursuant to Regulation 31B of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is required.
- No shares pursuant to differential rights / sweat equity shares / Employees Stock Option Scheme were issued during the year and accordingly, no information was required to be furnished.

- No remuneration or commission was received by Managing Director or the Whole-time Directors of the Company from the Subsidiary Company as per section 197(14) of the Companies Act, 2013.
- There are no significant and material orders passed by the Courts or Regulators against the Company.
- Business Responsibility and Sustainability Report (ESG reporting) is not applicable to the Company.
- There was no revision in the financial statements.
- There were no instances of failure of implementation of any Corporate Actions.
- Company has not defaulted in payment of interest and/ or repayment of loans to any of the financial institutions and/ or banks during the year under review.
- No transactions, with person(s) or entity(ies) belonging to the Promoter / Promoter Group which hold(s) 10% or more shareholding in the Company, as per Schedule V (2A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the period under review, except the managerial remuneration paid to Mr. TVVSN Murthy, Promoter and Managing Director of the Company.

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

ACKNOWLEDGEMENTS:

The Board is grateful and thankful to all the Banks, Financial Institutions who have fully supported your Company's initiatives. The Board is grateful to the Central and State Government and the Central Drugs Standard Control Organization and State Food Safety and Drugs Administration (State FDAs) for their continued support to the Company's business plans. The Board places on record their appreciation of the support provided by the employees, customers, suppliers, service providers, business partners and most importantly the shareholders of the Company.

By Order of the Board
For SMS Lifesciences India Limited

Date: 09.08.2024
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

Cautionary Statement:

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

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT

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

Name of the Director	Mr. Talluri Venkata Praveen
Director Identification Number (DIN)	08772030
Date of Birth	6 th September, 1983
Nationality	Indian
Date of first appointment on Board	21 st August, 2020
Qualification	Graduate in Chemistry
Experience	<ul style="list-style-type: none"> • Post graduate in management from Indian Institute of Management (IIM), Kozhikode • Engineering degree from BITS, Pilani.
Names of listed entities in which the person also holds the Directorship and the membership of Committees of the Board	<ul style="list-style-type: none"> • SMS Lifesciences India Limited <u>Committee member:</u> <ul style="list-style-type: none"> • Corporate Social Responsibility Committee <u>Committee Chairman:</u> Nil
Directorships /chairmanship held in other public Companies	Mahi Drugs Private Limited (subsidiary of SMS Lifesciences & deemed public company)
Relationship between Directors Inter-se	Son of Mr. TVVSN Murthy, Managing Director and Brother of Mrs. Sudeepthi Gopineedi, Whole-time Director
Shareholding	1,32,157 (4.37%)
Terms and conditions of appointment / Re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person.	Terms and conditions are same as approved by shareholders during appointment and shall be governed by the Nomination & remuneration policy as displayed on the Company's website.

Information pertaining to the remuneration paid to the aforesaid Director and the number of Board Meetings attended by them during the year 2023-24 has been provided in the Corporate Governance Report forming part of the Annual Report.

By Order of the Board
For SMS Lifesciences India Limited

Date: 09.08.2024
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Post demerger, your Company has been a prominent player in Active Pharmaceutical Ingredients (API) manufacturing of various Bulk Drugs like Ranitidine HCL, Famotidine and its Intermediates, catering to both Indian and global markets at a large.

It is pleasure to inform that the Company has developed products, processes and systems according to industry benchmarks and achieving sustained improvements to deliver quality products.

a) **INDUSTRY STRUCTURE & DEVELOPMENT:**

World economy proved remarkably resilient in FY 2023-24 with steady growth and inflation slowing almost as quickly as it rose. The journey has been eventful, starting with supply chain disruptions in the aftermath of the pandemic, an energy and food crises triggered by Russia – Ukraine War, a considerable surge in Inflation, followed by a globally synchronized monetary policy tightening. However, Global inflation is forecasted to decline from 5.9% in FY 2023-24 to 4.5% in FY 2024-25, with advances economies returning to their inflation targets sooner than emerging economies.

Pharmaceutical industry has emerged as one of the fastest growing industry in the world.

Global pharmaceutical industry has shown rapid growth over the years driven by factors such as increasing prevalence of chronic diseases, advancement in technology and raising healthcare awareness and expenditure fueled by expanding population seeking better access to healthcare, there is an overall higher demand for Antulcerative products to manage and treat such conditions.

During the year, Indian pharmaceutical sector demonstrated substantial performance in production, innovation, and exports, achieving significant milestones while navigating through various challenges. Innovation was a key focus and a commitment that Indian pharmaceutical sector upholds with significant advancements across the pharma value chain.

The sector's growth was also supported by a collaborative environment between the government and industry stakeholders, fostering an ecosystem conducive to innovation.

Budget & India's pharma sector

"The pharmaceutical and healthcare sector can contribute significantly to India's growth story. For this, it would be critical to enable Indian companies as well as global players to make investments aiming at technology, research and innovation. As the government finalizes its action plan and road map for India@2047, the industry hopes to receive fiscal support which could help shape the future landscape for the industry." - Economic Times

Union Budget 2024-25, pivotal for India's Amrit Kaal vision, aims to foster economic growth and inclusive development. The recent budget tends to boost infrastructure, streamline bureaucracy, and promote technology and innovation. Emphasis on the pharmaceutical sector, with increased allocations, can drive India's economic and healthcare advancements.

Government has also introduced policy initiatives in recent years to foster the growth of pharmaceutical and healthcare sector. Notable ones include Production Linked Incentive schemes for pharmaceuticals, medical devices, and bulk drugs, Schemes for promotion of medical device parks and bulk drug parts along with financial grants, digitisation of health with initiatives.

Further, scheme on promotion of research and innovation in pharmaceuticals and medical device aimed at fostering R&D in the pharma-medtech sector in critical areas, including a financial outlay of ₹5,000 crores over a span of 5 years from FY 2023-24 to FY 2027-28. Telangana government plans to build ten 'Pharma Villages' across the state and make investments ranging from ₹22,000 crore to ₹30,000 crore over the next five years.

Department of Pharmaceuticals released an approach paper on draft National Pharmaceuticals Policy, 2023 for stakeholder consultation in October, 2023. Its objectives include encouraging international collaboration, enhancing regulatory efficiency to align with global regulatory standards, and focusing on nurturing and promoting research, development and innovation.

KEY TRENDS IN THE PHARMA INDUSTRY:

- Changing Government and Regulatory Landscape-
Tightening of policy and faster regulatory approvals are increasing competition, requiring companies to be right 'first time'. With increased vigilance from regulators, a focus on quality assurance and control has become even more critical.
- Shifting Industry Dynamics-
Shift from "Make in India" to "Develop in India", increased globalization, a focus on value addition versus pricing, and change from a competitive to collaborative mind-set.
- Emergence of New Go-to-Market Models-
Managing multiple channels and consumers is becoming increasingly critical. The rising role of pharmacists vs. physicians, and patient empowerment are drivers.

b) OPPORTUNITIES & THREATS:

Though the pharmaceutical industry is developing at rapid pace, the pharmaceutical manufacturing companies are confronted with enormous challenges such as Cost & Pricing, New Medicines & Therapy dosages, changing regulatory landscape & growing digitization.

Indian pharma market is expected to grow to USD 130 Billion by 2030 thereby emerging as the 6th largest pharmaceutical market globally by absolute size.

SWOT ANALYSIS:

Opportunities	Threats
<ul style="list-style-type: none"> ▪ China plus one strategy ▪ Market Expansion ▪ Government incentives ▪ Product Innovation ▪ Strategic Partnerships ▪ Focus on Preventive Healthcare ▪ Regulatory Reforms ▪ Increase in Healthcare Spending 	<ul style="list-style-type: none"> ▪ Political and Economic Instability ▪ Regulatory Headwinds ▪ Competition ▪ Supply Chain management ▪ Shortage of skilled professionals ▪ Pricing pressure

c) **SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE**

The Indian active pharmaceutical ingredients market size was estimated at USD 18.29 billion in 2023 and is expected to grow at a CAGR of 7.7% from 2024 to 2030. -- Grand view research

Company is engaged in only one segment viz. APIs & its Intermediates and Contract Manufacturing.

Currently, Company in its manufacturing units located in Kazipally (Unit I) and Jeedimetla (Unit IV) which have an installed capacity of 65 KL for manufacturing of API and their intermediates. Main products are Ranitidine, Famotidine, and other APIs. Further, your Company aims to establish its presence in a few more products and regulated markets over the current decade. The Company's short-term goal is to capture incremental market share in the existing geographies and establish strong foundation for sustained organic growth in the United States and European Union.

It has also set its eyes on entering various additional markets and also aims to develop new products in collaboration with ChemWerth Inc, a full-service generic API company based in the United States. The Company has forged tie ups with leading pharmaceutical partners in launching new APIs/Intermediates and Contract manufacturing/custom Synthesis avenues with the growing importance of health and disease management by the world's population, The Company plans to leverage and grow in challenging frontier markets where affordability and health consciousness within the population is steadily increasing, given its existing business model, solid management expertise and market knowledge.

In a way, the Company is not only charting out its short-term potential for growth but also its long term ambitions of achieving the reputation of being one of the best Bulk Drug / API / Intermediates manufacturer with comprehensive excellence in all aspects and presence in both semi and highly regulated markets.

New API and Intermediate Facility:

Company's strategic acquisition of Mahi Drugs Private Limited located in JN Pharma City, Visakhapatnam, which currently has 2 API lines and intermediate capacity of 190 KL, post Capex and renovation and has launched few products in the last two years. It is awaiting USFDA audit in the near future to commercialize the products in global markets.

Research & Development:

Department of Scientific and Industrial Research (DSIR) of Government of India, Ministry of Science and Technology, New Delhi has accorded prestigious recognition to in-house Research and Development (R&D) Unit of the Company situated at Sanath Nagar, Hyderabad.

The Lab is well equipped with the latest and sophisticated equipment and is focused on Novel route synthesis, Process Robustness and Cost effectiveness in Process / Analytical method development of APIs and intermediates.

Currently, your Company has 65 employees with 2 Ph.Ds. in the R&D Team and has incurred an expenditure of ₹6 crores (45.94% of profit for the year) on R&D related matters during the year 2023-24.

d) **OUTLOOK**

Your Company will be able to place itself in a strong position by expanding strategically / enhancing capacities. Your Company is looking at different opportunities in untapped markets and also across a value chain. Company plans for alliances with business associates in the global market, giving a huge boost to the selective products that it already deals in.

As the industry gains momentum, the need to develop a dedicated team of skilled manpower assumes urgency and importance. We will continue to focus on training and motivation of manpower so as to develop teams of qualified and skilled personnel to effectively discharge their responsibilities in a number of projects and activities.

e) RISKS AND CONCERNS

Given the intensifying competition, favorable policies are one of the most critical factors required for the growth of any sector in the economy. Ease of regulatory policies will aid the country's growth prospects, which are particularly driven by private sector players, given their issues are being addressed. Additionally, the inherent difficulties of the industry, including high capital involvement, skilled workforce, updated technology, and data analytics, will continue to dominate the mind-set of the industry leaders going forward.

Risk Accountability:

The Board of Directors conducts robust assessments to determine and evaluate these risks within the Company's risk context and the Board is confident that these risks are being appropriately and consistently managed.

Individual functional heads are responsible for managing risks owned by their respective departments. They are responsible to identify and implement risk mitigation plans in line with leading industry practices / trends or as adopted / agreed by senior management to bring those risks within the risk appetite limits.

Risk Management Committee is not applicable to the Company pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, Company has adopted "Risk Management Policy" which can be accessed from the website of the Company.

f) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has adequate internal controls in place which are designed and developed to:

1. Safeguard its assets from unauthorised use or losses,
2. Conduct its business operations efficiently in line with the Company's policies,
3. Maintain accuracy, completeness and reliability of the financial and accounting records,
4. Comply with the applicable laws, rules and regulations,
5. Detect and prevent any fraud in the accounting and reporting system.

The internal controls of the Company are being reviewed by an independent chartered accountants' firm i.e. M/s Adusumilli and Associates, Internal Auditors and the report is an unbiased and independent examination of the adequacy and effectiveness of the internal control systems to achieve the objective of the optimal functioning of the Company.

Board and Audit Committee ensure that the internal financial control system operated effectively and they regularly review the effectiveness of internal control system in order to ensure due and proper implementation of applicable laws, accounting standards and regulatory norms.

g) FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

(₹ in Crores)

Particulars	FY 2023-24	FY 2022-23	Change%
Revenue from operations	300.00	315.24	(4.83%)
Other Income	3.84	2.88	33.33%
Total Income	303.84	318.12	(4.49%)
EBITDA	38.26	29.29	30.62%
Depreciation	10.25	8.17	25.46%
PBIT	28.01	21.12	32.62%
Profit Before Tax	19.11	16.02*	19.29%
Exceptional income	-	2.35	-
Tax Expense	6.04	5.15	17.28%
Profit after Tax	13.07	13.22	(1.13%)

*Excluding exceptional Income

Break-up of Sales:

(₹ in Crores)

Particulars	FY 2023-24	FY 2022-23	Change%
<u>Sale of Goods</u>			
• APIs	195.84	230.92	(15.19%)
• Intermediates	85.01	64.86	31.07%
• Others	13.39	17.24	(22.33%)
<u>Sale of Services</u>	5.76	2.22	159.46%
Total Sales	300.00	315.24	(4.83%)

Reason for decline of profitability:

During the year, EBITDA margins have increased @ 30.66% as compared to previous year. However, Profit After Tax (PAT) remains intact due to increase in depreciation and finance cost upon complication of project. Going forward, the PAT margins will increase.

h) HUMAN RESOURCES

The Company has adopted progressive Human Resources (HR) policies to develop and empower its valuable employee force. We provide ample, equal and fair opportunities to groom our employees and put them on career progression paths, without any form of discrimination in terms of religion, gender, race, colour, caste, etc. We take several initiatives to inspire our workforce.

We have Whistleblower Policy and Prevention of Sexual Harassment Act Policy to empower our employees to be able to identify and report any wrong doings in the system. The Company believes in being an employer that provides all tools and guidance to its employees so that they can discover their full potential and add value to the organization through their skills and behavior.

The total employee strength of the Company as on 31st March, 2024 stood at 574.

i) DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS.

Particular	FY 2023-24	FY 2022-23	Variance (%)	Reason
Debtors Turnover Ratio	6.32	7.95	(20.50)	Avg. receivables increased
Days	57.71	45.90	25.73	
Inventory Turnover Ratio	3.87	3.90	(0.77)	-
(Days)	94.32	93.68	0.68	-
Interest Coverage Ratio	3.15	4.14	(23.91)	Interest on non-current borrowings fully charged to P&L on completion of projects.
Current Ratio	1.42	1.52	(6.58)	
Debt Equity Ratio	0.51	0.52	(1.92)	-
Operating Profit Margin	12.76%	9.21%	38.55	Margin increased due to product mix.
Net Profit Margin	4.36%	4.15%	5.06	-
Return on Net worth	7.68%	8.39%	(8.46)	-

- j) Return on Net Worth for the year is comparatively lower than the previous year as the average net worth of the Company has increased during the year, whereas the profit has remained the same during the year as compared to previous year.

By Order of the Board
For SMS Lifesciences India Limited

Date: 09.08.2024
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

Cautionary Statement:

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

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

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

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have pleasure in presenting the Company's Report on Corporate Governance for the Financial Year ended 31st March, 2024.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance is based on good principles and practices such that the affairs of the Company are managed to ensure accountability, transparency, and fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectations.

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. SMS Lifesciences India Limited ("Company") is committed to the adoption of best governance practices and its adherence to the business of the Company.

Corporate governance is reinforced through the Company's policies, internal control systems, timely disclosures, transparent accounting policies, internal control of operations and high levels of integrity in decision-making to enhance the value to the stakeholders. Your Company has pleasure to report that it is in compliance with the requirements of Corporate Governance as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

The Corporate Governance report is presented below:

2. BOARD OF DIRECTORS:

a) Composition and category of Directors:

The Board plays a pivotal role in ensuring good corporate governance. The Board of Directors is the apex body that governs the overall functioning of the Company. Keeping with the commitment to the principle of integrity and transparency in business operations for good corporate governance, the Company's policy is to have an appropriate blend of Independent and non-Independent Directors to maintain the independence of the Board and to separate the Board functions of governance and management.

As stewards of corporate governance, the Board ensures that the Company operates with integrity, transparency, and adherence to legal and ethical standards. They oversee the formulation and implementation of effective policies, risk management strategies, and long-term strategic plans. Through their collective wisdom and experience, they provide guidance to the management team, offering valuable insights and oversight to steer the organization towards sustainable growth. The Board has delegated the operational conduct of the day-to-day affairs of the Company to the Executive Directors of the Company.

Board of Directors comprises of 6 (six) Directors as on 31st March, 2024 which is an optimum mix of Executive and Independent Directors, diverse in terms of qualifications, competence, professional experience and expertise. The detailed profile of the Directors is available on the Company's website at www.smslife.in/composition-of-the-board.php.

Composition of the Board of Directors:

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

Brief profiles of the Directors being reappointed have been given in the AGM Notice, forming part of the Annual Report.

b) Attendance of each Director at the Board Meetings, last Annual General Meeting (17th AGM):

The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company along with the Reports of the Statutory Auditors thereon) (as may be applicable), Cost Audit Report, Secretarial Audit Report, annual operating plan and budgets, capital budgets and updates thereon, various compliance report(s) under the applicable laws, major legal issues, regulatory developments, Minutes of the Meetings of the Board of Directors and its Committees and those of its Subsidiary Company, transactions entered into with Related Parties and compliances with the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other law(s) as may be applicable to the Company.

During the year 2023-24, the Board met 4 (four) times on (i) 29th May, 2023 (ii) 8th August, 2023 (iii) 11th November, 2023 and (vi) 10th February, 2024; gap between any two meetings during the year under review, has been less than 120 days.

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

Name of the Director	Number of Board Meetings		Attendance at the last AGM held on 29.09.2023
	Eligible to attend	Attended	
Mr. TVVSN Murthy	04	04	✓
Mr. TV Praveen	04	04	✓
Mrs. Sudeepthi Gopineedi	04	04	✓
Mr. P. Sarath Kumar	04	04	✓
Mr. Mannam Malakondaiah	04	04	✓
Mr. Srinivas Samavedam	04	03	✓

Mr. Srinivas Samavedam was granted Leave of Absence in the meetings held on 8th August, 2023.

The requisite quorum was duly present for all the aforesaid Meetings.

The Meetings of the Board of Directors are usually held at the Registered Office of the Company and considering the convenience of all the Directors and Invitees, the Company had facilitated an option of attendance of Directors and invitees at Board Meetings through Video Conferencing.

The Agendas for the Meetings of the Board of Directors are circulated in advance to the Directors as per the provisions of the Companies Act, 2013 and the rules framed thereunder and Secretarial Standard – 1 (“SS-1”) issued by the Institute of Company Secretaries of India (ICSI) (which prescribes a set of principles for convening and conducting Meetings of the Board of Directors and matters related thereto) in order to ensure that sufficient time is provided to the Directors to prepare for the Meetings. This ensures detailed discussions and well informed, timely decisions by the Board.

However, certain business items which are Unpublished Price Sensitive Information (UPSI) in nature including financial results / dividends / corporate restructuring / change in Board & senior management / any other material events, were shared at shorter period pursuant to Clause 1.3.7 of the Secretarial Standard - 1 issued by the Institute of Company Secretaries of India.

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

c) Number of directorships, committee memberships and committee chairmanships held by the aforementioned Directors in other companies as on 31st March, 2024 are given below:

Name & Designation	Number of Directors in other company	Number of other committees		Names of Listed Companies in which Directorship is held and Category of Directorship
		Chairman	Member	
Mr. TVVSN Murthy	01	-	-	-
Mr. Venkata Praveen Talluri	01	-	-	-
Mrs. Sudeepthi Gopineedi	-	-	-	-
Mr. Sarath Kumar Pakalapati	04	01	02	Independent Director in SMS Pharmaceuticals Limited
Mr. Srinivas Samavedam	02	-	-	-
Mr. Mannam Malakondaiah	04	-	-	Independent Director in Beardsell Limited

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

Only membership of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committees in other Public Companies, have been considered.

d) Number of meetings of the Board of Directors held and dates on which held:

During the year 2023-24, the Board of Directors met as mentioned below:

Sl No.	Date & time	No. of Director present
1.	29 th May, 2023 [05.00 pm]	06
2.	8 th August, 2023 [05.30 pm]	05
3.	11 th November, 2023 [04.30 pm]	06
4.	10 th February, 2024 [12.20 pm]	06

e) Disclosure of Relationship between Directors Inter-se:

During the year 2023-24, Mr. TVVSN Murthy, Mr. TV Praveen and Mrs. Sudeepthi Gopineedi were promoter Directors of the Company and related to each other as “relatives” as per the definition of Section 2(77) of the Companies Act, 2013. None of the other Directors is related to any other Director on the Board nor related to the Key Managerial Personnel of the Company in terms of the provisions of the Companies Act, 2013 and the rules framed thereunder.

f) Number of shares held by Directors as on 31st March, 2024:

Name of Directors	No. of Shares	Percentage
Mr. TVVSN Murthy (including indirect holding)	7,21,224	23.86%
Mr. Venkata Praveen Talluri	1,25,790	4.16%
Mrs. Sudeepthi Gopineedi	78,899	2.61%
Mr. Sarath Kumar Pakalapati (including indirect holding)	3,035	0.10%
Mr. Mannam Malakondaiah	-	-
Mr. Srinivas Samavedam	-	-
Total	9,29,413	30.74%

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

g) Familiarization Programmes for Independent Directors:

At the time of appointment of an ID, a formal letter of appointment is given to him / her, which inter-alia explains the roles, functions, duties and responsibilities expected from him / her as a Director of the Company. All our Directors are aware and also updated, whenever required, of their roles, responsibilities, liabilities and obligations under the provisions of Schedule IV of the Act and Rules made thereunder and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A presentation on the familiarization programme made to the IDs of the Company on Quarterly updates, strategic & Regulatory updates are shared with the Directors to keep them updated of the material developments relating to the Company. The details of familiarization programmes for Independent Directors policy as approved by the Board in the meeting held on 27th May, 2024 can be accessed from the website of the Company at www.smslife.in/policies.php

h) Skills/ Expertise/ Competence of the Board of Directors:

Your Company has in place a policy on Board Diversity. Diversity is ensured through consideration of several factors, including but not limited to skills, regional and industry experience, background and other qualities. The current composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. Your Company being engaged in the business of manufacturing API's and Bulk Drugs and caters to Indian and Global Markets, in order to manage the operations and to formulate long term strategies for its growth, different skill sets are required. The list of core skills / expertise / competencies identified by the Board of Directors of the Company as required in the context of its business and sector for it to function effectively and those actually available with the Board is as under:

Skill	Description	Name of Directors
Leadership and Management	Trait of creating an inspiring vision, motivating people to engage with that vision and manage delivery of the vision	CA (Mr.) P. Sarath Kumar, Mr. TV Praveen and Mr. TVVSN Murthy
Industry knowledge (Pharma Industry)	Knowledge of the Pharma industry and general understanding of government legislation/ legislative process with respect to governance of the Board affairs Understanding of Pharma sector with specific emphasis on various factors influencing the business in the sector	Mr. TVVSN Murthy, Mr. TV Praveen, Mrs. Sudeepthi Gopineedi and Dr. (Mr.) Srinivas Samavedam.
Business Acumen	Ability to combine experience, knowledge & perspective to make sound Business decisions	Mr. TVVSN Murthy, Mr. TV Praveen and Mrs. Sudeepthi Gopineedi
Strategic Thinking	Ability to identify opportunities, critical evaluation of the same and plan for successful implementation, to achieve desired business goal.	Mr. TVVSN Murthy, Mr. TV Praveen, Mrs. Sudeepthi Gopineedi and CA (Mr.) P. Sarath Kumar
Finance & Accounting	Ability to analyse key financial statements, assess financial viability, contribute to strategic financial planning, oversee budgets & efficient use of resources Knowledge on financial reporting, accounting principles, internal controls, auditing process and related considerations and issues	Mr. TVVSN Murthy, Mr. TV Praveen and CA (Mr.) P. Sarath Kumar
Technology	Knowledge of technology related to Company's current and future products and business opportunities.	Mr. TVVSN Murthy, Mr. TV Praveen and Mrs. Sudeepthi Gopineedi
Governance	Knowledge of governance processes and compliance to applicable laws and regulations to service best interests of all stakeholders, maintaining Board and Management accountability and corporate ethics and values	Dr. (Mr.) Mannam Malakondaiah, CA (Mr.) P. Sarath Kumar and Dr. (Mr.) Srinivas Samavedam.
Global Business	understanding of global business dynamics, across various geographical markets, industry verticals relating to the operations of the Company	Mr. TV Praveen and Mrs. Sudeepthi Gopineedi

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

Further, Board has approved “Policy on Board diversity” in the meeting held on 9th August, 2024, which can be accessed from the website of the Company at www.smslife.in/policies.php

i) Conformity related to Independent Directors:

All the Independent Directors of the Company have given their respective declarations/disclosures under Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and have confirmed that they fulfill the independence criteria as specified under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

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

All the Independent Directors had registered with Indian Institute of Corporate Affairs for lifetime and had complied with Rule 6 (1) and (2) of Companies (Appointment and Qualification of Directors) Rules, 2014. The tenure of the Independent Directors is in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

j) Resignation of an Independent Director

During the year, none of the Independent Directors has resigned from the Board of the Company.

Statutory Declaration:

- 1) The Board’s composition confirms with Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- 2) None of the Board members are directors of more than seven listed companies, as required under Regulation 17A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- 3) None of the Independent Directors are serving as independent directors in more than seven listed entities as required under Regulation 17A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Mr. TVVSN Murthy (Managing Director), Mr. TV Praveen (Executive Director) and Mrs. Sudeepthi Gopineedi (Whole-time Director) are not serving as Independent Directors in any other listed company.
- 4) None of the Independent Directors is Managing Director or Whole Time Director of any other listed entities as required under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 5) None of the Directors on the Board is a member of more than 10 committees and Chairperson of more than 5 committees across all the Companies in which he/she is a director as required under Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- 6) The maximum tenure of independent directors is in accordance with the Companies Act, 2013, and rules made thereunder read with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- 7) As per the requirements of Regulations 25(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, there was no requirement to replace the vacancy created by the resignation of the Independent Directors.
- 8) During the year 2023-24, information as specified in Part A of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, such as annual operating plans and budgets, capital budgets, financial results, foreign currency exposures, minutes, on a quarterly basis and other information as and when applicable to the Company including its Subsidiary were placed before the Board for its consideration.
- 9) The Senior Management Personnel confirmed that they have no personal interest in all material financial and commercial transactions entered into by the Company, which may potentially conflict with the interests of the Company at large.
- 10) The Company has a suo-motu obtained Directors & Officers Insurance with adequate coverage and complies with the requirement of Regulation 25(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. COMMITTEES CONSTITUTED BY THE BOARD OF DIRECTORS:

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

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

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

Snapshot of the composition of the Committees during the year:

Name of Director	Position in Committee (whether Chairperson / Member)			
	Audit Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee
Mr. TVVSN Murthy	Member	Chairman	-	Member
Mr. TV Praveen	-	Member	-	-
Mrs. Sudeepthi Gopineedi	-	-	-	-
Mr. P. Sarath Kumar	Chairman	-	Member	Chairman
Mr. (Dr.) Mannam Malakondaiah	Member	Member	Chairman	-
Mr. (Dr.) Srinivas Samavedam	-	Member	Member	Member

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

Attendance Details of the Meetings of Committees during the year:

Name of the Meeting	Audit Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee
Meeting held	04	02	02	01
Attendance of Directors				
Mr. TVVSN Murthy	04	02	-	01
Mr. TV Praveen	-	02	-	-
Mrs. Sudeepthi Gopineedi	-	-	-	-
Mr. P. Sarath Kumar	04	-	02	01
Mr. (Dr.) Mannam Malakondaiah	04	02	02	-
Mr. (Dr.) Srinivas Samavedam	-	01	01	01

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

A. AUDIT COMMITTEE:

• **Terms of reference:**

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

• **Role and Responsibilities of the Audit Committee:**

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

Further, in terms of the Companies (Cost Records and Audit) Rules, 2014 read with the Companies (Audit and Auditors) Rules, 2014, the Company maintains cost records for the Financial Year 2023-24 in respect of its business of manufacturing of API's / Bulk Drugs. The Cost Audit Report issued by the Cost Auditor of the Company is placed for review by the Audit Committee and the same is recommended to the Board of Directors for its approval.

• **Composition of the Audit Committee as on 31st March, 2024:**

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

During the year, there were no changes in the composition of the Audit Committee.

- **Meetings and Attendance:**

There were 4 (four) Audit Committee Meetings held during the year 2023-24. Meetings were scheduled well in advance and requisite quorum was duly present; Gap between any two meetings has been less than 120 days.

Audit Committee Meetings held during the year 2023-24 and attendance details:

SI No.	Date of meeting	Eligible to attend	attended
1)	29 th May, 2023	03	03
2)	8 th August, 2023	03	03
3)	11 th November, 2023	03	03
4)	10 th February, 2024	03	03

All members of the Audit Committee possess the requisite qualification for appointment as Members on the Committee and also sound knowledge of finance, accounting practices and internal controls and the Chairman of the Audit Committee was present in the 17th AGM to answer the shareholder queries.

Executive Director, Chief Financial officer and Company Secretary are permanent invitees in all the Meetings of the Committee. The Statutory Auditors, Secretarial Auditors and Internal Auditors are invited to attend the Audit Committee Meetings. They have attended all the Meetings during the year and have shared their observations to the Audit Committee. The Audit Committee has made recommendations to the Board of Directors at its every Meeting and the Board of Directors has duly noted and accepted the same during the year 2023-24.

B. NOMINATION AND REMUNERATION COMMITTEE:

- **Terms of reference:**

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

- **Role and Responsibilities of the Nomination and Remuneration Committee:**

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

- **Composition of the Nomination and Remuneration Committee as on 31st March, 2024:**

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

During the year, there were no changes in the composition of the Nomination and Remuneration Committee.

- **Meetings and Attendance:**

There were 2 (two) Nomination and Remuneration Committee Meetings held during the year 2023-24. Meetings were scheduled well in advance and requisite quorum was duly present.

Nomination and Remuneration Committee Meetings held during the year 2023-24 and attendance details:

SI No.	Date of meeting	Eligible to attend	attended
1)	8 th August, 2023	03	02
2)	10 th February, 2024	03	03

Mr. Srinivas Samavedam was granted Leave of Absence for the meetings held on 8th August, 2023.

- **Performance evaluation criteria for Directors:**

In compliance with provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the provisions of Section 134, 178 of the Companies Act, 2013 read with Schedule IV (as per Section 149) and the Rules made there under, the Company has framed criteria for Performance of Board, its Committees and Individual Directors.

Nomination & Remuneration Committee in the meeting held on 10th February, 2024 has conducted an independent and fair annual performance evaluation, based on the following criteria for the year 2023-24

- **Evaluation of the performance of the Board:**

- i. Effective in decision-making.
- ii. Effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities.
- iii. Effective control for identifying material risks and reporting material violations of policies and law.
- iv. Review of the Company's performance.
- v. Effective in providing necessary advice and suggestions to the company's management.
- vi. Board as a whole is up to date with the latest developments in the regulatory environment and the market.
- vii. information provided to Directors prior to Board meetings meets expectations in terms of length and level of detail.
- viii. Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues.
- ix. Chairman effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the Board.
- x. Board appropriately considers internal audit reports, management's responses, and steps towards improvement.
- xi. Board oversees the role of the Independent Auditor from selection to termination and has an effective process to evaluate the independent auditor's qualifications and performance.
- xii. Board considers the Independent Audit plan and provides recommendations.

■ **Evaluation of the performance of Committees:**

- i. Committee meetings are conducted in a manner that encourages open communication, meaningful participation and timely resolution of issues.
- ii. Timely inputs in respect of the minutes of the meetings.

■ **Evaluation of the performance of the Independent Directors:**

- i. Attendance and participation in the meetings
- ii. Raising concerns to the Board
- iii. Safeguard confidential information
- iv. Rendering independent, unbiased opinions and resolution of issues at meetings
- v. Initiative in terms of new ideas and planning for the Company
- vi. Safeguarding the interest of whistle-blower under vigil mechanism

The performance of the Board, its Committees, individual Directors and Independent Directors was evaluated on the basis of a structured questionnaire as it 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. The performance evaluation of the Independent Directors was carried out by the entire Board except the Independent Director being evaluated.

Evaluation Report has been prepared by the Nomination and Remuneration Committee based on the evaluation done at the Independent Directors Meeting dated 10th February, 2024 and Board Meeting dated 27th May, 2024. The Directors expressed their satisfaction with the evaluation process.

● **Remuneration Policy:**

In terms of the provisions of the Companies Act, 2013 read with applicable rules and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors on recommendation of Nomination and Remuneration Committee amended the following policies in the respective meeting held on 8th August, 2023.

- Criteria for making payment / remuneration to the Non-Executive Directors.
- Nomination and Remuneration Policy

The aforesaid policy can be accessed from the website of the Company at www.smslife.in/policies.php

C. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

● **Terms of reference:**

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

● **Role and Responsibilities of the CSR Committee**

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

Key Role of the Committee is as follows:

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

• **Composition of the CSR Committee as on 31st March, 2024:**

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

During the year, there were no changes in the composition of the CSR Committee:

• **Meeting and Attendance:**

There were 2 (two) CSR Committee Meetings held during the year 2023-24. Meetings were scheduled well in advance and requisite quorum was duly present.

CSR Committee Meetings held during the year 2023-24 and attendance details:

SI No.	Date of meeting	Eligible to attend	attended
1)	8 th August, 2023	04	03
2)	10 th February, 2024	04	04

Mr. Srinivas Samavedam was granted Leave of Absence in the meetings held on 8th August, 2023.

Additionally, Circular resolution dated 25th March, 2024 was passed for classification of CSR project related to construction of “Multifarious Skill Development Centre” in Kazipally Village, into a multiyear project, with concurrence of the CSR Committee members.

• **CSR policy:**

The CSR policy of the Company as adopted pursuant to Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 can be accessed from the website of the Company at www.smslife.in/policies.php

Pursuant to Section 135(5) of the Companies Act, 2013, an amount of 2% of the average Net Profits of the Company made during the three immediately preceding financial years, which works out to ₹36.80 lakhs (approx.) is to be spent towards Corporate Social Responsibility Activities during the year 2024-25.

D. STAKEHOLDERS’ RELATIONSHIP COMMITTEE:

• **Terms of reference:**

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

- **Role and Responsibilities of the Stakeholders' Relationship Committee:**

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

- **Composition of the Stakeholders' Relationship Committee as on 31st March, 2024:**

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

During the year, there were no changes in the composition of the Stakeholders' Relationship Committee:

- **Meeting and Attendance:**

There were 1 (one) Stakeholders' Relationship Committee Meetings held during the year 2022-23. Meeting was scheduled well in advance and the requisite quorum was duly present.

Stakeholders' Relationship Committee Meetings held during the year 2022-23 and attendance details:

Sl No.	Date of meeting	Eligible to attend	attended
1)	29 th May, 2023	03	03

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

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

The details of Investor Complaints during the year 2023-24 are as following:

Complaints outstanding as on 1 st April, 2023	-
(+) Complaints received during the year ended 31 st March, 2024	-
(-) Complaints resolved during the year ended 31 st March, 2024	-
Complaints outstanding as on 31 st March, 2024	-

There are no pending share transfers as on 31st March, 2024.

4. DETAILS OF SENIOR MANAGEMENT:

Nomination and Remuneration Committee in the meeting held on 27th May, 2024 reviewed the definition of "Senior Management" of the Company pursuant to Regulation 16(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) 2015 as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2023.

Senior Management of the Company:

SI No.	Name of Sr. Management	Department	Designation	Dt of joining**
1.	Mr. Rajendra Prasad Nadella	Accounts / Finance	General Manager / CFO	08/06/2006
2.	Mr. Trupti Ranjan Mohanty	Compliance	Company Secretary	13/01/2020
3.	Mr. Mukesh P. Shewalkar	R&D	General Manager	27/05/2024
4.	Mr. Lakshminarayana Somisetty	Operations	General Manager	19/10/2018
5.	Mr. Vijay Babu Chirumamilla	Admin / HR / IT	Manager	07/07/1995

****Joining date prior to May 2017 pertains to SMS Pharma (I.e. demerged company)**

Change in SMP:

- Dr. Satyanarayana Reddy Sabella has resigned on 17th May, 2024.
- Mr. Mukesh P. Shewalkar was appointed w.e.f. 27th May, 2024.

Intimation regarding the change in SMP was informed to Stock Exchange in the respective dates.

Your Company has adopted policy for succession planning for appointment to the Board of Directors and Senior Management Personnel in the Board meeting held on 9th August, 2024, which can be accessed from the website of the Company at www.smslife.in/policies.php.

5. DETAILS OF REMUNERATION TO DIRECTORS:

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

No pecuniary relationship or transaction of Non-Executive Directors with the Company except payment of sitting fees to the Directors for attending Board Meetings and various Committee of the Company and also reimbursed the business related expenditure occurred by the Non-Executive Director.

Sitting fees paid to Non-executive Directors:

(Amt. in ₹)

Name of Directors	Board Meetings	Audit Committee Meetings	Nomination & remuneration Committee meetings	Corporate Social responsibility meetings	Stakeholders relationship committee meeting	Total
Mr. P. Sarath Kumar	2,00,000	2,00,000	30,000	-	15,000	4,45,000
Dr. (Mr.) Mannam Malakondaiah	2,00,000	2,00,000	30,000	30,000	-	4,60,000
Dr. (Mr.) Srinivas Samavedam	1,50,000	-	15,000	15,000	15,000	1,95,000
Total	5,50,000	4,00,000	75,000	45,000	30,000	11,00,000

Note: - No Commission was paid to Directors during the year 2023-24.

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

b) Criteria for making payments to Non-Executive Directors:

The Company has adopted policy for "Criteria for making payment to Non-Executive Director" and the same can be accessed from the website of the Company at www.smslife.in/policies.php

c) **Remuneration to Executive Directors during the year ended 31st March, 2024 is given below:**

(Amt. in ₹)

Sl No.	Name of Executive Directors**	Salary	Perks & other benefits	Total
1)	Mr. TVVSN Murthy, MD	1,98,00,000	4,77,686	2,02,77,686
2)	Mr. TV Praveen, ED	72,00,000	-	72,00,000
3)	Mrs. Sudeepthi Gopineedi, WTD	24,00,000	-	24,00,000
Total		2,94,00,000	4,77,686	2,98,77,686

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

The aforesaid remuneration paid are within the limits of ₹350 lakhs as approved by the Shareholders in the 16th Annual General Meeting held on 30th September, 2022.

The information relating to remuneration and other details, required pursuant to Section 197 of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is provided under “Annexure XIV”.

6. GENERAL MEETINGS AND POSTAL BALLOT:

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

AGM	Financial year	Date	Time	Venue	Special resolution
17	2022-23	29.09.2023	2.00 pm	Video Conferencing (VC)	-
16	2021-22	30.09.2022	3.00 pm	Video Conferencing (VC)	<ul style="list-style-type: none"> ▪ Ratification of Related Party Transaction (F22) ▪ Continuation of payment of managerial Remuneration to Executive Directors
15	2020-21	30.09.2021	3.00 pm	Video Conferencing (VC)	<ul style="list-style-type: none"> ▪ Appointment of Mrs. Sudeepthi Gopineedi as Whole-time Director ▪ Reappointment of Mr. Venkatasubbarao Potluri as Independent Director ▪ Ratification of Related Party Transaction (F21)

Note: -

- All the resolutions including special resolutions set out in the respective notices calling the AGM were passed by the shareholders with requisite majority.
- There is no proposal to pass any special resolution at the ensuing Annual General Meeting.

e) Postal Ballot Resolution:

During the year 2023-24, No Postal Ballot was conducted by the Company.

- f) **Person who conducted the postal ballot exercise:** Not Applicable.
- g) **Whether any special resolution is proposed to be conducted through postal ballot:** No special resolution is currently proposed to be conducted through postal ballot.
- h) **Procedure for postal ballot:** Not Applicable.
- i) **Details of Extra-Ordinary General Meetings held during the year:** Nil

7. MEANS OF COMMUNICATION:

a) Quarterly / Annual Results	:	The results of the Company are submitted to the stock exchanges (NSE & BSE), published in the Newspapers & also uploaded in the website of the Company.
b) Newspapers wherein results normally published	:	<input type="checkbox"/> Financial Express (English) <input type="checkbox"/> Nava Telangana (Telugu)
c) Website, where displayed	:	www.smslife.in/financials.php
d) Whether website also displays official news releases	:	No
e) Presentation made to institutional investors or to the analysts	:	No

Annual Report containing, inter alia, the Standalone and Consolidated Financial Statements, Board's Report, Auditors' Report and other important information is circulated to the shareholders of the Company prior to the AGM.

All price sensitive information and such other matters which in the opinion of the Company which are of importance to the shareholders/investors are promptly intimated to the Stock Exchanges and hosted in the website of the Company (www.smslife.in).

SCORES 2.0:

SEBI has launched new scores portal w.e.f. 1st April, 2024 (Score 2.0) a web based complaints redressal system to strengthen the investor complaint redressal mechanism in the securities market by making the process more effectively through auto-escalation, monitoring by the designated bodies. Company has registered in the Scores 2.0 platform.

Salient features of this system are:

1. Centralized database of all complaints;
2. Online upload of Action Taken Reports (ATRs) by concerned companies; and
3. Online viewing by investors of actions taken on the complaint and its current status.

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

SEBI has introduced a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market.

Post exhausting the option to resolve their grievances with the RTA/ Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal "SMART ODR" which can be accessed at <https://smartodr.in/login>.

8. GENERAL SHAREHOLDER INFORMATION:

18th Annual General Meeting through video conferencing (VC)	
Date	: Monday, 30 th September, 2024
Time	: 3.00 pm
Deemed Venue	: Registered office: Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad – 500096
Financial Year	: 1 st April, 2023 to 31 st March 2024
Date of book closure	: 24 th September, 2024 to 30 th September, 2024
Dividend payment date	: Within 30 days of AGM (i.e. 29 th October, 2024)
The equity shares of ₹ 10/-each of the Company are listed on	: <ul style="list-style-type: none"> □ National Stock Exchange of India Limited (NSE) Regd. Office : “Exchange Plaza”, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India □ BSE Limited (BSE) New Trading Ring, Rotunda Building, P.J Towers, Dalal Street, Fort, Mumbai - 400 001, Maharashtra, India
Listing fee	: The annual listing fees have been paid to the above exchanges and there is no outstanding payment towards the exchanges, as on date.
Payment of Depository Fees	: Annual Custody / Issuer Fee for the year 2023-24 has been paid by the Company to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
Equity shares’ stock code / symbol	: BSE Code : 540679 NSE Symbol : SMSLIFE
ISIN of Company’s equity shares	: INE320X01016
Corporate Identification Number (CIN)	: L74930TG2006PLC050223

9. MARKET PRICE DATA:

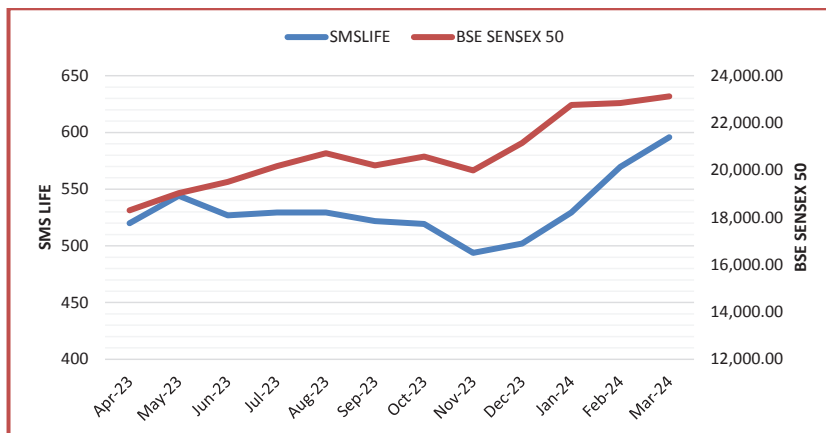
Tables below, gives the monthly high and low prices and volumes of Equity Shares of the Company at BSE and the NSE for the year 2023-24:

Month	BSE			NSE		
	High (₹)	Low (₹)	Total traded	High (₹)	Low (₹)	Total traded
Apr 23	587.00	516.00	3,225	591.95	513.00	16,000
May 23	691.15	525.15	14,454	690.00	525.00	1,65,000
June 23	634.00	500.15	6,042	544.00	507.05	77,000
July 23	553.00	501.10	3,956	549.95	502.55	41,000
Aug 23	590.00	493.00	13,245	573.70	490.60	81,000

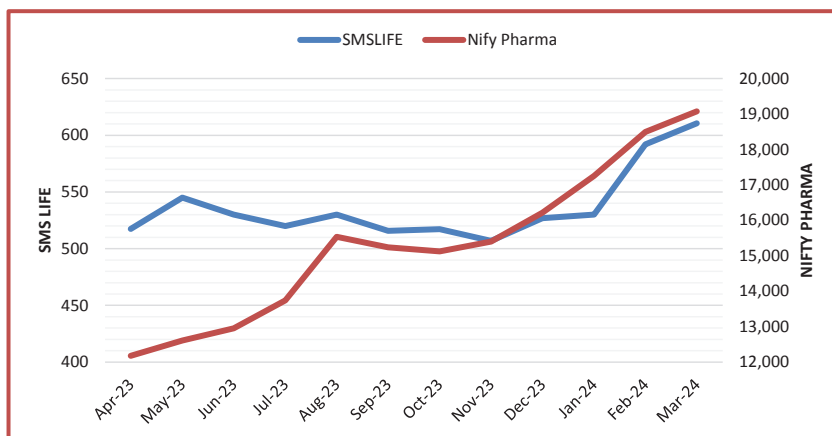
Month	BSE			NSE		
	High (₹)	Low (₹)	Total traded	High (₹)	Low (₹)	Total traded
Sept 23	549.00	503.00	5,772	549.00	499.25	41,000
Oct 23	546.00	464.05	2,310	547.80	472.05	20,000
Nov 23	538.95	491.55	4,245	538.00	489.80	33,000
Dec 23	568.00	488.05	18,415	555.20	487.05	50,000
Jan 24	706.70	523.85	33,323	707.05	521.60	2,86,000
Feb 24	680.80	548.95	13,799	669.70	538.20	79,000
Mar 24	694.80	570.00	22,243	700.30	572.00	1,32,000

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

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



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



Registrar and Transfer Agents and contact person thereat	: M/s. Aarthi Consultants Private Limited 1-2-285, Domalguda, Hyderabad-500 029, Telangana Phone : + 91 - 40 - 27638111, 27642217, 27634445 Fax : +91 - 40 - 27632184 Email : info@aarthiconsultants.com
Address for correspondence at the Company / Registered Office	: SMS Lifesciences India Limited Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad – 500096
Compliance Officer and contact person at the Company	: Mr. Trupti Ranjan Mohanty, Company Secretary Email: cs@smslife.in Website: www.smslife.in Contact: 040 - 6628 8888

11. SHARE TRANSFER SYSTEM:

- 99.70% of the shares of the Company are held in dematerialised form.
- The requests received from shareholders are processed and dispatched to the shareholders within a maximum period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. The Stakeholders' Relationship Committee monitors the transfer & transmission of shares and issue of duplicate share certificate.
- In terms of Regulation 40 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, shares can be transferred only in dematerialised form with effect from 1st April, 2019. The requests for effecting transfer / transmission / transposition of shares shall not be processed unless the shares are held in dematerialized form. Transfer of shares in electronic form are effected through the depositories with no involvement of the Company. Members holding shares in physical form are requested to consider converting their shareholding to dematerialized form.
- During the year, the Company has obtained, on yearly basis, a certificate from a Company Secretary in Practice, certifying that all certificates for transfer, transmission, subdivision, consolidation, renewal, exchange and deletion of names, were issued as required under Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This certificate was duly filed with the Stock Exchanges.

12. DISTRIBUTION OF SHAREHOLDING:

a) Class-wise distribution of equity shares as on 31st March, 2024:

Category (Amount)	Shareholders	Shareholders %	Total shares	Total Amount	Total %
0-5000	7,912	97.46	2,65,630	26,56,300	8.78
5001-10000	80	0.99	60,135	6,01,350	1.99
10001-20000	49	0.60	70,035	7,00,350	2.32
20001-30000	22	0.27	57,361	573,610	1.90
30001-40000	9	0.11	29,917	2,99,170	0.99
40001-50000	6	0.07	26,722	2,67,220	0.88
50001-100000	20	0.25	1,48,065	14,80,650	4.90
100001 & Above	20	0.25	23,65,422	2,36,54,220	78.24
Total:	8,118	100.00	30,23,287	3,02,32,870	100.00

b) Shareholding Pattern as on 31st March, 2024:

Category	No of shareholders	No of share	% to equity
Promoters / Promoter Group	15	21,52,422	71.19
Body Corporates	51	82,174	2.72
Individual / HUF's	7,909	7,78,198	25.74
Non-Resident Indians	135	9,882	0.33
Clearing Members	6	533	0.02
Others	2	78	-
Total	8,118	30,23,287	100.00

13. DEMATERIALISATION OF SHARES AND LIQUIDITY:

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

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

The ISIN Number allotted to the Company is INE320X01016.

Shareholders can avail the Demat facility and get their shares in the physical form dematerialised. Shareholders are advised to Dematerialise their holdings at the earliest. The status of shares held in dematerialised and physical forms as on 31st March, 2024 are given below:

Particulars	No. of shares	%age
NSDL	6,81,054	22.53
CDSL	23,33,150	77.17
Physical	9,083	0.30
Total	30,23,287	100.00

Liquidity:

Higher trading activity is witnessed on National Stock Exchange of India Limited (NSE).

The relevant data for the daily turnover on Stock Exchanges for the year 2023-24 is given below:

Particulars	BSE	NSE	Total
Equity Shares (Nos.)	1,41,029	10,21,000	11,62,029
Value (₹ in Lakh)	825.94	6,044.77	6,870.71

14. OUTSTANDING GLOBAL DEPOSITORY RECEIPTS/AMERICAN DEPOSITORY RECEIPTS OR WARRANTS:

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence, as on 31st March, 2024, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

15. DISCLOSURE OF COMMODITY PRICE / FOREIGN EXCHANGE RISKS AND HEDGING ACTIVITIES:

The Company is engaged in the pharmaceuticals sector and does not consume large quantities of commodities in its manufacturing activities, the Company is not materially exposed to commodity price risks nor does the Company do any commodity hedging.

Your Company is a net exporter, hence doesn't feel the requirement of hedging.

16. PLANT LOCATION:

Unit 1:	Unit 4:
Sy. No. 180/2, Kazipally (V) Jinnaram Mandal, Sanga Reddy Dist. 502 319, - Telangana, India Phone : 08458277067 / 68 Email : admin_unit1@smslife.in	Phase-1, Plot No.66/B-2 IDA Jeedimetla, Medchal Malkajgiri District Hyderabad-500 090, Telangana, India Phone : 040-23095233 Fax : 040-23735639 Email : warehouse_unit4@smslife.in

In house R&D: No. C-23, Industrial Estate, Sanathnagar, Hyderabad-500 018

17. DISCLOSURES IN RELATION TO THE CREDIT RATINGS:

The Company has obtained the Credit ratings from CARE Ratings Limited (CARE) and it has assigned CARE BBB: Stable for the fund and non-fund based credit facilities of the Company. Detailed report can be accessed from www.smslife.in/investors/Credit%20Rating.pdf

18. OTHER DISCLOSURES:

a) Material Related Party Transactions:

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the year 2023-24 were in the ordinary course of business, at arm's length price and intended to further the Company's interests.

There were no materially significant related party transactions during the year that may have potential conflict with the interest of the Company.

Except for drawing remuneration by the Executive Directors and payment of sitting fees to Independent Directors, none of the Directors have any other material significant Related Party Transactions, pecuniary or business relationship with the Company.

The Register of Contracts containing the transactions in which Directors are deemed to be concerned or interested is placed before the Board and Audit Committee regularly for its approval. Disclosures from Directors and senior management have been obtained to the effect that they have not entered into any material, financial and commercial transactions where they have personal interest that may have potential conflict with the interest of the Company at large.

As required under the Indian Accounting Standards, Related Party Transactions are disclosed in notes to the accounts forming part of this Annual Report and Related Party Transactions Policy can be accessed from the website of the Company at www.smslife.in/policies.php

b) Details of Non-Compliance on Matters related to Capital Markets:

There has not been any non-compliance by the Company for which penalties or strictures were imposed on the Company by the Stock Exchange(s) or the Securities and Exchange Board of India (SEBI) or any statutory authority, on any matter related to capital markets, during the preceding 3 (three) years.

c) Establishment of vigil mechanism / Whistle Blower Policy:

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

The Audit Committee reviews the functioning of the vigil / whistle blower mechanism from time to time.

There were no allegations / disclosures / concerns received during the year under review in terms of the vigil mechanism established by the Company. No employee was denied the opportunity to meet the Chairman of the Audit Committee. Policy: www.smslife.in/pdf/Whistle%20Blower%20Policy.pdf

d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

During the year, your Company has complied with the mandatory requirements of the Corporate Governance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

• **RECONCILIATION OF SHARE CAPITAL AUDIT:**

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

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

• **SECRETARIAL COMPLIANCE CERTIFICATE:**

As per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Company has obtained the Secretarial Compliance Certificate on yearly basis from CSB Associates, Practicing Company Secretaries, to the effect that there was no such instance of transfer of shares or issue of duplicate share certificate. The certificate was submitted with the Stock Exchange(s).

A yearly Compliance Certificate duly signed by the Compliance officer of the Company and the authorized representative of the Registrar and Share Transfer agent (RTA), with a confirmation that all activities of share transfer facility (both physical and electronic) are maintained by RTA, registered with the SEBI, is also filed with the Stock Exchange(s).

• **COMPLIANCES REGARDING INSIDER TRADING**

The Company has adopted a code of conduct for the prevention of Insider Trading (Insider Trading Code) in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015. Necessary procedures have been laid down for Directors, Officers, Designated Persons and their relatives for trading in the securities of the company.

These are periodically communicated to such employees who are considered insiders of the Company. Apart from this, regular insider trading awareness mails are conducted for the benefit of designated persons. Trading window closure/ blackouts/ quiet periods, when the directors and designated persons are not permitted to trade in the securities of the company, are intimated in advance to all concerned.

Violations of the policy, if any are appropriately acted on and reported to the SEBI/ SEs. The Company also maintains a structured digital database, as required under the SEBI (Prohibition of Insider Trading) Regulations, 2015 and also implemented a system for approving pre-clearances to designated persons, who intend to trade in the securities of the Company.

The Company Secretary was appointed as the Compliance Officer by the Board to ensure compliance and effective implementation of the Insider Trading Code. Reports on matters related to trading by insiders are reported to the Board on a quarterly basis pursuant to Clause I of Schedule B (Minimum Standards for Code of Conduct) of SEBI (Prohibition of Insider Trading) Regulations, 2015 and Code of Conduct for Prevention of Insider Trading of the Company. The code / policies framed under Insider Trading Regulations can be accessed from the website of the Company at www.smslife.in/policies.php.

- **CODE OF CONDUCT:**

The Board of Directors adopted the Code of Conduct as per the provisions under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. The same can be accessed from the Company's website at www.smslife.in/policies.php

- **RISK MANAGEMENT:**

The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and the Board of Directors review these procedures periodically as per the policy of the Company as approved by the Board in the meeting held on 11th November, 2023, same can be accessed on the website of the Company at www.smslife.in/pdf/Risk-Management-Policy.pdf

- **PRESERVATION OF DOCUMENTS:**

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

- **POLICY ON DISSEMINATION OF INFORMATION ON THE MATERIAL EVENTS TO STOCK EXCHANGES:**

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

- **INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS:**

The Company has in place adequate internal control systems commensurate with the size of its operations. Internal control systems comprising of policies and procedures are designed to ensure sound management of the Company's operations, safekeeping of its assets, optimal utilisation of resources, reliability of its financial information and compliance. Systems, processes, and procedures are periodically reviewed and appropriately revised to strengthen them to mitigate emerging risks associated with the growing size and complexity of the Company's operations.

CEO and CFO Certification:

Mr. TVVSN Murthy, Managing Director and Mr. N Rajendra Prasad, Chief Financial Officer, have issued the

Certificate in accordance with Regulation 17(8) of the Listing Regulations with regard to Quarterly and Annual Financial Statements for the Financial Year ended 31st March, 2024 as provided in **Annexure XV**.

• **MANAGEMENT DISCUSSION AND ANALYSIS:**

The Management Discussion & Analysis Report for the year 2023-24 forms a part of the Annual Report in **Annexure II**.

• **DISCLOSURE OF ACCOUNTING TREATMENT IN THE PREPARATION OF FINANCIAL STATEMENTS:**

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in India and complies with the Indian Accounting Standards (Ind-AS) specified under Section 133 of the Companies Act, 2013.

• **UNCLAIMED DIVIDEND AND FRACTIONAL SHARE AMOUNT:**

Details provided in Board report.

e) **Web link where policy for determining 'material' subsidiaries:**

www.smslife.in/pdf/Policy%20for%20determining%20Material%20Subsidiaries.pdf

f) **Web link where policy on dealing with Related Party Transactions:**

www.smslife.in/pdf/Policy-on-materiality-of-%20Related-Party-Transactions-&-dealing-with-%20Relat....pdf

g) **Disclosure of commodity price risks and hedging activities:**

As the Company is not engaged in a commodity business, commodity risk is not applicable.

The foreign exchange risk is being managed/hedged to the extent considered necessary.

h) **Utilization of funds:**

During the financial year 2023-24, the Company has not raised any funds through preferential allotment or qualified institutions placement.

i) **Certificate from a Company Secretary in Practice with regard to disqualification of Directors:**

A certificate from M/s. CSB Associates, Hyderabad, Company Secretary in Practice certifying that none of the Directors on 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 and certificate is annexed to this report as **Annexure IV**.

j) **Recommendation of Sub-committee:**

The Board had accepted all recommendations or submissions of all the sub-committees of the Board which were mandatorily required for the approval of the Board in the year 2023-24.

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

Company has paid the following fees to M/s Rambabu & Co. during the year 2023-24:

SMS Lifesciences India Limited	₹ 12.05 lakhs
Mahi Drugs Private Limited	₹ 3.05 lakhs
Consolidated fees paid	₹ 15.10 lakhs

l) **Disclosures in relation to the Sexual Harassment:**

During the year there were nil complaints received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

m) Loans and advances:

Company and its subsidiaries have not given any loans or advances in the nature of loan to firms/companies in which Directors are interested in contravention of any provisions of Companies Act, 2013. All loans and advances given are in ordinary course of Company's business and are in compliance with the provisions of Companies Act, 2013. Details of loans and advances given to related parties are disclosed in the notes to the financial statements.

n) Material Non-Listed Subsidiary Company:

Mahi Drugs Private Limited shall be considered as "Material Subsidiary" of the Company for the year 2023-24 based on the definition of Regulation 16(1) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details of material subsidiary:

Name of the subsidiary	Mahi Drugs Private Limited [CIN: U24233AP2012PTC084875]		
Place of incorporation	Visakhapatnam, Andhra Pradesh		
Date of incorporation	17 th December, 2012		
Acquisition details	Company has acquired 100% stake Mahi Drugs in 3 (three) trenches:		
	Date	No. of Shares	Percentage
	15.03.2018	9,00,000	19.09
	08.08.2018	28,15,100	59.70
	17.09.2018	10,00,000	21.21
	Total	47,15,100	100.00
Disinvestment details	Company has disposed stake in Mahi Drugs pursuant to Investment Agreement executed on 13 th December, 2021 with ChemWerth Inc. USA, a strategic investor, the Status has changed to "Subsidiary" w.e.f. 7 th February, 2022. Currently, Company holds 60% stake in Mahi Drugs, with absolute control and decision making powers.		
Material Subsidiary	Based on following workings, Mahi Drugs was considered as material subsidiary of the Company for the year 2023-24: (₹ in lakhs)		
	Particulars	Net Worth as on 31.03.2023	Income during the year 2022-23
	Standalone (Mahi)	4,901.09	3,566.49
	Consolidated (SMS Life)	16,861.23	31,863.27
	Percentage	29.07%	11.19%
Details of Statutory Auditors	M/s Rambabu & Co., Chartered Accountants, Hyderabad (Firm Registration No.: 0029765) has been reappointed as Statutory Auditor of Mahi Drugs for a further period of 5 (five) years commencing from 2023-24 to 2027-28.		

Audited Annual Financial Statements of Mahi Drugs is tabled at the Board Meeting held on 27th May, 2024 and the same is uploaded on the website of the Company at www.smslife.in/financials.php. Further, copies of the Minutes of the Board Meetings of Mahi Drugs were tabled at the subsequent Board Meetings.

19. Non-Compliance of any Requirement of Corporate Governance Report of sub-paras (2) to (10) of Para C to Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

The Company has complied with all the requirements in this regard, to the extent applicable.

20. Discretionary Requirements:

Details of discretionary requirements as listed out in Part E of Schedule II of the SEBI Listing Obligations and Disclosure Requirement Regulations, 2015 which are elaborated as under:

- Optimum combination of Independent and Executive Directors on the Board, wherein Board in its all meetings elect Chairman of the meeting (i.e. Company has no fulltime chairperson).
- The Audit Report of the Company's Financial Statements for the year 2023-24 is unmodified.
- The Internal Auditor of the Company directly reports to the Audit Committee of the Board.
- The Company follows a robust process of communicating with the members which have been elaborated in this Report under the heading "Means of Communication".

21. Compliance of Corporate Governance requirements:

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

Board takes note of the same on quarterly basis in the respective meetings.

Details of the same are as mentioned below:

SI No.	Particulars	Regulation	Compliance Status
01	Board of Directors	17 & 17A	✓
Compliance details: <ul style="list-style-type: none"> ▪ Composition of the Board of Directors ▪ Meetings of the Board of Directors ▪ Review of compliance reports Plans for orderly ▪ succession plan for appointment of Director & SMP ▪ Code of Conduct ▪ Fees / Compensation ▪ Minimum Information to be placed before the Board of Directors ▪ Compliance Certificate ▪ Risk Assessment and Management ▪ Performance Evaluation of Independent Directors ▪ Explanatory Statement to be annexed to the Notice of General Meeting ▪ Maximum Number of Directorships 			

SI No.	Particulars	Regulation	Compliance Status
02	Audit Committee	18	✓
Compliance details: <ul style="list-style-type: none"> Composition of the Audit Committee Meetings of the Audit Committee Powers of the Audit Committee Role of the Audit Committee and Review of Information by the Committee 			

SI No.	Particulars	Regulation	Compliance Status
03	Nomination & Remuneration Committee	19	✓
Compliance details: <ul style="list-style-type: none"> Composition of the Nomination and Remuneration Committee Role of the Nomination and Remuneration Committee Frequency of Meetings of the Nomination and Remuneration Committee 			

SI No.	Particulars	Regulation	Compliance Status
04	Stakeholders' Relationship	20	✓
Compliance details: <ul style="list-style-type: none"> Composition of the Stakeholders' Relationship Committee Role of the Stakeholders' Relationship Committee Frequency of Meetings of the Stakeholders' Relationship Committee 			

SI No.	Particulars	Regulation	Compliance Status
05	Risk Management Committee	21	✓

SI No.	Particulars	Regulation	Compliance Status
06	Vigil Mechanism	22	✓
Compliance details: <ul style="list-style-type: none"> Formulation of Vigil Mechanism / Whistle Blower Policy for Directors and Employees Direct Access to Chairperson of the Audit Committee 			

SI No.	Particulars	Regulation	Compliance Status
07	Related Party Transactions	23	✓
Compliance details: <ul style="list-style-type: none"> Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions Review and Approval for Related Party Transactions Disclosure of Related Party Transactions 			

SI No.	Particulars	Regulation	Compliance Status
08	Corporate Governance requirements with respect to Subsidiary	24 & 24A	✓
Compliance details: <ul style="list-style-type: none"> Minutes of Meetings of Board of Directors of Unlisted Subsidiary Company placed at the Meetings of the Board of Directors of the Company Review of Significant Transactions and Arrangements entered into by the Unlisted Subsidiary Company. 			

SI No.	Particulars	Regulation	Compliance Status
09	Obligations with respect to Independent Directors	25	✓
Compliance details: <ul style="list-style-type: none"> Maximum Number of Directorships Tenure of Independent Directors Meetings of Independent Directors Familiarisation Programmes for Independent Directors Directors & Officers' Liability Insurance 			

SI No.	Particulars	Regulation	Compliance Status
10	Obligations with respect to Directors and Senior Management	26	✓
Compliance details: <ul style="list-style-type: none"> Memberships / Chairmanships in Committees Affirmation with respect to Compliance with the Code of Conduct and Ethics from Directors and Senior Management 			

SI No.	Particulars	Regulation	Compliance Status
11	Other Corporate Governance Requirements	27	✓
Compliance details: <ul style="list-style-type: none"> Compliance with discretionary requirements Filing of Quarterly Compliance Report on Corporate Governance 			

SI No.	Particulars	Regulation	Compliance Status
12	Website	46	✓
Compliance details: <ul style="list-style-type: none"> Terms and Conditions of Appointment of Independent Directors Composition of various Committees of Board of Directors Code of Conduct and Ethics for Directors and Senior Management Personnel Details of Establishment of Vigil Mechanism / Whistle Blower Policy Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions Details of Familiarization Programmes for Independent Director 			

Disclosure as per Part D of Schedule V to the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015:

Declaration signed by the Managing Director stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of Board of Directors and Senior management of the Company forms part of this Annual Report in **Annexure VI**.

Disclosure as per Part E of Schedule V to the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015:

Certificate from the Statutory Auditors of the Company on compliance of Corporate Governance forms part of this Annual Report in **Annexure IIIA**.

Disclosure as per Part F of Schedule V to the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015:

Shares in suspense account as on 01.04.2023	:	17
Request for transfer from suspense account	:	Nil
Shares transferred from suspense account	:	Nil
Transferred to IEPF	:	Nil
Shares in suspense account as on 31.03.2024	:	17

Disclosure as per Part G of Schedule V to the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015:

No such agreement which has binding effect on the Company.

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

By Order of the Board
For SMS Lifesciences India Limited

Date: 09.08.2024
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
SMS Lifesciences India Limited
Hyderabad.

We have examined the compliance of conditions of Corporate Governance by SMS Lifesciences India Limited ('the Company') for the year ended 31st March 2024, as per the relevant provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st April, 2023 to 31st March, 2024.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company had complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable.

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

Place: Hyderabad
Date: 27.05.2024

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

UDIN: **24026548BKAMOG5416**

GVL Prasad
Partner
M. No.026548

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To

The Members,

SMS Lifesciences India Limited,

Plot No. 19-III, Road No. 71,

Opp. Bharatiya Vidya Bhavan Public School,

Jubilee Hills, Hyderabad – 500096.

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the year ended on 31st March, 2024, have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA) or any such other Statutory Authority:

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	TVVSN Murthy	00465198	01-04-2016
2.	Sarath Kumar Pakalapati	01456746	25-05-2017
3.	TV Praveen	08772030	21-08-2020
4.	Sudeepthi Gopineedi	09102540	02-09-2021
5.	Srinivas Samavedam	02488555	13-11-2021
6.	Mannam Malakondaiah	01431923	13-11-2021

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

Place: Hyderabad

Date: 09-08-2024

Signature:

Name: **C. Sudhir Babu,**

Membership No.: 2724, C.P. No.: 7666,

UDIN: F002724F000939836

Top 10 Shareholders (other than Promoters)

Sl no.	Name of Shareholders	No of Shares	
		31 st March, 2024	31 st March, 2023
1.	Harita Projects Private Limited	47,508	45,088
2.	Bharadhwajan V J	31,150	31,150
3.	Lakshmi Devi Kantheti	25,000	25,000
4.	Akanksha Chugh	21,147	20,278
5.	Saibabu Bandla	20,000	19,000
6.	Dhanpati Devi	17,757	16,757
7.	Shradha Gupta	15,845	15,845
8.	Madhu Gupta	14,000	10,700
9.	Subhash Chand Gupta	11,733	11,109
10.	Sairam Sairam Chitneni	11,638	-

By Order of the Board
For SMS Lifesciences India Limited

Date: 09.08.2024
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

Declaration on Code of Conduct

(Pursuant to Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

This is to confirm that the Board has laid down a code of conduct for all the Board Members and Senior Management Personnel of the Company. The code of conduct has also been posted on the website of the Company.

It is further confirmed that all Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2024, as envisaged in Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

By Order of the Board
For SMS Lifesciences India Limited

TVVSN Murthy
DIN: 00465198
Managing Director

Date: 09.08.2024
Place: Hyderabad

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2024

[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"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by the Institute of Company Secretaries of India. The Auditing Standards require that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

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 from 1st April, 2023 to 31st March, 2024 ("the audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent and in the manner 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, 2024 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made hereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR Regulations) **(not Applicable to the Company during the Audit Period);**

- (d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 **(not Applicable to the Company during the Audit Period);**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(not Applicable to the Company during the Audit Period);**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(not Applicable to the Company during the Audit Period);**
- (h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

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

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

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

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

We further report that:

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

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

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

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

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

For **SVVS & Associates**
Company Secretaries LLP

Place: Hyderabad
Date: 27-05-2024

C. SUDHIR BABU
Designated Partner
FCS: 2724; C P No.: 7666
UDIN: F002724F000461261
Peer Review No.: 716/2020

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: 27-05-2024

C. SUDHIR BABU
Designated Partner
FCS: 2724; C P No.: 7666
UDIN: F002724F000461261
Peer Review No.: 716/2020

**SECRETARIAL COMPLIANCE REPORT OF SMS LIFESCIENCES INDIA LIMITED
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024**

We, CSB Associates, Practicing Company Secretaries, have conducted the review of the compliance of the applicable statutory provisions and the adherence to good corporate practices by M/s. SMS LIFESCIENCES INDIA LIMITED (hereinafter referred as “the listed entity”), having its Registered Office at Plot No. 19-III, Road No. 71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad. Secretarial Review was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and to provide our observations thereon.

Based on our verification of the listed entity’s books, papers, minutes books, forms and returns filed and other records maintained by the listed entity and also the information provided by the listed entity, its officers, agents and authorized representatives during the conduct of Secretarial Review, we hereby report that in our opinion, the listed entity has, during the review period covering the financial year ended on March 31, 2024, complied with the statutory provisions listed hereunder and subject to the reporting made hereinafter:

We, CSB Associates, Practicing Company Secretaries, have examined:

- (a) all the documents and records made available to us and explanation provided by **M/s. 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 (website address: www.smslife.in)
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this report, for the year ended 31st March, 2024 (“**Review Period**”) in respect of compliance with the provisions of:
 - (a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
 - (b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

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

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(there were no events requiring compliance during the Review Period)**
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(there were no events requiring compliance during the Review Period)**
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(there were no events requiring compliance during the Review Period)**
- (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **(there were no events requiring compliance during the Review Period)**
- (g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (h) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
- (i) other regulations as applicable and circulars/ guidelines issued thereunder;
and based on the above examination, we hereby report that, during Review Period:
- I. 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:

Sr. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Re-marks
NIL										

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

Sr. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Re-marks
NIL										

We hereby report that, during the Review Period the compliance status of the listed entity is appended as below:

Sr. No.	Particulars	Compliance Status (Yes/No/ NA)	Observations/ Remarks by PCS
1.	Secretarial Standards: The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI).	Yes	
2.	Adoption and timely updation of the Policies: <ul style="list-style-type: none"> All applicable policies under SEBI Regulations are adopted with the approval of Board of Directors of the listed entities All the policies are in conformity with SEBI Regulations and have been reviewed & updated on time, as per the regulations/ circulars/ guidelines issued by SEBI 	Yes	
3.	Maintenance and disclosures on Website: <ul style="list-style-type: none"> The Listed entity is maintaining a functional website Timely dissemination of the documents/ information under a separate section on the website Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s)/ section of the website 	Yes	
4.	Disqualification of Director: None of the Director(s) of the Company is/ are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity.	Yes	

Sr. No.	Particulars	Compliance Status (Yes/No/ NA)	Observations/ Remarks by PCS
5.	Details related to Subsidiaries of listed entities have been examined w.r.t.: <ul style="list-style-type: none"> • Identification of material subsidiary companies • Disclosure requirement of material as well as other subsidiaries 	Yes	
6.	Preservation of Documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	
7.	Performance Evaluation: The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/during the financial year as prescribed in SEBI Regulations.	Yes	
8.	Related Party Transactions: (a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; or (b) The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ ratified/rejected by the Audit Committee, in case no prior approval has been obtained.	a) Yes b) Not Applicable	
9.	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	
10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	
11.	Actions taken by SEBI or Stock Exchange(s), if any: No action(s) has been taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder except as provided under separate paragraph herein.	NA	
12.	Additional Non-compliances, if any: No additional non-compliance observed for any SEBI regulation/ circular/ guidance note etc.	NA	

Assumptions & Limitation of scope and Review:

- 1) Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
- 2) Our responsibility is to report based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
- 3) We have not verified the correctness and appropriateness of financial Records and Books of Accounts of the listed entity.
- 4) This Report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

For CSB Associates

Place: Hyderabad
Date: 27-05-2024

C. Sudhir Babu
FCS No.: 2724; CP No.: 7666
UDIN: F002724F000461358
Peer Review No.: 716/2020

Form No. MR-3

SECRETARIAL AUDIT REPORT

for the Financial Year ended 31st March, 2024

[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,
Mahi Drugs Private Limited,
Visakhapatnam.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahi Drugs Private Limited**, though a private limited Company by virtue of its incorporation, is a Deemed Public Company in view of subsidiary of a Listed Public Company in terms of Section 2(71) of the Companies Act, 2013. The Company is also a Material Subsidiary of "SMS Lifesciences India Limited" in terms of Regulation 16(1)(c) and Regulation 24A of SEBI (LODR) Regulations, 2015. Accordingly, this Secretarial Audit has been conducted in pursuance of Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, for the purpose of audit and reporting we have adhered to the format as per Form MR-3 and the Audit guidelines issued by the ICSI in this regard. 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, 2024 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, 2024 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 **(Not Applicable to the Company)**;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (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 Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are **not Applicable to the Company** except the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

(vi) We further report that, having regard to the Compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof the Company has complied with the following laws applicable specifically to the Company:

- (a) Drugs and Cosmetics Act, 1940
- (b) Drugs (Price Control) Order, 2013
- (c) Narcotic Drugs and Psychotropic Substances Act, 1985
- (d) Indian Boilers Act, 1923 and Regulations
- (e) Explosives Act, 1884
- (f) Petroleum Act, 1934
- (g) Water (Prevention and Control of Pollution) Act, 1974
- (h) Air (Prevention and Control of Pollution) Act, 1981
- (i) Environment Protection Act, 1986

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

We further report that:

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

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

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

We further report that during the Audit Period, there was no event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

For **SVVS & Associates**
Company Secretaries LLP

Place: Hyderabad
Date: 27-05-2024

C. SUDHIR BABU
Designated Partner
FCS: 2724; C P No.: 7666
UDIN: F002724F000461380
Peer Review No.: 716/2020

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,
Mahi Drugs Private Limited,
Visakhapatnam.

- (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: 27-05-2024

C. SUDHIR BABU
Designated Partner
FCS: 2724; C P No.: 7666
UDIN: F002724F000461380
Peer Review No.: 716/2020

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	31-03-2024
Date of Acquisition	02-08-2018
Reporting currency and Exchange rate of subsidiaries if any	₹ (In lakhs)
Share Capital	707.26
Other Equity	3,498.33
Total assets	10,155.86
Total Liabilities (Excl. Share Capital, Reserves & Surplus)	5,950.27
Investments	-
Turnover	2,992.77
Profit before taxation	(944.04)
Provision for taxation	(252.80)
Profit after taxation	(691.24)
Proposed Dividend	-
% of shareholding	60%

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

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

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

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

By Order of the Board
For SMS Lifesciences India Limited

Date: 09.08.2024
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022]

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

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

2. Composition of the CSR Committee:

S. No.	Name of the Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. TVVSN Murthy	Chairman of CSR Committee Executive Director	02	02
2.	Mr. TV Praveen	Member of CSR Committee Executive Director	02	02
3.	Dr. (Mr.) Mannam Malakondaiah	Member of CSR Committee Independent Director	02	02
4.	Dr. (Mr.) Srinivas Samavedam	Member of CSR Committee Independent Director	02	01

3. WEBLINKS:

- **Composition of CSR Committee:** www.smslife.in/composition-of-committees.php
- **CSR Policy:** [www.smslife.in/pdf/Corporate-Social-Responsibility-\[CSR\]-Policy.pdf](http://www.smslife.in/pdf/Corporate-Social-Responsibility-[CSR]-Policy.pdf)
- **CSR Projects:** www.smslife.in/csr-initiatives.php

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

5. Details of CSR Obligations:

Sl no.	Particulars	Details
a)	Average net profit of the Company for last three financial years	₹1,852.14 lakhs.
b)	2% of the average net profit of the company as per sub-section (5) of section 135.	₹37.04 lakhs
c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years	-
d)	Amount required to be set-off for the financial year, if any	-
e)	Total CSR obligation for the financial year [(b)+(c)-(d)]	₹37.04 lakhs

6. Details of CSR spent during the year:

Sl no.	Particulars	Details
a)	Amount spent on CSR Projects (both Ongoing Projects and other than Ongoing Projects).	₹37.13 lakhs
b)	Amount spent in Administrative Overheads.	-
c)	Amount spent on Impact Assessment, if applicable	-
d)	Total amount spent for the Financial Year [(a)+(b)+(c)]	₹37.13 lakhs

e) CSR amount spent or unspent for the financial year:

Total amount spent for the financial year 2023-24	Amount unspent (₹)				
	Total amount transferred to unspent CSR account as per Section 135(6) of the Act		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135 (5) of the Act		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹37.13 lakhs	-	-	NA	Nil	NA

f) Excess amount for set-off, if any:

Sl no.	Particulars	Details
i.	2% of average net profit of the company as per sub-section (5) of section 135**	₹37.04 lakhs
ii.	Total amount spent for the Financial Year	₹37.13 lakhs
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	₹0.09 lakhs
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	₹0.09 lakhs

7. Details of Unspent CSR amount for the preceding three financial years:

Sl no.	Preceding Financial Year(s).	Amount transferred to Unspent CSR Account under section 135 (6)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any.		Amount remaining to be spent in succeeding financial years.
					Amount	Date of transfer	
1.	2020-21	-	-	-	-	-	-
2.	2021-22	₹15.50 lakhs	-	-	-	-	-
3.	2022-23	₹6.03 lakhs	₹6.03 lakhs	₹6.03 lakhs	-	-	-

Note-

- The unspent amount for the year 2022-23 as on 31.03.2023 was ₹5.77 lakhs.
 - The aforesaid unspent amount was required to be transferred to separate designated account. However, the Company had transferred ₹17.27 lakhs on 26th April, 2023 to unspent CSR account maintained with RBL Bank ("unspent CSR Account"), which was ₹11.50 lakhs over the requisite unspent amount.
 - The excess amount transferred to the unspent amount was utilized for the CSR obligation for the year 2023-24.
 - All the CSR projects for the year 2022-23 were marked as "Completed" by Board in the meeting held on 10th February, 2024. Accordingly, the aforesaid unspent CSR account was closed on 27th May, 2024.
8. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (Asset wise details):

Sl No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR Amount spent	Details of entity / authority / beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
1)	Multifarious skill development centre Khazipally Village, Jinnaram Mandal, Sangareddy Dist, Telangana – 502319 India	502319	10.08.2022	₹ 39.00 lakhs	NA	Khazipally Gram panchayat	Near Old Panchayat Office, Khazipally Village, Jinnaram Mandal, Sangareddy Dist, Telangana 502319 India
2)	Ambulance	502319	12.10.2023	₹7.53 lakhs	NA		

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5) of the Act: **Not Applicable.**

For SMS Lifesciences India Limited

Date: 09.08.2024
Place: Hyderabad

TV Praveen
Executive Director

TVVSN Murthy
Managing Director and
Chairman of CSR Committee

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 arms length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arms length basis:

There were no contracts or arrangements or transactions not at arms length basis entered into during the year ended 31st March, 2024.

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

SL.No.	Particulars	Details																		
a)	Name (s) of the related party and nature of relationship	Mahi Drugs Private Limited [Material unlisted Subsidiary]																		
b)	Nature of contracts/ arrangements/transactions	Sale, purchase and Renting in the Ordinary Course of Business																		
c)	Duration of the contracts/ arrangements/trans- actions	Transactions done during the year 2023-24.																		
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	<p style="text-align: right;">₹ in lakhs</p> <table> <tr> <th>Sl no.</th><th>Particulars</th><th>Amount</th></tr> <tr> <td>i.</td><td>Purchase of Goods</td><td>2,097.24</td></tr> <tr> <td>ii.</td><td>Sale of Goods</td><td>311.18</td></tr> <tr> <td>iii.</td><td>Sale of Services</td><td>12.00</td></tr> <tr> <td>iv.</td><td>Rent Received</td><td>5.40</td></tr> <tr> <td colspan="2">Total</td><td>2 425.82</td></tr> </table>	Sl no.	Particulars	Amount	i.	Purchase of Goods	2,097.24	ii.	Sale of Goods	311.18	iii.	Sale of Services	12.00	iv.	Rent Received	5.40	Total		2 425.82
Sl no.	Particulars	Amount																		
i.	Purchase of Goods	2,097.24																		
ii.	Sale of Goods	311.18																		
iii.	Sale of Services	12.00																		
iv.	Rent Received	5.40																		
Total		2 425.82																		
e)	Date of approval by the Board	29 th May, 2023																		
f)	Amount paid as advance, if any	₹3,202.85 lakhs																		

SL.No.	Particulars	Details																					
a)	Name (s) of the related party and nature of relationship	Purogene Labs Private Limited (formerly known as RCHEM Somanahalli Pvt. Ltd.) [Directors have significant influence]																					
b)	Nature of contracts/ arrangements/ transactions	Sale, purchase and Renting in the Ordinary Course of Business																					
c)	Duration of the contracts/ arrangements/ transactions	Transactions done during the year 2023-24.																					
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	<p style="text-align: right;">₹ in lakhs</p> <table> <tr> <th>Sl no.</th><th>Particulars</th><th>Amount</th></tr> <tr> <td>i.</td><td>Purchase of Goods</td><td>241.43</td></tr> <tr> <td>ii.</td><td>Purchase of Services</td><td>1,299.38</td></tr> <tr> <td>iii.</td><td>Sale of Goods</td><td>391.97</td></tr> <tr> <td>iv.</td><td>Sale of Services</td><td>30.00</td></tr> <tr> <td>v.</td><td>Rent Received</td><td>3.60</td></tr> <tr> <td colspan="2">Total</td><td>1,966.37</td></tr> </table>	Sl no.	Particulars	Amount	i.	Purchase of Goods	241.43	ii.	Purchase of Services	1,299.38	iii.	Sale of Goods	391.97	iv.	Sale of Services	30.00	v.	Rent Received	3.60	Total		1,966.37
Sl no.	Particulars	Amount																					
i.	Purchase of Goods	241.43																					
ii.	Purchase of Services	1,299.38																					
iii.	Sale of Goods	391.97																					
iv.	Sale of Services	30.00																					
v.	Rent Received	3.60																					
Total		1,966.37																					
e)	Date of approval by the Board	29 th May, 2023																					
f)	Amount paid as advance, if any	Nil																					

SL.No.	Particulars	Details									
a)	Name (s) of the related party and nature of relationship	ChemWerth Inc. [Other related party]									
b)	Nature of contracts/arrangements/transactions	Sale in the Ordinary Course of Business									
c)	Duration of the contracts/ arrangements/ transactions	Transactions done during the year 2023-24.									
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	<p style="text-align: right;">₹ in lakhs</p> <table> <tr> <th>Sl no.</th><th>Particulars</th><th>Amount</th></tr> <tr> <td>i.</td><td>Sale of Goods</td><td>207.52</td></tr> <tr> <td colspan="2">Total</td><td>207.52</td></tr> </table>	Sl no.	Particulars	Amount	i.	Sale of Goods	207.52	Total		207.52
Sl no.	Particulars	Amount									
i.	Sale of Goods	207.52									
Total		207.52									
e)	Date of approval by the Board	29 th May, 2023									
f)	Amount paid as advance, if any	Nil									

Aforesaid transactions were considered as “Material Related Party Transactions” as per Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same was approved by the Shareholders in the 17th Annual General Meeting held on 29th September, 2024.

By Order of the Board
For SMS Lifesciences India Limited

Date: 09.08.2024
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

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

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

The Company is making continuous efforts to conserve energy by adopting innovative measures to reduce wastage and optimize consumption. Amongst others, below are some of the specific steps taken by the Company towards conservation of energy at its various locations.

A. CONSERVATION OF ENERGY:

Your Company has maintained manufacturing units well-equipped with modernized technological installations that meet quality standards and which are regularly reviewed and recognized by various authorities. Your Company also continues with its focus on environmental sustainability as a responsible corporate citizen and stays committed to achieve conservation of energy in each of its areas of operations.

A dedicated energy management team focuses on energy management and constantly reviews the progress made. It has implemented a number of energy conservation initiatives. Several measures have been adopted by your Company for continuous monitoring and conservation of energy during the year 2023-24.

Some of key initiatives and the benefits derived thereof were as follows:

- Optimising process cooling tower fans with atomization and Cooling Tower Fans with cooling temperatures.
- Replacing Centrifuges (CFs) & Fluidised Bed Dryers (FBDs) with Agitated Nutsche Filter Driers (ANFDs).
- Installed the Variable Frequency Drives (VFDs) in reactors (SS & GL).
- Installed the Steam auto cut off valves for Tray Driers, ANFD, Reactors, Solvent Recovery columns, Hot water tubs and Vacuum Tray Driers.
- Providing chilled water circulation for Sub-Coolers and Heat Exchangers instead of brine solution to all Production blocks and SRB block.
- All Production Blocks Steam Condensate Water recovery by 70% and the same was used for Boiler which saves natural resource and energy.
- Replaced the IE2 motors in place of IE3 motors.
- Conducting the Maintenance of Steam Traps and purging type hot water tanks are replaced with condenser / coil type hot water tanks to recover the steam condensate.
- New diesel generator was installed with upgrade system and atomization of change over from DG to power immediately.
- Installation of auto cut off electrical switch for RT and Brine water pumps.
- Installation of power factor panel for maintaining the power factor
- Optimized the compressed air pressure arresting air leakages and reduction of loading hours of air compressor unit.
- Separate the lighting device switches with stabiliser for individual floors and all other areas.

- Installed new higher efficiency utility equipment which improve the existing system during the utilisation of equipment apart from power saving.
- VFDS arrange for brine compressor, nitrogen compressor and air compressors and optimisation of power saving depending on load
- PLCS system installed for brine compressor for operating of compressor based on cooling of temperature.
- ZERO discharge plant per day 70 kl of water saving and return to cooling towers use.

Your Company is continuously exploring avenues for using alternate sources of energy keeping in mind several parameters including environment, production and cost efficiencies.

B. TECHNOLOGY ABSORPTION:

i. The Efforts made towards technology absorption:

Your Company continues to be a technology-driven and has developed core competence in vital areas of process research, process development, analytical development and process engineering.

Most of the technologies adopted by your Company are developed by in-house Research and Development (R&D) team. Over past several years, your Company has developed complex chemistries in its laboratory and successfully transferred to manufacturing through dedicated, highly qualified and experienced team of chemists and engineers.

Products developed in the laboratory are scaled-up in the pilot plant and learnings are captured before introduction in the manufacturing. Your Company also believes in collaborating with global customers to develop newer technologies for the introduction and supply of new products in shortest duration of time.

ii. The Benefits derived are:

- maintenance of quality standards
- commercialization of new products
- time saving by automation of repetitive R&D tasks
- reduced dependence on external source for technology adaptation.
- receipt of regulatory approvals for new products

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

The Company has not imported any technology.

iv. The expenditure incurred on Research and Development:

Your Company's R&D Centre at Hyderabad was approved by Department of Scientific and Industrial Research, Government of India. The R&D team consists of has 65 members with 2 Ph.Ds.

During the year, R&D expenditure was as follows:

(₹ in lakhs)

Particulars	FY 2023-24	FY 2022-23
Capital	143.97	105.87
Recurring	455.37	347.86
Total	599.34	453.73
Total R&D Expenditure as a percentage to Total Turnover	2.00%	1.43%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in lakhs)

Particulars	FY 2023-24	FY 2022-23
Earnings:		
FOB value of Exports	12,243.13	9,975.39
Outgo:		
Sales Commission	82.29	39.93
Travelling Expenses	0.39	0.14
CIF value of Imports	5,563.17	7,200.79

By Order of the Board
For SMS Lifesciences India Limited

Date: 09.08.2024
Place: Hyderabad

TV Praveen
Executive Director
DIN: 0877203

TVVSN Murthy
Managing Director
DIN: 00465198

DISCLOSURE OF MANAGERIAL REMUNERATION

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

- i. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the year 2023-24 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary.

SI No.	Name of Director / KMP	Designation	Remuneration [₹ in lakhs]		Change %	Ratio
			2023-24	2022-23		
Executive Director						
1)	Mr. TVVSN Murthy	Managing Director	202.78	202.58	0.10%	49.61
2)	Mr. TV Praveen	Executive Director	72.00	72.00	-	18.04
3)	Mrs. Sudeepthi Gopineedi	Whole-time Director	24.00	24.00	-	6.01
Non-Executive Director						
4)	Mr. P. Sarath Kumar	Independent Director	-	-	-	-
5)	Dr. (Mr.) Mannam Malakondaiah	Independent Director	-	-	-	-
6)	Dr. (Mr.) Srinivas Samavedam	Independent Director	-	-	-	-
KMPs						
7)	Mr. N Rajendra Prasad	Chief Financial Officer	19.40	18.64	4.13%	NA
8)	Mr. Trupti Ranjan Mohanty	Company Secretary	12.39	9.14	35.56%	NA

Independent Directors of the Company are entitled for sitting fee within the limits prescribed under Companies Act, 2013. Hence, ratio of remuneration and percentage increase for Non- Executive Directors Remuneration not provided.

- ii. Aforesaid remuneration is paid as per the remuneration policy of the Company.
- iii. The %increase in the median remuneration of Employees for the financial year was 11.54%.
- iv. The Company has 574 permanent Employees on the rolls of Company as on 31st March, 2024.
- v. Average percentage increase made in the monthly salaries of Employees other than the managerial personnel in the year was 11.10% whereas there was no increase in the managerial remuneration.

By Order of the Board
For SMS Lifesciences India Limited

Date: 09.08.2024
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

COMPLIANCE CERTIFICATE

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

We, Mr. TVVSN Murthy, MD and Mr. N. Rajendra Prasad, CFO hereby certify as under:

- A) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2024 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 Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) to the best of our knowledge and belief, no transactions entered into by the Company during the year ended on 31st March, 2024 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 we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- D)
 - 1) There has not been any significant changes in internal control over financial reporting during the year;
 - 2) There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - 3) We are not aware of any instances during the year of significant fraud with involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For SMS Lifesciences India Limited

Date: 09.08.2024
Place: Hyderabad

N. Rajendra Prasad
Chief Financial Officer

TVVSN Murthy
Managing Director
(DIN: 00465198)

INDEPENDENT AUDITORS' REPORT

To the Members of

SMS Lifesciences India Limited

Report on the Audit of the Ind AS Standalone Financial Statements

Opinion

We have audited the accompanying Ind AS standalone financial statements of **SMS Lifesciences India Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of material accounting policies and other explanatory information (hereinafter referred to as the "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA's") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

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

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

Sr. No.	Key Audit Matter	Auditor's Response
1	Recognition, measurement, presentation and disclosures of revenues from Contracts with Customers" as per Ind AS 115	<p>Principal Audit Procedures</p> <p>We assessed the Company's process to recognize the revenue as per accounting standard, Ind AS 115</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 revenue accounting standard.

Sr. No.	Key Audit Matter	Auditor's Response
		<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"> Read, analysed and identified the distinct performance obligations in these contracts. 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.

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

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

Management's Responsibilities for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified u/s 133 of the Act and other accounting principles generally accepted in India.

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

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

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

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

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

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

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act read with Companies Ind AS rules 2015 as amended.
 - e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 47 on contingent liabilities to the Ind AS financial statements.

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2024.
- iv.
 - (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - (d) Based on our examination which includes test checks, the Company, in respect of financial year commencing on 1st April 2023, has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, in respect of the accounting software where such feature is enabled.
- v. The dividend paid by the company during the year is in respect of the same declared for the previous year is in accordance with Sec 123 of Companies Act, 2013 to the extent it applies to payment of dividend.

Place: Hyderabad
Date: 27.05.2024

UDIN: 24026548BKAMOE9042

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

GVL Prasad
Partner
M. No. 026548

Annexure “A” to the Independent Auditor’s Report

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

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

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

 In our opinion and based on the information and explanations given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories.
 - (b) According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate during the year, from banks or financial institutions on the basis of security of current assets. The returns or statements filed by the Company with such banks or financial institutions are in agreement with the unaudited/audited books of account of the Company of the respective quarters and no material discrepancies have been observed.
- iii. During the year the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Hence, other sub clauses under this clause are not applicable.
- iv. According to the information and explanations given to us and on the basis of our examination of records of the Company, during the year, the Company has neither made any investments nor has it given loans or provided

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

- v. The Company has not accepted any deposits or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government of India under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. In respect of statutory dues:
 - (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.
 - (b) There were no statutory dues which have not been deposited as on March 31, 2024 on account of disputes except the following:

S. No	Name of the Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. Lakhs)	Amount Unpaid (Rs. Lakhs)
1	AP Non Agricultural Land (Conversion for Non Agriculture Purpose) Act, 2006	Nala Tax	High Court of Telangana	Demand Raised in the year 2012-13	22.50	22.50
2	Employees Provident Fund and Miscellaneous Provisions Act, 1952	Interest on Provident Fund	NCLT Hyderabad	December, 1999 to December, 2007	7.52	7.52
3	Income Tax Act, 1961	Income Tax	Erstwhile BIFR	1988-89 to 2004-05	75.07	75.07
4	Income Tax Act, 1961	Interest on above	Erstwhile BIFR	1988-89 to 2019-20	98.13	98.13

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

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

- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, further state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us and based on our examination of the records of the Company, there is no unspent amount under sub-section (5) of section 135 of the Act pursuant to any project. Accordingly, paragraph 3(xx)(a) and (xx)(b) of the Order are not applicable to the Company.
- xxi. According to the information and explanations given to us, and based on the Audit report of the subsidiary Company there are no qualifications / adverse remarks in the Companies (Auditor's Report) Order (CARO) report of the subsidiary Company included in the Consolidated financial statements.

Place: Hyderabad
Date: 27.05.2024

UDIN: **24026548BKAMOE9042**

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

GVL Prasad
Partner
M. No. 026548

Annexure “B” to the Independent Auditor’s Report

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

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

We have audited the internal financial controls over financial reporting of SMS Lifesciences India Limited (the “Company”) as of March 31, 2024 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Place: Hyderabad
Date: 27.05.2024

UDIN: **24026548BKAMOE9042**

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

GVL Prasad
Partner
M. No. 026548

Standalone Balance Sheet as at 31st March, 2024

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

Sl. No.	Particulars	Note	As at 31 st March, 2024	As at 31 st March, 2023
I	ASSETS			
1	Non-Current Assets			
	(a) Property, Plant and Equipment	4	13,578.39	13,783.36
	(b) Right-of-use Assets	5A	240.28	170.49
	(c) Capital Work-in-Progress	4	600.11	85.45
	(d) Intangible Assets	6	4.08	7.54
	(e) Financial Assets			
	(i) Investments	7	2,323.17	2,323.17
	(ii) Other Financial Assets	8	270.81	261.67
	(f) Other Non-Current Assets	9	271.55	347.98
	Total		17,288.39	16,979.66
2	Current Assets			
	(a) Inventories	10	7,458.87	8,046.22
	(b) Financial Assets			
	(i) Trade Receivables	11	4,934.69	4,551.88
	(ii) Cash and Cash Equivalents	12	33.49	15.14
	(iii) Bank Balances other than (ii) above	13	92.30	80.29
	(c) Other Current Assets	14	4,929.99	4,002.21
	(d) Current Tax Assets	15	-	63.55
	Total		17,449.34	16,759.29
	Total Assets		34,737.73	33,738.95
II	EQUITY AND LIABILITIES			
1	Equity:			
	(a) Equity Share Capital	16	302.33	302.33
	(b) Other Equity	17	17,320.48	16,100.47
	Total		17,622.81	16,402.80

(Contd.)

Standalone Balance Sheet (Contd.)

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

Sl. No.	Particulars	Note	As at 31 st March, 2024	As at 31 st March, 2023
2	LIABILITIES			
A	Non-Current Liabilities			
	(a) Financial liabilities			
	(i) Borrowings	18	2,831.41	4,597.02
	(ii) Lease Liabilities	5B	239.39	130.49
	(b) Provisions	19	401.63	362.31
	(c) Deferred Tax Liabilities (Net)	20	1,372.26	1,189.74
	Total		4,844.69	6,279.56
B	Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	21	6,041.48	3,917.44
	(ii) Lease Liabilities	5B	61.86	54.84
	(iii) Trade Payables			
	a. Dues to Micro and Small Enterprises	22	76.57	26.03
	b. Dues to otherthan Micro and Small Enterprises	22	4,877.21	5,426.51
	(iv) Other Financial Liabilities	23	697.63	657.80
	(b) Provisions	19	163.62	128.14
	(c) Other Current Liabilities	24	345.70	845.83
	(d) Current Tax Liabilities (Net)	25	6.16	-
	Total		12,270.23	11,056.59
	Total Liabilities		17,114.92	17,336.15
	Total Equity and Liabilities		34,737.73	33,738.95
	Material Accounting Policies	3		

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

as per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

GVL PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 27-05-2024

for and on behalf of the Board of Directors of

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

TRUPTI R MOHANTY

Company Secretary

M.No. 60358

T V PRAVEEN

Executive Director

DIN: 08772030

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Standalone Statement of Profit and Loss for the Year Ended 31st March, 2024

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

Sl. No.	Particulars	Note	Current Year 2023-24	Previous Year 2022-23
1	Income			
	Revenue from Operations	26	30,000.16	31,524.18
	Other Income	27	383.68	288.17
	Total Income		30,383.84	31,812.35
2	Expenses			
	Cost of Materials Consumed	28	16,119.02	18,995.48
	Changes in Inventories	29	97.57	30.10
	Manufacturing Expenses	30	5,052.92	4,958.08
	Employee Benefits Expense	31	3,793.63	3,472.35
	Finance Costs	32	890.23	509.44
	Depreciation and Amortization Expense	33	1,025.35	817.30
	Other Expenses	34	1,493.89	1,427.52
	Total Expenses		28,472.61	30,210.27
3	Profit Before Exceptional/Extraordinary Items (1-2)		1,911.23	1,602.08
4	Exceptional / Extraordinary Items	35	-	235.16
5	Profit Before Tax (3+4)		1,911.23	1,837.24
6	Tax Expense			
	(a) Current Tax	36		
	(i) relating to Current Year		425.00	350.00
	(ii) relating to Earlier Year		(19.75)	(35.02)
	(b) Deferred Tax		199.44	200.50
	Total Taxes		604.69	515.48
7	Profit for the Year (5-6)		1,306.54	1,321.76

(Contd.)

Standalone Statement of Profit and Loss (Contd.)

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

Sl. No.	Particulars	Note	Current Year 2023-24	Previous Year 2022-23
	Other Comprehensive Income/(Loss)			
	Items that will not be reclassified to Profit/(Loss)			
8	Remeasurement Gain/(Loss) of the defined benefit plans	37	(58.11)	7.04
9	Income Tax effect on the above		(16.92)	2.05
10	Other Comprehensive Income/(Loss) After Tax for the Year (8-9)		(41.19)	4.99
11	Total Comprehensive Income for the Year (7+10)		1,265.35	1,326.75
12	Earnings Per Share (Face Value of Rs.10/- each) -Basic / Diluted	38		
	(i) Including Exceptional Income		43.22	43.72
	(ii) Excluding Exceptional Income		43.22	36.34
	Material Accounting Policies	3		

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

as per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

GVL PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 27-05-2024

for and on behalf of the Board of Directors of

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

TRUPTI R MOHANTY

Company Secretary

M.No. 60358

T V PRAVEEN

Executive Director

DIN: 08772030

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Standalone Statement of Changes in Equity for the Year Ended 31st March, 2024

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

a. Equity Share Capital

Particulars	As at 31 st March, 2024		As at 31 st March, 2023	
	Number of Shares	Amount	Number of Shares	Amount
At the Beginning of the Year	30,23,287	302.33	30,23,287	302.33
Changes in Equity Share Capital	-	-	-	-
At the End of the Year	30,23,287	302.33	30,23,287	302.33

b. Other Equity

Particulars	Capital Redemption Reserve	General Reserve	Retained Earnings	Total Other Equity
Balance as at 01st April, 2022	1.00	6,816.02	8,002.05	14,819.07
Profit for the Year			1,321.76	1,321.76
Payment of Dividend			(45.35)	(45.35)
Other Comprehensive Income for the Year, net of Income Tax		-	4.99	4.99
Transfer from Retained Earnings		200.00	-	200.00
Transferred to General Reserve		-	(200.00)	(200.00)
Total Comprehensive Income for the Year	-	200.00	1,081.40	1,281.40
Balance as at 31st March, 2023	1.00	7,016.02	9,083.45	16,100.47
Balance as at 01st April, 2023	1.00	7,016.02	9,083.45	16,100.47
Profit for the Year			1,306.54	1,306.54
Payment of Dividend			(45.35)	(45.35)
Other Comprehensive Income for the Year, net of Income Tax			(41.19)	(41.19)
Transfer from Retained Earnings		200.00		200.00
Transferred to General Reserve		-	(200.00)	(200.00)
Total Comprehensive Income for the Year		200.00	1,020.01	1,220.01
Balance as at 31st March, 2024	1.00	7,216.02	10,103.46	17,320.48

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

as per our report of even date
for RAMBABU & CO
Chartered Accountants
FRN 002976S

GVL PRASAD
Partner
M.No.026548

Place : Hyderabad
Date : 27-05-2024

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

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Executive Director
DIN: 08772030

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

Standalone Statement of Cash Flow for the Year Ended 31st March, 2024

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

Particulars	For the year ended 31 st March, 2024	For the Year ended 31 st March, 2023
A. Cash Flow from Operating Activities		
Profit Before Tax	1,911.23	1,602.08
Adjustments for:		
Depreciation and amortisation expense	1,025.35	817.30
Interest Income classified as Investing Cash Flows	(5.74)	(6.26)
Allowance for Doubtful Debts	4.83	51.29
Interest on Non Current Borrowings	429.48	150.07
Interest on Unsecured Loans	9.53	37.73
Provision for Employee Benefits	16.69	74.79
Term Loan Processing Fee	3.54	1.78
Loss on Sale of Assets	0.18	0.12
Interest on Leased Premises	56.02	24.11
	3,451.11	2,753.01
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Trade Receivables	(387.64)	(1,225.75)
(Increase)/Decrease in Inventories	587.35	89.47
Increase/(Decrease) in Trade Payables	(498.76)	(1,632.27)
(Increase)/Decrease in Other Non Current Financial Assets	(9.14)	(33.38)
(Increase)/Decrease in Other Non Current Asset	76.43	75.87
(Increase)/Decrease in Other Current Financial Assets	(0.23)	-
(Increase)/Decrease in Other Current Assets	(927.77)	473.39
(Increase) / Decrease in Prepaid Taxes	(35.54)	(128.53)
Increase/(Decrease) in Other Current Financial Liabilities	19.47	(46.57)
Increase/(Decrease) in Other Current Liabilities	(500.13)	482.29
	(1,675.97)	(1,945.48)
Cash generated from Operations	1,775.14	807.53
Income Tax Paid	(300.00)	(350.00)
Net Cash Inflow/(Outflow) from Operating Activities "A"	1,475.14	457.53

(Contd.)

Standalone Statement of Cash Flow (Contd.)

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

Particulars	For the year ended 31 st March, 2024	For the Year ended 31 st March, 2023
B. Cash flows from Investing Activities		
Purchase of Property, Plant and Equipment	(1,371.96)	(3,390.91)
Proceeds from sale of Property, Plant and Equipment	3.03	564.69
Margin Money Deposits	(11.56)	23.06
Interest Received on Margin Money Deposit	5.53	6.79
Net Cash Inflow/(Outflow) from Investing Activities "B"	(1,374.96)	(2,796.37)
C. Cash flows from Financing Activities		
Proceeds from Long Term Borrowings	-	2,980.71
Repayment of Long Term Borrowings	(949.84)	(604.78)
Proceeds from Short Term Borrowings	1,664.73	-
Repayment of Short term Borrowings	-	297.63
Repayment of Lease Liability	115.92	(47.89)
Interest paid	(507.29)	(185.98)
Repayment of Unsecured Loan	(360.00)	(135.00)
Dividends paid to company's shareholders	(45.35)	(45.35)
Net Cash Inflow / (Outflow) from Financing Activities "C"	(81.83)	2,259.34
Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C)	18.35	(79.50)
Cash and Cash Equivalents at the beginning of the Year	15.14	94.64
Cash and Cash Equivalents at the End of the Year (Refer Note: 12)	33.49	15.14

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

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

as per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

GVL PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 27-05-2024

for and on behalf of the Board of Directors of

SMS Lifesciences India Limited

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Managing Director

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M.No. 60358

T V PRAVEEN

Executive Director

DIN: 08772030

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Notes to the Standalone Financial Statements

1. Corporate Information:

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

2. Basis of preparation of Standalone Financial Statements

2.1 Statement of Compliance

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

These standalone financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, 31st March, 2024. These Financial Statements were authorized and approved for issue by the Board of Directors on 27th May, 2024.

2.2 Basis of Measurement:

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

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

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

2.3 Current and Non-Current Classification:

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

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

- (d) All Other liabilities are classified as non-current.
- (e) Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.
- (f) The Operating Cycle is the time between the acquisition of assets for processing and their realization in Cash and Cash Equivalents. The Company has identified Twelve months as its Operating Cycle.

3. Summary of Significant Accounting Policies:

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

3.1 Revenue Recognition:

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

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

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

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

(i) Revenue from Sale of Goods:

Revenue from sale of goods is recognized when a promise in a customer contract (performance

obligation) has been satisfied by transferring the control over the promised goods to the customer. Control is usually transferred upon shipment, delivery to, upon receipt of the goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized is based on the consideration expected to be received in exchange of goods, excluding applicable discounts sales returns and any taxes or duties collected on behalf of the government such as GST where ever applicable.

Any additional amounts based on terms of agreement entered into with customers is recognized in the period when the collectability becomes probable and reliable and measure of the same is available.

(ii) Revenue from Sale of Services:

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

(iii) Export incentives:

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

(iv) Dividend Income:

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

(v) Interest Income:

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest

income, on financial assets at amortised cost and financial assets at FVOCI, is calculated using the effective interest method and the same is recognized in the statement of profit and loss as part of other income. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.2 Foreign Currency Transactions:

i. Functional and Presentation Currency:

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

ii. Initial Recognition:

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

iii. Conversion on Reporting Date:

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

iv. Exchange Differences:

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

3.3 Property, Plant and Equipment:

(a) Recognition and Initial Measurement

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

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

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

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

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

(b) Subsequent Measurement (Depreciation and Useful Lives)

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

Depreciation on addition to/deletion from fixed assets made during the year is provided on pro-rata basis from/up to the date of such addition/

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

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

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

(c) De-recognition

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

(d) Capital advances

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

(e) Capital work-in-progress

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

3.4. Intangible Assets:

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

3.4. A. Goodwill:

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

3.4 B. Other Intangible Assets:

(a) Recognition and Initial Measurement

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

(b) Subsequent measurement (amortization):

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

3.5 Leases:

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

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

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets

representing the right to use the underlying assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

i) Right-of-use assets

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

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

ii) Lease Liabilities

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

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the

commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is premeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

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

3.6 Inventories:

Raw materials, packaging materials, 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 Materials, packing Materials is determined using the weighted average cost method.

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

Cost of traded goods is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

3.7 Cash and Cash Equivalents:

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

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

3.8 Trade Receivables:

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

3.9 Financial Instruments

(a) Financial Assets

(i) Initial recognition and measurement:

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

(ii) Subsequent measurement

a) Debt instruments –

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

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

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

b) Equity investments –

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

Investment in Associates, Subsidiaries and Joint Venture:

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

(iii) De-recognition of financial assets

A financial asset is primarily de-recognised when the right 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 at 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) Other Financial Assets

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

3.10 Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3.11 Income Taxes:

Current Income Tax

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

Deferred Income Tax

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are

recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where a component has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

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

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

Minimum alternate tax (MAT)

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

3.12 Non-current assets held for sale

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

3.13 Segment Reporting:

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

3.14 Government Grants:

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

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

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

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

3.15 Borrowings:

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is

discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

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

3.16 Borrowing Cost

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

3.17 Provisions

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

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

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

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

3.18 Trade Payables:

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

3.19 Dividends

The Company recognises a liability to make cash distribution to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company is required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

3.20 Equity:

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

3.21 Research and Development:

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

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

The expenditure to be capitalized includes the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in the statement of profit and loss as and when incurred. As at 31st March, 2024, none of the development expenditure amounts has met the aforesaid recognition criteria.

3.22 Post Employee Benefits:

(a) Defined Contribution Plans:

The Company's contribution to provident fund and employee state insurance scheme 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 Plans:

The Company has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognized in the balance sheet

for defined benefit plans as the present value of the Defined Benefit Obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries as per the requirements of IND AS 19 "Employee Benefits". Actuarial gains and losses resulting from re-measurement of the liability are included in other comprehensive income.

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

(b) Compensated Absence Policy:

The employees of Company are entitled to compensated absences the employees can carry forward a portion of the un utilised accumulated compensated absences and utilize in future periods or encash the leaves at the time of retirement or termination of employment. The Company records an obligation in the period in which the employee render the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method as on the reporting date as per the requirements of IND AS "Employee Benefits". Non accumulating compensated absences are recognised in the period in which the absences occur. 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.

(c) Short-Term Employee Benefits

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

3.23 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events including a bonus issue.

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

3.24 Contingent Liabilities and Commitments:

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

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

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

3.25 Exceptional Items

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

3.26 Fair Value Measurement

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted market prices) in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.27 Estimates and Assumptions

The key assumptions concerning the future and other 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. Such changes are reflected in the assumptions when they occur.

(i) Recognition of Deferred Tax Assets

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

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

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

(iii) Evaluation of Indicators for Impairment of Assets:

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

(iv) Recoverability of Advances/ Receivables:

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

(v) Useful lives of Depreciable/Amortizable Assets:

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

(vi) Defined Benefit Obligation (DBO):

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(vii) Fair Value Measurements:

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(viii) Provisions:

At each balance sheet date the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from this judgment.

3.28 Recent Accounting Pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31st March, 2024 MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

3.29 Rounding of Amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs, as per the requirement of Schedule III of the Companies Act, 2013 unless otherwise stated.

Notes to the Standalone Financial Statements

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

Note No. 4: Property, Plant and Equipment

Particulars	Land	Buildings	Plant & Machinery	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)
I. Year ended 31st March, 2023										
A. Gross Carrying Amount										
1 Opening Gross Carrying Amount	508.22	2,552.73	9,761.75	110.19	116.71	34.80	183.42	14.06	13,281.88	2,120.75
2 Additions	-	1,630.89	3,453.13	16.42	20.21	4.80	39.84	-	5,165.29	3,123.86
3 Disposals / Transfers	(241.16)	(7.32)	(79.87)	(0.12)	(0.17)	(0.04)	(0.97)	-	(329.65)	(5,159.16)
4 Closing Gross Carrying Amount as at 31 st March, 2023 (1+2+3)	267.06	4,176.30	13,135.01	126.49	136.75	39.56	222.29	14.06	18,117.52	85.45
B. Accumulated Depreciation and Impairment										
5 Opening Accumulated Depreciation	-	456.35	2,958.42	61.60	42.47	22.86	99.27	10.55	3,651.52	-
6 Depreciation Charge during the Year	-	99.35	595.52	18.77	11.41	3.41	21.32	3.51	753.29	-
7 Disposals / Transfers	-	(3.15)	(67.28)	(0.11)	(0.07)	(0.04)	-	-	(70.65)	-
8 Closing Accumulated Depreciation and Impairment as at 31 st March, 2023 (5+6+7)	-	552.55	3,486.66	80.26	53.81	26.23	120.59	14.06	4,334.16	-
C. Net Carrying Amount as at 31st March, 2023 (4-8)	267.06	3,623.75	9,648.35	46.23	82.94	13.33	101.70	0.00	13,783.36	85.45

(Contd.)

Notes to the Standalone Financial Statements

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

Note No. 4: Property, Plant and Equipment (Contd.)

Particulars	Land	Buildings	Plant & Machinery	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Others	Total	Capital Work-in-Progress
II. Year ended 31st March, 2024										
A. Gross Carrying Amount										
1 Opening Gross Carrying Amount	267.06	4,176.30	13,135.01	126.49	136.75	39.56	222.29	14.06	18,117.52	85.45
2 Additions	-	150.82	571.75	5.39	22.71	3.85	-	-	754.52	1,269.18
3 Disposals/Transfers			(6.88)	(1.11)	-	(0.16)	(19.34)	-	(27.49)	(754.52)
4 Closing Gross Carrying Amount as at 31 st March, 2024 (1+2+3)	267.06	4,327.12	13,699.88	130.77	159.46	43.25	202.95	14.06	18,844.55	600.11
B. Accumulated Depreciation or Impairment										
5 Opening Accumulated Depreciation	-	552.55	3,486.66	80.26	53.81	26.23	120.59	14.06	4,334.16	-
6 Depreciation Charge during the Year	-	148.71	750.87	20.29	12.87	3.50	20.05	-	956.29	-
7 Disposals / Transfers	-	-	(6.21)	-	-	-	(18.08)	-	(24.29)	-
8 Closing Accumulated Depreciation and Impairment as at 31 st March, 2024 (5+6+7)	-	701.26	4,231.32	100.55	66.68	29.73	122.56	14.06	5,266.16	-
C. Net Carrying Amount as at 31st March, 2024 (4-8)	267.06	3,625.86	9,468.56	30.22	92.78	13.52	80.39	-	13,578.39	600.11

4.1 Property, Plant and Equipment includes assets relating to Research and Development activities Refer Note 41.2

4.2 Refer Note 40 for information on Property, Plant and Equipment pledged as security by the Company.

4.3 Refer Note 48.1 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Notes to the Standalone Financial Statements

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

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

For the year ended 31st March, 2024

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in Progress	530.14	69.97	-	-	600.11
Projects temporarily suspended	-	-	-	-	-

For the year ended 31st March, 2023

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Project in Progress	85.45	-	-	-	85.45
Projects temporarily suspended	-	-	-	-	-

5 Right of Use Assets and Lease Liabilities

5A Right of Use Assets

Following are the changes in the carrying value of Right of Use Assets for the year ended 31st March, 2024 and 31st March, 2023.

Particulars	31 st March, 2024	31 st March, 2023
Opening Balance	170.49	230.67
Additions	135.40	-
Depreciation	(65.61)	(60.17)
Closing Balance	240.28	170.49

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

Additions to Right to use of Assets is due to extension of Lease agreement with revised terms and conditions.

Notes to the Standalone Financial Statements

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

5.B Lease Liabilities

The following is the movement in lease liabilities during the year ended 31st March, 2024:

Particulars	31 st March, 2024	31 st March, 2023
Opening Balance	185.33	233.22
Additions	135.40	-
Finance cost accrued during the year	56.02	24.11
Payment of lease liabilities	(75.50)	(72.00)
Closing Balance	301.25	185.33
Closing balance of Liability		
Current Liability	61.86	54.84
Non Current Liability	239.39	130.49
Total	301.25	185.33

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2024 and 31st March, 2023 on discounted basis

Particulars	31 st March, 2024	31 st March, 2023
Less than one year	61.86	54.84
One to five years	239.39	130.49
More than five years	-	-
Total	301.25	185.33

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

Particulars	31 st March, 2024	31 st March, 2023
Depreciation Expense on Right-of-use assets	65.61	60.17
Interest Expense on lease Liabilities	56.02	24.11
Total	121.63	84.28

The Company does not face significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Lease agreement of office premises initially entered for three years in 2019, extended for Four years and further extended for another two years with revised terms and conditions, it expires by 31st January, 2028.

5.1 Operating Lease Commitments - Company as Lessor: The Company has given part of its office for sublease and rental income is very meagre and the same was included in other income.

Notes to the Standalone Financial Statements

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

Note No. 6: Intangible Assets

Particulars	Computer Software
(1)	(2)
I. Year ended 31st March, 2023	
A. Gross Carrying Amount	
1 Opening Gross Carrying Amount	22.96
2 Additions	-
3 Disposals	-
4 Closing Gross Carrying Amount as at 31st March, 2023 (1+2+3)	22.96
B. Accumulated Amortisation and Impairment	
5 Opening Accumulated Amortisation	11.58
6 Amortisation Charge during the year	3.84
7 Disposals	-
8 Closing Accumulated Amortisation and Impairment as at 31st March, 2023 (5+6+7)	15.42
C. Closing Net Carrying Amount as at 31st March, 2023 (4-8)	7.54
II. Year ended 31st March, 2024	
A. Gross Carrying Amount	
1. Opening Gross Carrying Amount	22.96
2 Additions	-
3 Disposals	-
4 Closing Gross Carrying Amount as at 31st March, 2024 (1+2+3)	22.96
B. Accumulated Amortisation and Impairment	
5 Opening Accumulated Amortisation	15.42
6 Amortisation Charge during the year	3.46
7 Disposals	-
8 Closing Accumulated Amortisation and Impairment as at 31st March, 2024 (5+6+7)	18.88
C. Closing Net Carrying Amount as at 31st March, 2024 (4-8)	4.08

Notes to the Standalone Financial Statements

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

Non Current Financial Assets - Unsecured, Considered Good

Note No	Particulars	As at 31 st March, 2024		As at 31 st March, 2023	
		Shares	Amount	Shares	Amount
7. Non-Current Investments					
	(Un quoted, fully paid up carried at cost)				
(a) Investment in Subsidiaries					
	M/s Mahi Drugs Private Ltd	42,43,590	2,319.56	42,43,590	2,319.56
(b) Investment in other Companies					
	Equity Shares of Rs.100/- each in				
	M/s. Jeedimetla Effluent Treatment Ltd	1,753	1.75	1,753	1.75
	Equity Shares of Rs.10/- each in				
	M/s. Patancheru Envirotech Ltd	17,538	1.76	17,538	1.76
	M/s Sireen Drugs Private Ltd	1,000	0.10	1,000	0.10
	Total		2,323.17		2,323.17
	Aggregate amount of unquoted investments		2,323.17		2,323.17
	Aggregate amount of quoted investments and market value thereof		-		-
	Aggregate amount of impairment in the value of investment		-		-

7.1 The Holding in subsidiary company, Mahi drugs Private limited, is 60% of its equity

Note No	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
8 Other Non-Current Financial Assets			
	Security Deposits	270.81	261.67
	Total	270.81	261.67
9 Other Non-Current Assets			
	Capital Advances	271.55	347.98
	Total	271.55	347.98

9.1 An amount of Rs.261.88 Lakhs (Previous Year Rs. 261.88 Lakhs,) was included in the Capital Advances paid on account of land admeasuring AC 19.00 in JNPC, Parwada, Visakhapatnam District, consisting of 100% land cost paid to APIIC and about 80% of development cost to Ramky Pharmacy, the developer. Due to disputes arose between the parties, the developer has cancelled the said allotment and proposed to allot to a third party. The company has filed a writ petition before the Hon'ble High Court of Telangana, and the Court has granted stay and the case is pending.

Notes to the Standalone Financial Statements

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

Note No	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
10	Inventories		
	(Cost or Net Realisable Value, whichever is lower and as valued and certified by the Management)		
	(a) Raw Materials (including packing materials)	3,391.10	3,881.91
	(b) Stock in Process	1,692.40	1,701.50
	(c) Finished Goods	2,334.51	2,422.98
	(d) Coal & Fuel	40.86	39.83
	Total	7,458.87	8,046.22

10.1 Rawmaterials includes stock in transit of Rs. 146.07 Lakhs (31st March, 2023 Rs. 123.96)

10.2 Finished Goods includes stock in transit of Rs. 853.14 Lakhs (31st March, 2023 Rs. 703.69 Lakhs).

11 Trade Receivables

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Unsecured		
Considered good	4,142.19	4,010.89
Receivable from related parties (Refer Note: 11.e)	792.50	540.99
Credit impaired	161.74	156.91
	5,096.43	4,708.79
Allowance for Doubtful Debts	(161.74)	(156.91)
Total	4,934.69	4,551.88

- No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.
- Trade receivables are non-interest bearing
- Of the trade receivables Rs.3,076.47 Lakhs in aggregate (Previous Year Rs.2,789.56 Lakhs) is due from the Company's customers individually representing more than 5% of the total trade receivables
- The Company has used practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience in calculating expected credit loss.
- Trade Receivables Includes due from related parties, SMS Pharmaceuticals Limited of Rs. 418.12 Lakhs (Previous Year Rs. 540.99 Lakhs), Purogene Labs Private Limited of Rs. 316.41 Lakhs (Previous year Rs. Nil) and Chemwerth Inc. of Rs. 57.97 Lakhs (Previous year Rs. Nil).

Notes to the Standalone Financial Statements

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

Movement in the expected credit loss allowance

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Balance at the beginning of the year	156.91	105.62
Movement in expected credit loss allowance on trade receivables	4.83	51.29
Balance at the end of the year	161.74	156.91

Trade Receivables ageing schedule for the year ended 31st March, 2024

Particulars	Outstanding from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade Receivables - Considered good	4,385.07	13.44	20.72	513.83	1.63	4,934.69
ii) Undisputed Trade Receivables - Which have significant increase in Credit Risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit impaired	143.73	0.44	0.68	16.84	0.05	161.74
iv) Disputed Trade receivables						
Total	4,528.80	13.88	21.40	530.67	1.68	5,096.43

Trade Receivables ageing schedule for the year ended 31st March, 2023

Particulars	Outstanding from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade Receivables - Considered good	4,032.64	4.29	513.32	-	1.63	4,551.88
ii) Undisputed Trade Receivables - Which have significant increase in Credit Risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit impaired	139.00	0.15	17.70	-	0.06	156.91
iv) Disputed Trade receivables						
Total	4,171.64	4.44	531.02	-	1.69	4,708.79

Notes to the Standalone Financial Statements

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

Note No	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
12	Cash and Cash Equivalents		
	(a) Balances with Banks		
	- in Current Accounts	18.88	8.77
	- in EEFC account	7.96	0.91
	(b) Cash in Hand	6.65	5.46
	Total	33.49	15.14
13	Other Bank Balances		
	Margin Money Deposits	91.25	79.47
	Unclaimed Dividend	1.05	0.82
	Total	92.30	80.29
13.1	Margin Money deposits having maturity less than 12 months are subject to the first charge against Bank Guarantee and / or letter of credits.		
14	Other Current Assets		
	(Unsecured Considered Good)		
	GST Credit Receivable	997.26	891.94
	Advance to Suppliers (Note 14.1)	3,757.16	2,860.96
	Prepaid Expenses	137.99	208.93
	Interest Receivable	12.11	11.18
	Other Advances and Receivables	25.47	29.20
	Total	4,929.99	4,002.21
14.1	Advance to Suppliers includes an amount of Rs.3,202.85 Lakhs (31 st March, 2023 Rs.2,325.78 Lakhs) to Mahi Drugs Private Limited, a Subsidiary.		
14.2	Prepaid Expenses Includes an outstanding amount of Rs. 87.12 lakhs (31 st March 2023 Rs. 174.24 Lakhs) Paid to Pollution Control Board in connection with expanding its capacities at Kazipalli facility, and to be amortised in 8 Quarters @ Rs. 21.78 Lakhs starting from 2023-24		
15	Current Tax Assets	-	63.55
15.1	Movement in Current Tax Assets/(Liabilities)		
	Advance Tax	-	350.00
	TDS & TCS Receivable	-	34.42
	Income Tax Refund Receivable	-	29.13
	Less: Provision for Income Tax	-	(350.00)
	Total	-	63.55

Notes to the Standalone Financial Statements

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

Note No.	Particulars	As at 31 st March, 2024		As at 31 st March, 2023	
		Number of shares	Amount	Number of shares	Amount
16	Equity Share Capital				
	Authorised Share Capital				
	Equity Shares of Rs. 10/- each	35,00,000	350.00	35,00,000	350.00
	Issued, Subscribed and Fully Paid Up				
	Equity Shares of Rs. 10/- each	30,23,287	302.33	30,23,287	302.33
	TOTAL	30,23,287	302.33	30,23,287	302.33

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

Particulars	As at 31 st March, 2024		As at 31 st March, 2023	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
At the beginning of the Year	30,23,287	302.33	30,23,287	302.33
Issued/(Reduced) during the Year	-	-	-	-
At the end of the Year	30,23,287	302.33	30,23,287	302.33

16.2 Rights attached to Equity Shares

The Company has only one class of equity shares having face value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share at the general meetings of the Company. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	As at 31 st March, 2024		As at 31 st March, 2023	
	Number of shares	% holding	Number of shares	% holding
Talluri Annapurna	7,42,436	24.56	7,42,436	24.56
TVVSN Murthy**	7,21,224	23.86	7,21,224	23.86
Ramesh Babu Potluri	2,40,190	7.94	2,40,190	7.94

**including 2,41,190 Shares (2,41,190 Shares as at 31.03.2023) held in the capacity of Karta of HUF

Notes to the Standalone Financial Statements

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

16.4 Details of shares held by the promoters of the Company

Equity shares held by the promoters as at 31st March 2024 and 31st March 2023

Particulars	As at 31 st March, 2024			As at 31 st March, 2023		
	Number of shares	% holding	% Changes during the year	Number of shares	% holding	% Changes during the year
TVVSN Murthy	4,80,034	15.88%		4,80,034	15.88%	-
TVVSN Murthy – HUF	2,41,190	7.98%	-	2,41,190	7.98%	-
Ramesh Babu Potluri	2,40,190	7.94%	-	2,40,190	7.94%	-
Hima Bindu Potluri	83,333	2.76%	-	83,333	2.76%	-
Annapurna Talluri	7,42,436	24.56%	-	7,42,436	24.56%	-
Rajeswara Rao Gopineedi	100	0.00%	-	100	0.00%	-
Venkata Praveen Talluri	1,25,790	4.16%	1.14%	91,279	3.02%	0.78%
Sudeepthi Gopineedi	78,899	2.61%	(0.27%)	87,018	2.88%	0.49%
Venkata Chaitanya Gopineedi	361	0.01%		361	0.01%	-
Sukumari Koneru	714	0.02%	-	714	0.02%	-
Vamsi Krishna Potluri	73,234	2.42%	-	73,234	2.42%	-
Trilok Potluri	78,141	2.58%	-	78,141	2.58%	-
Potluri Infra Projects LLP	8,000	0.26%	-	8,000	0.26%	-
Total	21,52,422	71.18%	0.87%	21,26,030	70.31%	1.27%

17 Other Equity

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Reserves and Surplus		
Capital Redemption Reserve	1.00	1.00
General Reserve	7,216.02	7,016.02
Retained Earnings	10,103.46	9,083.45
Total	17,320.48	16,100.47
17.1 Capital Redemption Reserve		
Opening balance	1.00	1.00
Adjustments-	-	-
Closing Balance	1.00	1.00

Notes to the Standalone Financial Statements

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

Note No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
17.2 General Reserve			
	Opening balance	7,016.02	6,816.02
	Adjustments	-	-
	Transfer from Retained Earnings	200.00	200.00
	Closing Balance	7,216.02	7,016.02
17.3 Retained Earnings			
	Opening balance	9,083.45	8,002.05
	Net profit for the Year	1,306.54	1,321.76
	Dividend	(45.35)	(45.35)
	Transferred to General Reserve	(200.00)	(200.00)
	Items of Other Comprehensive Income		
	Remeasurement Gain/(Loss) of the Defined Benefit Plans, net of tax	(41.19)	4.99
	Closing balance	10,103.46	9,083.45

17.4 Nature and Purpose of Reserves

(i) Capital Redemption Reserve:

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

(ii) General Reserve:

Though mandatory transfer to General Reserve is not required under the Companies Act, 2013, the Company generally appropriates a portion of its earnings to the general reserve to be used for contingencies. These reserves are freely available for use by the Company.

(iii) Retained Earnings:

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

(iv) Dividend:

For the year 2022-23 an amount of Rs 45.35 Lakhs was distributed as dividend @ Rs 1.50/- per share to the equity share holders. The Board of Directors have proposed to pay dividend for the Year 2023-24 to the equity share holders @ Rs 1.50/- per each share subject to the approval by the share holders in the ensuing Annual General Meeting. The Proposed dividend was not recognised as liability.

(v) Analysis of items of OCI, net of tax

Re-measurements of defined benefit plans (refer note no.37)

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

Financial Liabilities

Note No.	Particulars	as at 31 st March, 2024	as at 31 st March, 2023
18	Non Current Liabilities		
18.1	Financial liabilities		
(i)	Borrowings		
	Secured (note 18.1.1)		
	Term Loans from Banks		
(a)	Export Import Bank of India Term Loan	497.42	895.89
(b)	Export Import Bank of India GECL	229.33	344.00
(c)	RBL Bank Limited GECL Loan	20.88	271.54
(d)	HDFC Bank Term Loan	2,083.78	2,725.59
	Sub Total	2,831.41	4,237.02
18.2	Unsecured		
	From Directors (note 18.2.1)	-	360.00
	Sub Total	-	360.00
	Total	2,831.41	4,597.02
18.3	Current Maturities of Non Current Borrowings		
	Secured		
(a)	Term Loans from Banks		
(i)	Export Import Bank of India TL	400.00	400.00
(ii)	Export Import Bank of India GECL	114.67	-
(iii)	RBL Bank GECL Loan	250.68	250.68
(iv)	HDFC Bank Term Loan	600.00	255.36
	Total	1,365.35	906.04
	Amount disclosed under the head "Current Borrowings"	(1,365.35)	(906.04)
	Total	-	-

18.1.1 Security Terms

- Term Loan availed from Export-Import Bank of India and HDFC Bank are secured by first charge of all movable and immovable fixed assets both present and future on pari-passu basis. They are further secured by second charge of all current assets both present and future on pari-passu basis. These facilities are guaranteed by Sri TVVSN Murthy, Managing Director and T.V.Praveen, Executive Director of the Company in their personal capacity.
- Term Loan GECL (Gauranteed Emergency Credit Line) availed from Export-Import Bank of India and RBL Bank are Gauranteed by National Credit Gaurantee Trustee, secured by second charge of all movable and immovable fixed assets and current assets both present and future on pari-passu basis. These facilities are also guaranteed by Sri TVVSN Murthy, Managing Director and T.V.Praveen, Executive Director of the Company in their personal capacity.
- Term Loan availed from HDFC Bank Ltd 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 on pari passu basis and guaranteed by Sri TVVSN Murthy, Managing Director and T.V.Praveen, Executive Director of the Company in their personal capacity.

Notes to the Standalone Financial Statements

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

- (d) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 40.

18.1.2 Rate of Interest:

- (a) Term Loan of Exim Bank carries interest rate @ 9.50 % p.a (LTMLR+115 bps p.a.)
(b) GECL Loan of EXIM Bank carries interest rate @ 8.55% p.a (LTMLR p.a.)
(c) GECL Loan of RBL Bank carries interest rate @ 7.85% p.a.
(d) HDFC Bank Term Loan carries interest rate @ 8.95% p.a.

18.1.3 Terms of Repayment

Term Loan availed from Export Import Bank of India amounting to Rs 20,00,00,000/- is for funding the Expansion Project of Kazipally unit. The said loan is repayable in 24 Quarterly Installments commencing from February, 2020, as mentioend below

First 4 Quarters	Rs. 25,00,000/- Each
Next 4 Quarters	Rs. 75,00,000/- Each
Next 16 Quarters	Rs. 1,00,00,000/- Each

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

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

Term Loan availed from HDFC Bank amounting to Rs 30,00,00,000/- is for funding the Expansion Project of Kazipally unit. The said loan is repayable in 20 Quarterly Installments commencing from November, 2023 of Rs 150 Lakhs each.

- 18.1.4** Loans obtained were utilised for the purpose for which they were obtained.

18.2.1 Un-Secured Loans

During the Year the company has repaid the outstanding unsecured loan of Rs. 360.00 Lakhs availed from Sri TVVSN Murthy, Managing Director of the company which carries interest rate of 8.40% pa

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

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Opening Borrowings	4,597.02	2,684.67
Add: Opening Current Maturities	906.04	575.68
Add: Amortisation of Transaction Cost	3.54	1.78
Add: Received during the year	-	2,980.71
Less: Paid during the year	(949.84)	(604.78)
Less: Unsecured Loan	(360.00)	(135.00)
Closing Borrowings	4,196.76	5,503.06
Less: Closing Current Maturities	(1,365.35)	(906.04)
Non Current Borrowings as per Balance Sheet	2,831.41	4,597.02

Notes to the Standalone Financial Statements

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

Note No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
19	Provisions		
	Employee Benefit Obligations		
	Non Current		
	Gratuity	327.60	296.19
	Leave Encashment	74.03	66.12
	Sub Total	401.63	362.31
	Current		
	Gratuity	121.42	89.07
	Leave Encashment	42.20	39.07
	Sub Total	163.62	128.14
	Total		
	Gratuity	449.02	385.26
	Leave Encashment	116.23	105.19
	Grand Total	565.25	490.45

19.1 For details of Post Employment Obligations. Refer Note 39.

20 Deferred Tax Liabilities (net)

The balance comprises Temporary Differences attributable to:

(a) Deferred Tax Liability

(i) Property, Plant and Equipment	1,702.27	1,500.75
(ii) Others	91.20	58.44
Total	1,793.47	1,559.19

(b) Deferred Tax Asset

(i) Expenses allowable on Payment basis	179.85	159.12
(ii) Others	241.36	210.33
Total	421.21	369.45

Net Deferred Tax Liabilities (a)-(b)	1,372.26	1,189.74
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Notes to the Standalone Financial Statements

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

(c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Other Items	Total
As at 31st March, 2022	1,284.02	69.58	1,353.60
Charged/(Credited)	216.73	(11.14)	205.59
As at 31st March, 2023	1,500.75	58.44	1,559.19
Charged/(Credited)	201.52	32.76	234.28
As at 31st March, 2024	1,702.27	91.20	1,793.47

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on Payment basis	Other Items	Total
As at 31st March, 2022	139.63	226.78	366.41
Charged/(Credited)	19.49	(16.45)	3.04
As at 31st March, 2023	159.12	210.33	369.45
Charged/(Credited)	20.73	31.03	51.76
As at 31st March, 2024	179.85	241.36	421.21

Note No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
21	Current Borrowings		
	Secured		
	Working Capital Loans from Banks		
	--- RBL Bank Ltd	2,994.86	2,400.00
	--- HDFC Bank Ltd	1,681.27	611.40
	Current Maturities of Long term Debt	1,365.35	906.04
	Total	6,041.48	3,917.44

21.1.1 Security Terms

- (a) Working capital facility sanctioned by RBL Bank Limited for an amount of Rs 3,000.00 Lakhs is secured by first charge on all current assets both present and future on pari-passu basis. 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 T.V.Praveen, Executive Director of the Company in their personal capacity.

Notes to the Standalone Financial Statements

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

- (b) Working capital facility sanctioned by HDFC Bank Limited for an amount for Rs 2,000.00 Lakhs is secured by first charge on all current assets both present and future on pari-passu basis. 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 T.V.Praveen, Executive Director of the Company in their personal capacity.
- (c) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 40.

21.1.2 Rate of Interest:

- (a) RBL Bank Limited working capital loan carries an interest rate of 9.40% p.a
- (b) HDFC Bank Limited working capital loan carries an interest rate of 8.60% p.a

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

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

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Opening Balance	3,011.40	2,713.78
Add: Received during the year	1,664.73	611.40
Less: Paid during the year	-	(313.78)
Current Borrowings as per Balance Sheet	4,676.13	3,011.40

21.3 Maximum Utilisation of Working Capital loans during the year ended 31st March, 2024 is Rs. 4,870.00 Lakhs (Previous Year Rs. 3,316 Lakhs)

21.4 Average Utilisation of Working Capital Loans during the year ended 31st March, 2024 is Rs. 3,907.70 Lakhs (Previous Year Rs.1,756.34 Lakhs)

22 Trade Payables

(a) Creditors for Supply of Materials

(i) Due to Micro and Small Enterprises	76.57	26.03
(ii) Other than MSME	4,877.21	5,426.51

Total

4,953.78 **5,452.54**

Trade Payables

Particulars	31 st March, 2024	31 st March, 2023
Valued at amortised cost		
Total Outstanding dues to creditors other than micro and small enterprises	4,877.21	5,426.51
Outstanding dues to related parties	-	-
Total	4,877.21	5,426.51
Total outstanding dues to micro and small enterprises	76.57	26.03
Total	4,953.78	5,452.54

Terms and conditions of the above financial liabilities:

Trade Payables are non-interest bearing.

For explanations on the company's credit risk management processes, refer note no.44.

Notes to the Standalone Financial Statements

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

Trade payables ageing schedule for the year ended 31st March, 2024

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Micro and Small Enterprises	76.57	-	-	-	76.57
ii) Others	4,871.86	2.09	2.14	1.12	4,877.21
iii) Disputed dues-MSME & others	-	-	-	-	-
Total	4,948.43	2.09	2.14	1.12	4,953.78

Trade payables ageing schedule for the year ended 31st March, 2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Micro and Small Enterprises	26.03	-	-	-	26.03
ii) Others	5,396.48	7.97	10.33	11.73	5,426.51
iii) Disputed dues-MSME & others	-	-	-	-	-
Total	5,422.51	7.97	10.33	11.73	5,452.54

Particulars		As at 31 st March, 2024	As at 31 st March, 2023
23	Other Financial Liabilities		
	Current		
	Creditors for Expenses	543.15	523.90
	Capital Creditors	118.50	85.89
	Interest Accrued but not due	34.93	40.48
	Interest on Unsecured Loan	-	6.71
	Unclaimed Dividend	1.05	0.82
	Total	697.63	657.80
24	Other Current Liabilities		
	Statutory dues Payable	71.75	63.21
	Advance from Customers	261.79	767.21
	Employee Benefits Payable	12.16	15.41
	Total	345.70	845.83
25	Current Tax Liabilities (Net)	6.16	-
25.1	Movement in Current Tax (Assets)/Liabilities		
	Provision for Income Tax	425.00	-
	Less: Advance Tax	(300.00)	-
	Less: TDS & TCS Receivable	(32.89)	-
	Income Tax Refund Receivable	(85.95)	-
	Sub Total	6.16	-

Notes to the Standalone Financial Statements

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

Note No.	Particulars	Current Year 2023-24	Previous Year 2022-23
26	Revenue from Operations		
(a)	Sale of Products	32,255.35	34,948.22
	Less: Goods and Service Tax	2,830.40	3,645.86
	Net Revenue from Sales	29,424.95	31,302.36
(b)	Sale of Services		
(i)	Conversion Charges	412.79	145.23
	Less: Goods and Service Tax	44.23	17.50
	Net Revenue from Services	368.56	127.73
(c)	Other Operating Income		
	Export Incentives	77.83	94.09
	Other Operating Revenue	128.82	-
		206.65	94.09
	Total Net Income from Operations (a+b+c)	30,000.16	31,524.18
27	Other Income		
(a)	Interest Income	22.52	21.49
(b)	Net Gain on Foreign Exchange Fluctuations	189.51	32.07
(c)	Miscellaneous Income (Net of GST)	171.65	234.61
	Total	383.68	288.17
28	Cost of Materials Consumed		
	Raw Materials & Packing Materials		
	Stock at the Beginning of the Year	3,881.91	3,971.16
	Add: Purchases	15,628.21	18,906.23
	Less: Stock at the End of the Year	(3,391.10)	(3,881.91)
	Total Materials Consumed	16,119.02	18,995.48
29	Changes in Inventories		
(a)	Opening Stock of Inventory:		
	Finished Goods	2,422.98	2,799.57
	Stock in Process	1,701.50	1,355.01
	Sub Total (a)	4,124.48	4,154.58
(b)	Closing Stock of Inventory		
	Finished Goods	2,334.51	2,422.98
	Stock in Process	1,692.40	1,701.50
	Sub Total (b)	4,026.91	4,124.48
	(Increase)/Decrease in Stocks (a) - (b)	97.57	30.10

Notes to the Standalone Financial Statements

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

Note No.	Particulars	Current Year 2023-24	Previous Year 2022-23
30	Manufacturing Expenses		
	Power and Fuel	2,495.58	2,414.07
	Consumable Stores	238.54	224.31
	Testing Charges	52.33	65.79
	Water Charges	150.69	151.74
	Conversion Charges	1,325.18	1,320.73
	Effluent Treatment Charges	277.74	186.71
	Repairs and Maintenance		
	to Plant & Machinery	362.01	475.93
	to Buildings	69.64	34.08
	Factory Maintenance	81.21	84.72
	Total	5,052.92	4,958.08
31	Employee Benefits Expense		
	Salaries, Wages and Bonus	3,304.31	3,057.75
	Contribution to Provident Fund	224.48	206.38
	Contribution to ESI	8.67	9.37
	Staff Welfare Expenses	256.17	198.85
	Total	3,793.63	3,472.35
32	Finance Cost		
	Interest on Non Current Borrowings	439.01	187.81
	Interest on Current Borrowings	361.15	251.95
	Interest on Others	61.43	27.73
	Bank Charges	28.64	41.95
	Total	890.23	509.44
33	Depreciation and Amortisation Expense		
	Depreciation on Property, Plant and Equipment	956.29	753.29
	Right of use of Assets	65.61	60.17
	Amortisation of Intangible Assets	3.45	3.84
	Total	1,025.35	817.30

Notes to the Standalone Financial Statements

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

Note No.	Particulars	Current Year 2023-24	Previous Year 2022-23
34	Other Expenses		
	Rent	4.45	3.28
	Rates and Taxes	35.61	37.02
	Repairs & Maintenance to other Assets	12.41	15.40
	Insurance	103.68	94.33
	Directors Remuneration	298.78	298.58
	Travelling and Conveyance	37.12	30.58
	Communication Expenses	8.78	11.67
	Printing and Stationery	48.91	57.31
	Payment to Auditors (note 34.1)	12.05	12.00
	Vehicle Maintenance	68.73	64.18
	Interest on Indirect Taxes	10.62	7.00
	Loss on Sale of Assets	0.18	0.12
	General Expenses	162.23	155.82
	Business Promotion Expenses	37.08	51.89
	Sales Commission	203.20	169.35
	Regulatory Filing Fee	124.56	43.35
	Carriage Outward	277.51	295.12
	Provision for Doubtful Debts	4.83	51.29
	Corporate Social Responsibility	43.16	29.23
	Total	1,493.89	1,427.52

34.1 Details of payment to Auditors

Statutory Audit Fee	9.00	9.00
Tax Audit Fee	3.00	3.00
Others	0.05	-
Total	12.05	12.00

Notes to the Standalone Financial Statements

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

34.2 Corporate Social Responsibility Expenditure

Note No.	Particulars	Current Year 2023-24	Previous Year 2022-23
	As per requirement of the Companies Act, 2013, gross amount required to be spent by the Company during the year is Rs.37.04 Lakhs (Previous Year Rs.35.20 Lakhs).		
(i)	Construction / acquisition of Assets.	41.70	23.73
(ii)	Others	1.46	5.50
	Total Amount spent during the year	43.16	29.23
	Amount spent against previous years obligations	(6.03)	-
	Setoff from Previous Years	-	-
	Transfer to CSR Unspent A/c	-	6.03
	Total	37.13	35.26
	Amount required to be spent as per section 135 of the Companies Act, 2013	37.04	35.20
	Amount Carried forward to subsequent years	0.09	0.06

35 Exceptional Items

Profit on sale of Tangible Assets	-	235.16
Total	-	235.16

35.1 Exceptional income in previous year of Rs 235.16 Lakhs represents profit on sale of Non Revenue generating Land and Buildings.

36 Income Tax Expense

Current Tax

Current Tax on Profits for the Year	425.00	350.00
Adjustments for Current Tax of Prior Years	(19.75)	(35.02)
Total Current Tax	405.25	314.98

Deferred Tax

Increase(Decrease) in Deferred Tax Liabilities	234.28	205.59
Decrease(Increase) in Deferred Tax Assets	(51.76)	(3.04)
Acturial (Gain)/Loss	16.92	(2.05)
Total Deferred Tax Expense/(Benefits)	199.44	200.50
Total Tax Expenses	604.69	515.48

There are no unrecognised Deferred Tax Assets and Deferred Tax Liabilities as at 31st March 2024 and 31st March 2023.

Notes to the Standalone Financial Statements

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

Particulars	Current Year 2023-24	Previous Year 2022-23
36.1 Income Tax Recognised in Statement of Profit and Loss		
(a) Profit Before Income Tax Expenses	1,911.23	1,837.24
Less: Exceptional Income	-	235.16
	1,911.23	1,602.08
(b) Enacted Tax Rate in India	29.12%	29.12%
(c) Expected Tax Expenses (a)x(b)	556.55	466.53
(d) Tax Effect of :		
Provision for tax on exceptional Income	-	12.00
Expenses not allowed under Tax Laws	77.93	96.12
Adjustment for allowable Expenses under Tax Laws	(15.15)	(24.15)
Tax expenses of Earlier Years	(19.75)	(35.02)
Others	5.11	-
Total Adjustments	48.14	48.95
Curent Tax Expenses as per Profit & Loss	604.69	515.48
Effective Tax Rate	31.64%	28.06%
37 Other Comprehensive Income		
Actuarial Gain/(Loss) on Post Employment Benefit Expenses	57.44	6.65
Return on Plan Assets excluding net interest	0.67	0.39
	58.11	7.04
Deferred Taxes on above	(16.92)	(2.05)
Net Comprehensive Income	41.19	4.99
38 Earnings Per Share		
i Including Exceptional Income		
(a) Net Profit	1,306.54	1,321.76
(b) No. of Equity Shares	30,23,287	30,23,287
(c) Earnings Per Share	43.22	43.72
ii Excluding Exceptional Income		
(a) Net Profit	1,306.54	1,098.60
(b) No. of Equity Shares	30,23,287	30,23,287
(c) Earnings Per Share	43.22	36.34

Notes to the Standalone Financial Statements

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

39 Post Employment Benefits

39.1 Defined Contribution Plans

39.1.1 Employer's Contribution to Provident Fund: Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards PF Contribution is Rs.224.48 Lakhs (31st March, 2022 Rs. 206.38 Lakhs).

39.1.2 Employer's Contribution to State Insurance Scheme: Contributions are made to State Insurance Scheme in India for employees at the rate of 3.25%. The Contributions are made to Employee State Insurance Corporation(ESI) to the respective State Governments of the Company's location. This Corporation is administered by the Government and the obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards ESI Contribution is Rs.8.67 Lakhs (31st March, 2023 - Rs. 9.37 Lakhs).

39.2 Defined Benefit Plans

The Company has a defined benefit gratuity plan governed by Payment of Gratuity Act, 1972. Every Employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of Service. The Scheme is funded through a policy with Life Insurance Corporation of India (LIC).

The Company has a defined benefit Compensated Absence Plan governed by The Factories Act, 1948. Every Employee who has worked for a period of 240 days or more during a calendar year shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated as per Act.

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

Particulars	31 st March, 2024		31 st March, 2023	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
39.2.1 Net Employee Benefit Expense				
(recognised in Employee Benefit Expenses)				
Current Service Cost	42.27	27.88	40.90	28.75
Adjustment to Opening Balance	-	-	3.38	-
Interest Cost	25.82	6.19	22.57	5.62
Contribution Paid	(62.43)	(1.98)	(3.17)	(2.23)
Acturial Gain/(Loss) other than OCI	-	(21.05)	-	(21.03)
Net Employee Benefit Expenses	5.66	11.04	63.68	11.11

Notes to the Standalone Financial Statements

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

Particulars	31 st March, 2024		31 st March, 2023	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
39.2.2 Other Comprehensive Income				
Acturial (Gain)/Loss	57.44	-	(6.65)	-
Actual return on plan asset	0.67	-	(0.39)	-
Total Acturial (Gain)/Loss recognized in (OCI)	58.11	-	(7.04)	-
39.2.3 Amount recognised in the Balance Sheet				
Defined Benefit Obligation	580.50	116.23	482.09	(105.19)
Fair Value of Plan Assets	(131.48)	-	(96.83)	-
	449.02	116.23	385.26	(105.19)
39.2.4 Change in the Present Value of the Defined Benefit Obligation				
Opening Defined Benefit Obligation	482.09	105.19	428.87	94.08
Current Service Cost	42.27	27.88	40.90	28.75
Interest Cost	31.63	6.19	29.33	5.62
Benefits Paid	(32.93)	(1.98)	(10.36)	(2.23)
Net Acturial (gain)/losses on Obligation for the year recognised under OCI	57.44	(21.05)	(6.65)	(21.03)
Closing Defined Benefit Obligation	580.50	116.23	482.09	105.19
39.2.5 Change in the Fair Value of Plan Assets				
Opening Fair Value of Plan Assets	96.83	-	100.25	-
Adjustment to Opening Fair Value of Plan Asset	-	-	(3.38)	-
Return on Plan Assets Excluding Interest Income	(0.67)	-	0.39	-
Interest Income	5.81	-	6.76	-
Contributions	62.44	-	3.17	-
Benefits Paid	(32.93)	-	(10.36)	-
Closing Fair Value of Plan Assets	131.48	-	96.83	-

Notes to the Standalone Financial Statements

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

Particulars	31 st March, 2024		31 st March, 2023	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
39.2.6 Acturial (Gain)/Loss on Obligation				
Due to Demographic Assumption	-		-	
Due to Financial Assumption	10.20		(29.91)	
Due to Experience	47.24		23.26	
Total Acturial (Gain)/Loss	57.44		(6.65)	

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

Particulars	31 st March, 2024	31 st March, 2023
*Fund managed by Life Insurance Corporation of India (Unquoted)	100%	100%

*Fund is managed by LIC as per IRDA guidelines, category-wise composition of the plan assets is not available. Expected Return on Assets is based on rate of return declared by fund managers.

39.2.8 Acturial Assumptions for estimating Company's Defined Benefit Obligation:

Particulars	31 st March, 2024	31 st March, 2023
Discount rate	6.97%	7.23%
Attrition Rate	2.00%	2.00%
Expected rate of increase in Salary	2.00%	2.00%
Mortality Table	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Expected average remaining Service (Yrs)	17.04	17.23

- Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.
- 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.
- The Significant acturial 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.

Notes to the Standalone Financial Statements

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

39.2.9 Sensitivity analysis

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

Particulars	31 st March, 2024	31 st March, 2023
Defined Benefit Obligation	449.02	385.26
Effect of 1% change in assumed discount rate on defined benefit obligation		
Increase : +1%	543.11	451.32
Decrease: -1%	623.27	517.23
Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
Increase : +1%	623.26	517.16
Decrease: -1%	542.81	450.96

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.

39.2.10 Other Information

(i) Expected rate of return basis

EROA is the discount rate as at previous valuation date as per the accounting standard

(ii) Description of Plan Assets and Reimbursement Conditions

100% of the Plan Asset is entrusted to LIC of India under their Group Gratuity Scheme. The reimbursement is subject to LIC's Surrender Policy

(iii) Discount Rate

The discount rate has decreased from 7.23% to 6.97% and hence there is an increase in liability leading to actuarial loss due to change in discount rate.

Notes to the Standalone Financial Statements

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

(iv) Present Value of Defined Benefit Obligation:

Present value of the defined benefit obligation is calculated by using Projected Unit Credit Method (PUC Method). Under the PUC Method, a “projected accrued benefit” is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the Plan. The “Projected accrued benefit” is based on the Plan’s accrual formula and upon service as of the beginning or end of the year, but using a member’s final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the “Projected accrued benefits” as of the beginning of the year for active members.

(v) Expected Average remaining service vs. Average remaining future service:

The average remaining service can be arithmetically arrived by deducting current age from normal retirement age whereas the expected average remaining service is arrived actuarially by applying multiple decrements to the average remaining future service namely mortality and withdrawals. Thus, the expected average remaining service is always less than the average remaining future service..

(vi) Current and Non Current Liability:

The total of current and non-current liability must be equal with the total of PVO (Present Value Obligation) at the end of the period plus short term compensated liability if any. It has been classified in terms of “Schedule III” of the Companies Act, 2013.

(vii) Defined Benefit Liability and Employer Contributions

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

The Weighted Average duration of the defined benefit obligation is 7.96 years (31st March, 2022 - 7.93 years). The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	31 March 2024	31 March 2023
1st Year	121.42	89.06
2nd Year	23.07	49.11
3rd Year	35.03	19.69
4th Year	42.54	29.44
5th Year	37.76	36.33
beyond 5th Year	277.69	204.97

Notes to the Standalone Financial Statements

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

39.2.11 Risk exposure

Though it is defined benefit plan, the company is exposed to a number of risks, the most significant of which are detailed below:

(a) Investment / Interest Risk:

The Company is exposed to Investment / Interest risk if the return on the invested fund falls below the discount rate used to arrive at present value of the benefit.

(b) Longevity Risk:

The Company is not exposed to risk of the employees living longer as the benefit under the scheme ceases on the employee separating from the employer for any reason.

(c) Risk of Salary Increase

The Company is exposed to higher liability if the future salaries rise more than assumption of salary escalation.

40 Assets Pledged as Security

For Non Current Borrowings

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

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

For Current Borrowings

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

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings of an amount of Rs.8,907.82 Lakhs (Previous year Rs.8,194.94 Lakhs) are as follows:

Particulars	31 st March, 2024	31 st March, 2023
Property, Plant and Equipment	13,578.39	13,783.36
Current Assets	17,449.34	16,759.29
Total Assets Pledged as Security	31,027.73	30,542.65

Notes to the Standalone Financial Statements

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

41 Research and Development

41.1 Details of Revenue Expenditure:

Particulars	31 st March, 2024	31 st March, 2023
Salaries & Wages	266.30	214.72
Materials Consumed	94.09	55.07
Repairs and Maintenance	44.57	36.09
Utilities	20.08	14.57
Testing and analysis charges	10.33	10.50
Rates and Taxes	2.67	2.72
General Expenses	17.33	14.19
Total	455.37	347.86

41.1.1 The above expenditure were included in the respective heads of the total expenditure of the company.

41.2 Details of Property, Plant and Equipment:

Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Gross Carrying Value						
1 As at 31 March, 2022	21.52	232.07	11.37	15.50	0.71	281.18
2 Additions	-	98.47	0.57	6.83		105.87
3 As at 31 March, 2023 (1+2)	21.52	330.54	11.94	22.33	0.71	387.05
4 Additions	96.24	31.25	14.56	1.92		143.97
5 As at 31 March, 2024 (3+4)	117.76	361.79	26.50	24.25	0.71	531.02
Depreciation						
6 As at 31 March, 2022	6.26	39.90	1.20	6.31	0.13	53.80
7 Charge for the Year	1.07	20.73	1.08	4.49	0.08	27.45
8 As at 31 March, 2023 (6+7)	7.33	60.63	2.28	10.80	0.21	81.25
9 Charge for the Year	0.25	30.00	1.25	5.88	0.09	37.47
10 As at 31 March, 2024 (8+9)	7.58	90.63	3.53	16.68	0.30	118.72
Net Carrying Value						
11 As at 31 March, 2022 (1-6)	15.26	192.17	10.17	9.20	0.58	227.38
12 As at 31 March, 2023 (3-8)	14.19	269.91	9.66	11.54	0.50	305.80
13 As at 31 March, 2024 (5-10)	110.18	271.16	22.97	7.58	0.41	412.30

41.2.1 The above amounts were included in the respective heads of the Property Plant & Equipment of the company.

Notes to the Standalone Financial Statements

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

Financial Instruments and Risk Management

42 Categories of Financial Instruments

Particulars	Notes	Level	as at		as at	
			31 st March, 2024		31 st March, 2023	
			Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial Assets						
a) Measured at amortised cost						
(i) Non Current						
(a) Investment in Equity Instruments	7	3	2,323.17	2,323.17	2,323.17	2,323.17
(b) Other Financial Assets	8	3	270.81	270.81	261.67	261.67
Sub - Total			2,593.98	2,593.98	2,584.84	2,584.84
(ii) Current						
(a) Trade Receivables	11		4,934.69	4,934.69	4,551.88	4,551.88
(b) Cash and Cash Equivalents	12	refer note 42.2	33.49	33.49	15.14	15.14
(c) Other Bank Balances	13		92.30	92.30	80.29	80.29
Sub - Total			5,060.48	5,060.48	4,647.31	4,647.31
Total Financial Assets			7,654.46	7,654.46	7,232.15	7,232.15
B. Financial Liabilities						
a) Measured at amortised cost						
(i) Non Current						
(a) Borrowings	18	3	2,831.41	2,831.41	4,597.02	4,597.02
(ii) Current						
(a) Borrowings	21	refer note 42.2	6,041.48	6,041.48	3,917.44	3,917.44
(b) Trade Payables	22		4,953.78	4,953.78	5,452.54	5,452.54
(c) Other Financial Liabilities	23		697.63	697.63	657.80	657.80
Sub - Total			11,692.89	11,692.89	10,027.78	10,027.78
Total Financial Liabilities			14,524.30	14,524.30	14,624.80	14,624.80

42.1 The Company's Principal Financial Liabilities comprise Loans and Borrowings, Trade Payables and other Liabilities. The main purpose of these financial Liabilities is to Finance the Company's Operations. The Company's Principal Financial Assets include Advances, Trade and Other Receivables, Cash and Cash Equivalents, Bank balances that derive directly from its Operations.

42.2 The Carrying Amounts of Trade Payables, Other Financial Liabilities, Cash and Cash equivalents, Other Bank Balances, Trade Receivables and Other Financial Assets are considered to be the same at their fair values due to their short term nature.

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

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

Notes to the Standalone Financial Statements

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

43 Fair Value Measurements

43.1 Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entry specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation technique used to determine fair value:

Specific Valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of remaining financial instruments is determined using discounted cashflow analysis.

Valuation Process:

The Finance and accounts department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes, and report to the Board of Directors. The main Level 3 inputs are derived using the discounted cash flow analysis, Market Approach, Net Assets Value Method as applicable.

44 Financial Risk Management Objectives and Policies

Financial Risk Management Framework

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

44.1 Credit Risk:

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

(i) Financial Instruments and Cash Deposits

For banks and financial institutions, only high rated banks/ institutions are accepted. Other Financial assets (excluding Bank deposits) majorily constitute deposits given to State electricity department for supply of power, which the company considers to have negligible credit exposure. Counterparty credit limits are reviewed by the Management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Notes to the Standalone Financial Statements

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

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

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

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

Particulars	31 st March, 2024	31 st March, 2023
Gross Carrying Amount	5,096.43	4,708.79
Expected Credit Losses (Loss allowance Provision)	(161.74)	(156.91)
Net Carrying Amount of Trade Receivables	4,934.69	4,551.88

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	4,249.48	279.32	567.63	5,096.43
Expected Loss Rate	3.17%	3.17%	3.17%	3.17%
Expected Credit Losses (Loss Allowance Provision)	134.86	8.87	18.01	161.74
Net Carrying Amount of Trade Receivables	4,114.62	270.45	549.62	4,934.69

44.2 Liquidity Risk:

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

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

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
31st March, 2024					
Non Current Borrowings (including Current Maturities)	1,365.35	1,940.71	890.70	-	4,196.76
Current Borrowings	4,676.13				4,676.13
Trade Payables	4,953.78				4,953.78
Other Financial Liabilities	697.63				697.63
Total	11,692.89	1,940.71	890.70	-	14,524.30

Notes to the Standalone Financial Statements

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

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
31st March, 2023					
Non Current Borrowings (including Current Maturities)	906.04	2,545.65	1,414.72	636.65	5,503.06
Current Borrowings	3,011.40				3,011.40
Trade Payables	5,452.54				5,452.54
Other Financial Liabilities	657.80				657.80
Total	10,027.78	2,545.65	1,414.72	636.65	14,624.80

44.3 Market Risk:

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

(i) Interest Rate Risk

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

Particulars	Change in basis points		Effect on Profit before Tax	
	Increase	Decrease	Decrease	Increase
31 st March, 2024	0.50%	0.50%	(44.36)	44.36
31 st March, 2023	0.50%	0.50%	(40.77)	40.77

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

(ii) Foreign Currency Exchange Rate Risk:

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

The Company has transactional currency exposures arising from services provided or availed that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars (\$). The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

Notes to the Standalone Financial Statements

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

(a) Details of Unhedged Foreign Currency Exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

Particulars	Currency	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
31st March, 2024				
Trade Receivables	USD	22.96	1,888.58	82.25
Trade Receivables	EURO	6.25	558.35	89.35
Trade Advances Received	USD	0.52	42.87	82.25
Trade Payables	USD	24.51	2,059.56	84.01
31st March, 2023				
Trade Receivables	USD	12.46	1,020.92	81.95
Trade Receivables	EURO	6.25	538.67	86.20
Trade Advances Received	USD	1.79	146.72	81.95
Trade Payables	USD	23.04	1,928.14	83.70

(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 change in the fair value of monetary assets and liabilities including foreign currency derivatives may impact on the company's profit before tax.

The Company's exposure to foreign currency changes for all other currencies is not material. For which was as mentioned below:

Particulars	Effect on Profit before Tax	
	31st March, 2024	31st March, 2023
USD Sensitivity		
Rs/USD - Increases by 1%	3.88	(4.75)
Rs/USD - Decreases by 1%	(3.88)	4.75

(iii) Other Price Risk:

Other price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

45 Capital Management

For the purpose of the Company's Capital Management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholders value.

Notes to the Standalone Financial Statements

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

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Company intends to keep the gearing ratio less than 1.

Particulars	31 st March, 2024	31 st March, 2023
Borrowings including Interest Accrued	8,907.82	8,561.65
Less: Cash and Short Term Deposits	33.49	15.14
Net Debt	8,874.33	8,546.51
Equity	302.33	302.33
Other Equity	17,320.48	16,100.47
Total Equity	17,622.81	16,402.80
Total Capital Employed	26,497.14	24,949.31
Gearing Ratio (Net Debt/((Net Debt +Total Equity))	0.33	0.34

46 Related Party Transactions

(a) Key Management Personnel(KMP)

Name	Relationship
(i) Executive Directors	
Sri TVVSN Murthy	Managing Director
Sri. T V Praveen	Executive Director
Smt .G.Sudeepthi	Whole-time Director
(ii) Non Executive Directors	
Sri.P Sarath Kumar	Independent Director
Sri.Mannam Malakondaiah	Independent Director
Sri.Srinivas Samavedam	Independent Director
(iii) Others	
Sri N Rajendra Prasad	Chief Financial Officer
Mr. Trupti Ranjan Mohanty	Company Secretary
(b) Relatives of KMP	
Sri. G.V. Chaitanya	Relative of Whole-time Directors
(c) Subsidiary Company:	
Mahi Drugs Private Limited	
(d) Enterprises overwhich KMP are able to Exercise Significant Influence:	
Purogene labs Private Limited	
(erstwhile R Chem (Somanahalli) Private Limited)	
(e) Other Related parties with whom transactions have taken place during the current year and / or previous year:	
SMS Pharmaceuticals Limited	
Chemwerth INC	

Notes to the Standalone Financial Statements

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

(f) Transactions with Related Parties:

Name of the Company	31 st March, 2024	31 st March, 2023
	Amount	Amount
Key Management Personnel		
Remuneration (Short Term Employee Benefits)	330.57	326.36
Interest on Unsecured Loan	9.53	37.73
Directors Sitting Fees	11.00	11.80
Subsidiary Company		
Mahi Drugs Private Limited		
Purchase of Goods	2,097.24	2,627.08
Sale of Goods	311.18	917.69
Sale of Services	12.00	12.00
Rent received	5.40	5.40
Enterprise with Significant Influence		
Purogene Labs Private limited		
Purchase of Goods	241.43	368.55
Purchase of Services	1,299.38	1,245.92
Sale of Goods	391.97	75.85
Sale of Services	30.00	12.00
Rent received	3.60	3.60
Other Related party		
SMS Pharmaceuticals Limited		
Sale of Goods	693.42	858.01
Chemwerth INC		
Sale of Goods	207.52	518.30
Balance (Payable)/Receivable at the year end		
Key Management Personnel		
Remuneration Payable	14.30	15.31
Interest payable	-	6.71
Unsecured Loan Payable	-	360.00
Subsidiary Company		
Mahi Drugs Private Limited	3,202.85	2,325.78
Corporate Gurantee Given (to the extent of Loan Outstanding)	871.58	1,258.94
Enterprise with Significant Influence		
Purogene labs Private Limited	316.41	(50.45)
Other Related party		
SMS Pharmaceuticals Limited	418.12	540.99
Chemwerth INC	57.97	(97.87)

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

ii) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Managerial Personnel and their relatives is not ascertainable and, therefore, not included above. Contribution to Provident Fund was also not included.

Notes to the Standalone Financial Statements

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

47 Contingent Liabilities

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Guarantees issued by the Banks	66.70	66.70
Letter of credit opened in favor of suppliers for which goods are yet to be received	-	78.23
Disputed Income Tax Demands	22.62	22.62
Interest dues in respect of disputed demands of Income Tax and Central Excise	98.13	93.63
Non Agricultural land Tax	22.50	22.50
Claims not acknowledged as debt	10.40	10.40
Penal Interest on Provident Fund	7.52	7.52
Corporate Gurantee given to Subsidiary #	871.58	1,258.94

*Represents Loan outstanding as on the date of Balance Sheet out of total Corporate Gurantee given of Rs 3,000.00 Lakhs.

IGST Exemption availed on Imports

The Company has received a Show Cause Notice from DRI, Kolkata for an amount of Rs.10.03 Crores IGST payable on imports saying that the company has violated the pre import condition while availing the IGST exemption on imports made against advance authorisations. The company has filed writ petition with Honourable High Court of Telangana and the said High Court has granted stay. Considering the facts of the case and based on the legal advice no contingent liability was recognised in this regard.

Customs Duty Issue for imports against advance authorisations

Customs Department has raised demand for an amount of Rs 81.60 lakhs for non fulfillment of export obligations by earstwhile Plant Organics Limited which was merged with SMS Phamaceuticals limited, demergeed company vide BIFR order dated 28-08-2008 and vested with the company vide NCLT, Hyderabad, demerger order dated 15-5-2017. Madras High Court has granted stay in 2011. The case is pending with said High Court. Considering the facts of the case and based on the legal advice no contingent liability was recognised in this regard.

48 Commitments

	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
48.1	Capital Commitments	120.06	585.17
48.2	Export Obligations	3,864.61	3,921.10

49 Segment Information

A Basis for segmentation

The operations of the Company are limited to one segment viz. Pharmaceutical products including ingredients and intermediaries. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only. The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on aggregation of financial information of the Company on a periodic basis, for the purpose of allocation of resources and evaluation of performance. Accordingly, management has identified pharmaceutical segment as the only operating segment for the Company.

Notes to the Standalone Financial Statements

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

B Segment information for secondary segment reporting (by geographical segment)

The Company is engaged in the manufacture of Pharmaceuticals, which in the context of Ind AS 108 is considered only business segment.

The Company has reportable geographical segments based on location of its customers:

- (i) Revenue from customers outside India – Exports
- (ii) Revenue from customers (EOU)
- (iii) Revenue from customers within India – Domestic
- (iv) Revenue from Export Incentives

- a) Revenues are attributed to geographical areas based on the location of the customers as detailed below:

Particulars	Current Year 2023-24		Previous Year 2022-23	
	Revenue	%	Revenue	%
Exports	12,452.20	41.51%	10,138.48	32.16%
Deemed Exports	530.96	1.77%	2,349.39	7.45%
Domestic	16,939.17	56.46%	18,942.22	60.09%
Export Incentive	77.83	0.26%	94.09	0.30%
Total	30,000.16	100.00%	31,524.18	100.00%

50 Payables to Micro and Small Enterprises

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

Particulars	As at 31st March, 2024	As at 31st March, 2023
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	76.57	26.03
(ii) Interest on payments beyond the appointed day paid to the suppliers during the year	-	-
(iii) Interest due and payable for the delay in making payment to suppliers during the year	5.02	3.50
(iv) Amount of interest accrued and remaining unpaid to suppliers at the end of the year		
(v) Amount of further interest remaining due and payable to suppliers in succeeding years	-	-

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

Notes to the Standalone Financial Statements

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

51 Ratios

The following are analytical ratios for the year ended March 31, 2024 and March 31, 2023

Particulars	Numerator	Denominator	31 st March, 2024	31 st March, 2023	Vari- ance	Reasons for Variance
Current Ratio	Current Assets	Current Liabilities	1.42	1.52	(6%)	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.51	0.52	3%	
Debt Service Coverage Ratio	Earnings available for debt service	Debt service	1.54	2.13	(28%)	Current Maturities of term loans have increased and interest on Non current borrowings was fully charged to P&L on completion of project
Return on Equity (ROE)	Net profit after taxes	Average Shareholder's Equity	7.68%	8.39%	(8%)	
Inventory Turnover Ratio	Revenue from Operations	Average Inventory	3.87	3.90	(1%)	
Trade Receivables Turnover Ratio	Revenue from Operations	Average Receivables.	6.32	7.95	(20%)	Average receivables has increased
Trade Payables Turnover Ratio	Purchases	Average Trade Payables	3.00	3.02	(1%)	
Net Capital Turnover Ratio	Revenue from Operations	Working Capital	5.79	5.53	5%	
Net Profit Ratio	Net Profit	Revenue from Operations	4.36%	4.19%	3.87%	
Return on Capital Employed (ROCE)	Earnings Before Interest and Taxes (EBIT)	Capital Employed	10.04%	9.00%	11.56%	
Return on Investment	Income generated from investments	Investment				

Notes to the Standalone Financial Statements

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

52 Other statutory information

- i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property. There are no proceedings initiated or pending against the group as at 31st March, 2024 under prohibition of Benami Property transaction Act, 1988 and rules made there under (as amended in 2016).
- ii) The Company does not have any transactions with companies struck off as per Section 248 of the companies Act, 2013 and Section 560 of the Companies Act, 1956.
- iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- v) The Company has not defaulted and has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- viii) The Company has not any such transactions which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- ix) Title deeds of all Immovable properties were held in the name of the company.
- x) The Company has not entered into any scheme of arrangements which has an accounting impact on current and previous financial year
- xi) The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMP's and the related parties as defined under the Companies Act, 2013.

53 Subsequent Event

No significant subsequent events have been observed till 27th May, 2024 which may require any additional disclosure or an adjustment to the standalone financial statements.

54 Figures have been rounded off to the nearest rupees in Lakhs.

55 Previous year figures have been regrouped and reclassified wherever considered necessary to confirm to this year's classifications.

as per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

GVL PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 27-05-2024

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

TVVSN MURTHY

Managing Director

DIN: 00465198

TRUPTI R MOHANTY

Company Secretary

M.No. 60358

T V PRAVEEN

Executive Director

DIN: 08772030

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

INDEPENDENT AUDITORS' REPORT

To the Members of

SMS Lifesciences India Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the Consolidated Financial statements of **SMS Lifesciences India Limited** (herein after referred to as "the holding Company") and its Subsidiary (Holding Company and its Subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March, 2024 and the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013("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 Consolidated state of affairs of the Group as at 31 March 2024, of its Consolidated Profit includes other comprehensive income, Consolidated changes in equity and Consolidated Cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Sr. No.	Key Audit Matter	Auditor's Response
1	Recognition, measurement, presentation and disclosures of revenues from Contracts with Customers" as per Ind AS 115	<p>Principal Audit Procedures</p> <p>We assessed the Company's process to recognize the revenue as per accounting standard, Ind AS 115.</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 revenue accounting standard.

Sr. No.	Key Audit Matter	Auditor's Response
		<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"> Read, analysed and identified the distinct performance obligations in these contracts. 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.

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

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

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

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

Management's Responsibilities for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these Consolidated Financial Statements that give a true and fair view of the Consolidated Financial position, Consolidated Financial performance including other comprehensive income, Consolidated changes in equity and Consolidated Cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate Internal Financial Controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Board of Holding Company's Directors, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

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

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

Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance of the Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

- (a) The accompanying Consolidated Financial Statements include the Financial Statements and other Financial information in respect of one subsidiary which reflect total assets of Rs.10,155.86 lakhs as at March 31, 2024, and total revenues of Rs.2,999.19 lakhs and net cash inflows of Rs.(89.18) lakhs for the year ended on that date it has been audited by us.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial statements.
 - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and based on audit of the subsidiary company incorporated in India which is audited by us, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal Financial controls over financial reporting and the operating effectiveness of such controls; refer to our separate Report in “Annexure A” which is based on the audit of the Company and its Subsidiary Company incorporated in India which is audited by us. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 read the Schedule V of the Act.

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

i) The Consolidated Financial Statements disclose the impact of pending litigations on the Consolidated Financial position of the Group.

ii) Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii) There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2024.

iv) (a) The respective Management of the Holding Company and its Subsidiary which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such Subsidiary to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such Subsidiary (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Management of the Company and its Subsidiary which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such Subsidiary from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company or any of such Subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its Subsidiary which are companies incorporated in India whose Financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- (d) Based on our examination which includes test checks, the Company, in respect of financial year commencing on 1st April 2023, has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, in respect of the accounting software where such feature is enabled.
- v) The dividend paid by the holding company during the year is in respect of the same declared for the previous year is in accordance with Sec 123 of Companies Act, 2013 to the extent it applies to payment of dividend.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its Subsidiary included in the Consolidated Financial Statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

Place: Hyderabad

Date: 27.05.2024

UDIN: **24026548BKAMOJ6536**

For Rambabu & Co.,

Chartered Accountants

Reg. No.002976S

GVL Prasad

Partner

M.No.026548

Annexure “A” to the Independent Auditor’s Report

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

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

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2024, we have audited the Internal Financial Controls over Financial reporting of SMS Lifesciences India Limited (hereinafter referred to as the “Company”) and its Subsidiary company, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its Subsidiary Company, which are companies incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its Subsidiary company, which are companies incorporated in India, have in all material respects, an adequate Internal Financial Controls system over Financial reporting and such Internal Financial Controls over Financial reporting were operating effectively as at March 31, 2024 based on the criteria for internal Financial control over Financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Place: Hyderabad

Date: 27.05.2024

UDIN: 24026548BKAMOJ6536

For Rambabu & Co.,

Chartered Accountants

Reg. No.002976S

GVL Prasad

Partner

M.No.026548

Consolidated Balance Sheet as at 31st March, 2024

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

Sl. No.	Particulars	Note	As at 31 st March, 2024	As at 31 st March, 2023
I	ASSETS			
1	Non-Current Assets			
(a)	Property, Plant and Equipment	4	22088.61	22,657.68
(b)	Right-of-use Assets	5A	240.28	170.49
(c)	Capital Work-in-Progress	4	600.11	85.45
(d)	Other Intangible Assets	6	4.95	7.54
(e)	Financial Assets			
(i)	Investments	7	3.61	3.61
(ii)	Other Financial Assets	8	313.80	304.66
(f)	Other Non-Current Assets	9	273.33	347.98
	Total		23,524.69	23,577.41
2	Current Assets			
(a)	Inventories	10	8,121.04	8,623.49
(b)	Financial Assets			
(i)	Trade Receivables	11	5,135.05	4,606.11
(ii)	Cash and Cash Equivalents	12	56.95	127.78
(iii)	Bank Balances other than (ii) above	13	92.30	313.50
(c)	Other Current Assets	14	2,116.89	2,159.85
(d)	Current Tax Assets	15	5.01	80.92
	Total		15,527.24	15,911.65
	Total Assets		39,051.93	39,489.06
II	EQUITY AND LIABILITIES			
1	EQUITY:			
(a)	Equity Share Capital	16	302.33	302.33
(b)	Other Equity	17	17,379.09	16,558.90
	Total Equity Attributable to Equity Share Holders of the Parent company		17,681.42	16,861.23
	Non Controlling Interest		1,682.24	1,960.44
	Total		19,363.66	18,821.67

(Contd.)

Consolidated Balance Sheet as at 31st March, 2024 (Contd.)

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

Sl. No.	Particulars	Note	As at 31 st March, 2024	As at 31 st March, 2023
2	LIABILITIES			
A	Non-Current Liabilities			
(a)	Financial liabilities			
(i)	Borrowings	18	3,314.50	5,494.18
(ii)	Lease Liabilities	5B	239.39	130.49
(b)	Provisions	19	474.12	410.15
(c)	Deferred Tax Liabilities (Net)	20	1,204.37	1,276.14
	Total		5,232.38	7,310.96
B	Current Liabilities			
(a)	Financial Liabilities			
(i)	Borrowings	21	6,456.63	4,369.88
(ii)	Lease Liabilities	5B	61.86	54.84
(iii)	Trade Payables			
	a. Dues to Micro and Small Enterprises	22	78.38	31.47
	b. Dues to otherthan Micro and Small Enterprises	22	5,834.27	5,935.29
(iv)	Other Financial Liabilities	23	873.26	1,401.59
(b)	Provisions	19	165.95	129.93
(c)	Other Current Liabilities	24	985.54	1,433.43
	Total		14,455.89	13,356.43
	Total Liabilities		19,688.27	20,667.39
	Total Equity and Liabilities		39,051.93	39,489.06
	Material Accounting Policies	3		

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

as per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

G.V.L. PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 27-05-2024

for and on behalf of the Board of Directors of

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

TRUPTI R MOHANTY

Company Secretary

M.No. 60358

T V PRAVEEN

Executive Director

DIN: 08772030

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Consolidated Statement of Profit and Loss for the Year Ended 31st March, 2024

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

Sl. No.	Particulars	Note	Current Year 2023-24	Previous Year 2022-23
1	Income			
	Revenue from Operations	25	30,595.84	31,556.03
	Other Income	26	382.81	307.24
	Total Income		30,978.65	31,863.27
2	Expenses			
	Cost of Materials Consumed	27	15,018.83	17,132.70
	Changes in Inventories	28	97.32	7.52
	Manufacturing Expenses	29	5,763.11	5,660.07
	Employee Benefits Expense	30	4,927.06	4,342.88
	Finance Costs	31	1,015.67	679.49
	Depreciation and Amortization Expense	32	1,493.76	1,078.86
	Other Expenses	33	1,678.23	1,537.62
	Total Expenses		29,993.98	30,439.14
3	Profit Before Exceptional and Extraordinary Items and Tax (1-2)		984.67	1,424.13
4	Exceptional / Extraordinary Items	34	-	235.16
5	Profit Before Tax (3+4)		984.67	1,659.29
6	Tax Expense			
	(a) Current Tax	35		
	(i) relating to Current Year		425.00	350.00
	(ii) relating to Earlier Year		(19.75)	(35.01)
	(b) Deferred Tax		(53.36)	206.56
	Total Tax Expense		351.89	521.55
7	Profit for the Year (5-6)		632.78	1,137.74

(Contd.)

Consolidated Statement of Profit and Loss (Contd.)

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

Sl. No.	Particulars	Note	Current Year 2023-24	Previous Year 2022-23
	Other Comprehensive Income/(Loss)			
	Items that will not be reclassified to Profit/(Loss)			
8	Remeasurement Gain/(Loss) of the defined benefit plans	36	(63.86)	3.58
9	Income Tax effect on the above		(18.42)	1.15
10	Other Comprehensive Income after tax for the Year (8-9)		(45.44)	2.43
11	Total Comprehensive Income for the Year (7+10)		587.34	1,140.17
	Profit for the year attributable to:			
	Equity holders of the parent		909.28	1,146.28
	Non-controlling interest		(276.50)	(8.54)
	Total comprehensive income for the year attributable to:			
	Equity holders of the parent		865.54	1,149.74
	Non-controlling interest		(278.20)	(9.57)
12	Earnings per Share (Face Value of Rs.10/- each)	37		
	Basic / Diluted			
	(i) Including Exceptional Income		30.08	37.92
	(ii) Excluding Exceptional Income		30.08	30.53
	Material Accounting Policies	3		

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

as per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

G.V.L. PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 27-05-2024

for and on behalf of the Board of Directors of

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

TRUPTI R MOHANTY

Company Secretary

M.No. 60358

T V PRAVEEN

Executive Director

DIN: 08772030

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Consolidated Statement of Changes in Equity for the Year Ended 31st March, 2024

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

a. Equity Share Capital

Particulars	As at 31 st March, 2024		As at 31 st March, 2023	
	Number of Shares	Amount	Number of Shares	Amount
At the Beginning of the Year	30,23,287	302.33	30,23,287	302.33
Changes in Equity Share Capital	-	-	-	-
At the End of the Year	30,23,287	302.33	30,23,287	302.33

b. Other Equity

Particulars	Capital Redemption Reserve	Capital Reserve	General Reserve	Retained Earnings	Non Controlling Interests	Total Other Equity
Balance as at 01st April, 2022	1.00	216.13	6,816.02	7,887.75	1,269.70	16,190.60
Profit for the Year				1,146.28	(8.54)	1,137.74
Issuance of additional Equity in Subsidiary					699.28	699.28
Effect of dilution of Equity in Subsidiary				129.68		129.68
Addition on account of dilution of Equity in Subsidiary		404.96				404.96
Dividend Paid				(45.35)		(45.35)
Other Comprehensive Income for the Year, net of Income Tax				2.43		2.43
Transferred to General Reserve			200.00			200.00
Transfer from Retained Earnings				(200.00)		(200.00)
Total Comprehensive Income for the Year	-	404.96	200.00	1,033.04	690.74	2,328.74
Balance as at 31st March, 2023	1.00	621.09	7,016.02	8,920.79	1,960.44	18,519.34
Balance as at 01st April, 2023	1.00	621.09	7,016.02	8,920.79	1,960.44	18,519.34
Profit for the Year				909.28	(276.50)	632.78
Dividend Paid				(45.35)		(45.35)
Other Comprehensive Income for the Year, net of Income Tax				(43.74)	(1.70)	(45.44)
Transferred to General Reserve			200.00			200.00
Transfer from Retained Earnings				(200.00)		(200.00)
Total Comprehensive Income for the Year	-	-	200.00	620.19	(278.20)	541.99
Balance as at 31st March, 2024	1.00	621.09	7,216.02	9,540.98	1,682.24	19,061.33

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

as per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

G.V.L. PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 27-05-2024

for and on behalf of the Board of Directors of

SMS Lifesciences India Limited

TVSN MURTHY

Managing Director

DIN: 00465198

TRUPTI R MOHANTY

Company Secretary

M.No. 60358

T V PRAVEEN

Executive Director

DIN: 08772030

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Consolidated Statement of Cash Flow for the Year Ended 31st March, 2024

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

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
A. Cash Flow from Operating Activities		
Profit Before Income Tax	984.67	1,424.13
Adjustments for:		
Depreciation and amortisation expense	1493.76	1,078.86
Interest Income classified as Investing Cash Flows	(8.01)	(19.29)
Allowance for Doubtful Debts	4.83	51.29
Interest on Non Current Borrowings	551.53	316.66
Interest on Unsecured Loans	9.53	37.73
Provision for Employee Benefits	36.13	94.37
Term Loan Processing Fee	4.65	2.89
Profit on Sale of Assets	(0.10)	-
Loss on Sale of Assets	0.18	0.12
Interest on Leased Premises	56.03	24.11
	3,133.18	3,010.87
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Trade Receivables	(533.77)	(1,274.23)
(Increase)/Decrease in Inventories	502.45	(28.08)
Increase/(Decrease) in Trade Payables	(21.79)	(1,811.62)
(Increase)/Decrease in Other Non Current Financial Assets	(9.14)	(33.38)
(Increase)/Decrease in Other Non Current Asset	74.64	129.60
(Increase)/Decrease in Other Current Financial Assets	(0.24)	-
(Increase)/Decrease in Other Current Asset	(4,036.97)	(1,781.69)
(Increase) Decrease in Prepaid Taxes	(29.33)	(128.53)
Increase/(Decrease) in Other Current Financial Liabilities	19.47	(46.57)
Increase/(Decrease) in Other Current Liabilities	3,632.05	3,759.12
	(402.63)	(1,215.38)
Cash generated from Operations	2,730.55	1,795.49
Income Tax Paid	(300.00)	(325.99)
Net Cash Inflow/(Outflow) from Operating Activities "A"	2,430.55	1,469.50

(Contd.)

Consolidated Statement of Cash Flow (Contd.)

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

Particulars	For the year ended 31 st March, 2024	For the year ended 31 st March, 2023
B. Cash flows from Investing Activities		
Purchase for Property, Plant and Equipment	(2,086.77)	(4,855.08)
Proceeds from sale of Property, Plant and Equipment	12.29	575.16
Proceeds from sale of Investments	-	1,119.62
Margin Money Deposits	(11.56)	23.06
Fixed Deposits Made	233.21	(11.72)
Interest Received on Margin Money Deposit	7.80	19.82
Net Cash Inflow/(Outflow) from Investing Activities "B"	(1,845.03)	(3,129.16)
C. Cash flows from Financing Activities		
Proceeds from Long Term Borrowings	-	2,980.71
Repayment of Long Term Borrowings	(1,402.31)	(1,008.69)
Proceeds from Short Term Borrowings	1,664.73	297.63
Repayment of Lease Liability	115.92	(47.89)
Interest paid	(629.35)	(352.57)
Repayment of Unsecured Loan	(360.00)	(135.00)
Dividends paid to company's shareholders	(45.35)	(45.35)
Net Cash Inflow/(Outflow) from Financing Activities - "C"	(656.35)	1,688.84
Net Increase (Decrease) in Cash and Cash Equivalents - (A+B+C)	(70.83)	29.18
Cash and Cash Equivalents at the beginning of the Financial Year	127.78	98.60
Cash and Cash Equivalents at End of the Year (Refer Note: 12)	56.95	127.78

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

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

as per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

G.V.L. PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 27-05-2024

for and on behalf of the Board of Directors of

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

TRUPTI R MOHANTY

Company Secretary

M.No. 60358

T V PRAVEEN

Executive Director

DIN: 08772030

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Notes to the Consolidated Financial Statements

1. Corporate Information:

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

2. Basis of preparation of Consolidated Financial Statements

2.1 Statement of Compliance

The consolidated 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 notified under section 133 of Companies Act, 2013 (the 'Act'). The Company has uniformly applied the accounting policies during the years presented.

These consolidated financial statements have been prepared by the Company as a going concern on the basis of relevant IND AS that are effective at the Company's annual reporting date, 31st March, 2024. These Financial Statements were authorized and approved for issue by the Board of Directors on 27th May, 2024.

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 Subsidiary Company, M/s. Mahi Drugs Pvt Ltd, Parawada, Visakhapatnam.

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Changes in ownership interests

Acquisition of some or all of the NCI is accounted for as a transaction with equity holders in their capacity as equity holders. Consequently, the difference arising between the fair value of the purchase consideration paid and the carrying value of the NCI is recorded as an adjustment to retained earnings that is attributable to the parent company. The associated cash flows are classified as financing activities. No goodwill is recognized as a result of such transactions.

2.3 Basis of Measurement:

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

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

2.4 Current and Non-Current Classification:

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

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

- Expected to settle the liability in normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

- (d) All Other liabilities are classified as non-current.
- (e) Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.
- (f) The Operating Cycle is the time between the acquisition of assets for processing and their realization in Cash and Cash Equivalents. The Group has identified Twelve months as its Operating Cycle.

3. Summary of Significant Accounting Policies:

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

3.1 Revenue Recognition:

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

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

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

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

(i) Revenue from Sale of Goods:

Revenue from sale of goods is recognized when a promise in a customer contract (performance obligation) has been satisfied by transferring the control over the promised goods to the customer. Control is usually transferred upon shipment, delivery to, upon receipt of the goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized is based on the consideration expected to be received in exchange of goods, excluding applicable discounts sales returns and any taxes or duties collected on behalf of the government such as GST where ever applicable.

Any additional amounts based on terms of agreement entered into with customers is recognized in the period when the collectability becomes probable and reliable and measure of the same is available.

(ii) Revenue from Sale of Services:

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

(iii) Export incentives:

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

(iv) Dividend Income:

Dividends are received from financial assets at

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

(v) Interest Income:

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

3.2 Foreign Currency Transactions:

(i) Functional and Presentation Currency:

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

(ii) Initial Recognition:

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

(iii) Conversion on Reporting Date:

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

(iv) Exchange Differences:

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

3.3 Property, Plant and Equipment:

(a) Recognition and Initial Measurement

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

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

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

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

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

(b) Subsequent Measurement (Depreciation and Useful Lives)

Depreciation on property, plant and equipment

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

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

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

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

(c) De-recognition

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

(d) Capital advances

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

(e) Capital work-in-progress

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

3.4. Intangible Assets:

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

3.4. A. Goodwill:

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

3.4 B. Other Intangible Assets:

(a) Recognition and Initial Measurement

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

(b) Subsequent measurement (amortization):

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

3.5 Leases:

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

- The contract involves use of an identified asset, whether specified explicitly or implicitly;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

- The Company has right to direct the use of the asset by either having right to operate the asset or the Company having designed the asset in a way that predetermines how and for what purpose it will be used

Group as a lessee

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

i) Right-of-use assets

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

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

ii) Lease Liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

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

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

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

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

3.6 Inventories:

Raw materials, packaging materials, are carried at cost. Stores and spares are being charged to revenue as and when purchased. Cost includes purchase price excluding taxes those are subsequently recoverable by the Group from the concerned authorities, freight inwards and other expenditure incurred in

bringing such inventories to their present location and condition. Cost of Raw Materials, packing Materials is determined using the weighted average cost method.

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

3.7 Cash and Cash Equivalents:

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

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

3.8 Trade Receivables:

Trade receivables are amounts due from customers for goods sold or services performed in the

ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

3.9 Financial Instruments

(a) Financial Assets

(i) Initial recognition and measurement

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

(ii) Subsequent measurement

a) Debt instruments –

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

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

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

b) Equity investments –

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity

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

Investment in Associates, Subsidiaries and Joint Venture:

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

(iii) De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its right to receive cash flows from the asset.

(b) Financial liabilities

(i) Initial Recognition and Measurement

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

(ii) Subsequent Measurement

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

(iii) De-recognition of Financial Liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(c) Financial Guarantee Contracts

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

(d) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is

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

(e) Impairment of Financial Assets

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

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

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

(f) Other Financial Assets

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

3.10 Impairment of Non-Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are

largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3.11 Income Taxes:

Current Income Tax

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

Deferred Income Tax

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

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

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

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

Minimum alternate tax (MAT)

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

3.12 Non-current assets held for sale

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

3.13 Segment Reporting:

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

3.14 Government Grants:

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

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

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

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

3.15 Borrowings:

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

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

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

3.16 Borrowing Cost

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

3.17 Provisions

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

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

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

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

3.18 Trade Payables:

These amounts represent liabilities for goods and services supplied to the Group prior to the end of financial year which are unpaid. Trade payables are

presented as current liability unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

3.19 Dividends

The Group recognises a liability to make cash distribution to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors. The Company is required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

3.20 Equity:

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

3.21 Research and Development:

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

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits

- The availability of resources to complete the asset
- The ability to measure reliability the expenditure during development.

The expenditure to be capitalized includes the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in the statement of profit and loss as and when incurred. As at 31st March, 2024, none of the development expenditure amounts has met the aforesaid recognition criteria.

3.22 Post Employee Benefits:

(a) Defined Contribution Plans:

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

(b) Defined Benefit Plans:

The Group has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognized in the balance sheet for defined benefit plans as the present value of the Defined Benefit Obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries as per the requirements of IND AS 19 "Employee Benefits". Actuarial gains and losses resulting from re-measurement of the liability are included in other comprehensive income.

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

are determined by an actuarial valuation, based upon which the Group makes contributions to the Gratuity Fund.

(c) Compensated Absence Policy:

The employees of Group are entitled to compensated absences the employees can carry forward a portion of the un utilised accumulated compensated absences and utilize in future periods or encash the leaves at the time of retirement or termination of employment. The Group records an obligation in the period in which the employee render the services that increases this entitlement. The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Group recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method as on the reporting date as per the requirements of IND AS "Employee Benefits". Non accumulating compensated absences are recognised in the period in which the absences occur. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise.

(d) Short-Term Employee Benefits

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

3.23 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable

to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

3.24 Contingent Liabilities and Commitments:

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

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

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

3.25 Exceptional Items

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

3.26 Fair Value Measurement

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted market prices) in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.27 Estimates and Assumptions

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

(i) Recognition of Deferred Tax Assets

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

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

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

(iii) Evaluation of Indicators for Impairment of Assets:

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

(iv) Recoverability of Advances/ Receivables:

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

(v) Useful lives of Depreciable/ Amortizable Assets:

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

(vi) Defined Benefit Obligation (DBO):

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(vii) Fair Value Measurements:

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(viii) Provisions:

At each balance sheet date the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from this judgment.

3.28 Recent Accounting Pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31st March, 2024 MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

3.29 Rounding of Amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III of the Companies Act, 2013 unless otherwise stated.

Notes to the Consolidated Financial Statements

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

Note No. 4: Property, Plant and Equipment

Particulars	Land	Buildings	Plant & Machinery	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)
I. Year ended 31st March, 2023										
A. Gross Carrying Amount										
1 Opening Gross Carrying Amount	742.61	3,981.47	12,939.65	141.78	190.06	37.79	184.01	14.06	18,231.43	5,118.04
2 Additions	-	3,112.97	6,779.10	18.58	21.62	4.80	39.84	-	9,976.91	4,938.19
3 Disposals / Transfers	(241.16)	(7.32)	(90.34)	(0.12)	(0.17)	(0.04)	(0.97)	-	(340.12)	(9,970.78)
4 Closing Gross Carrying Amount as at 31 st March, 2023 (1+2+3)	501.45	7,087.12	19,628.41	160.24	211.51	42.55	222.88	14.06	27,868.22	85.45
B. Accumulated Depreciation and Impairment										
5 Opening Accumulated Depreciation	-	574.87	3,432.89	75.88	52.34	24.70	99.53	10.55	4,270.76	-
6 Depreciation Charge during the Year	-	152.88	787.39	27.44	18.39	3.85	21.39	3.51	1,014.85	-
7 Disposals / Transfers	-	(3.15)	(71.70)	(0.11)	(0.07)	(0.04)	-	-	(75.07)	-
8 Closing Accumulated Depreciation and Impairment as at 31 st March, 2023 (5+6+7)	-	724.60	4,148.58	103.21	70.66	28.51	120.92	14.06	5,210.54	-
C. Net Carrying Amount as at 31st March, 2023 (4-8)	501.45	6,362.52	15,479.83	57.03	140.85	14.04	101.96	0.00	22,657.68	85.45

Notes to the Consolidated Financial Statements

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

Note No. 4: Property, Plant and Equipment (Contd.)

Particulars	Land	Buildings	Plant & Machinery	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)
II. Year ended 31st March, 2024										
A. Gross Carrying Amount										
1 Opening Gross Carrying Amount	501.45	7,087.12	19,628.41	160.24	211.51	42.55	222.88	14.06	27,868.22	85.45
2 Additions	-	151.20	678.55	9.45	24.74	4.05	-	-	867.99	1,382.65
3 Disposals / Transfers	-	-	(22.19)	(1.11)	-	(0.16)	(19.34)	-	(42.80)	(867.99)
4 Closing Gross Carrying Amount as at 31 st March, 2024 (1+2-3)	501.45	7,238.32	20,284.77	168.58	236.25	46.44	203.54	14.06	28,693.41	600.11
B. Accumulated Depreciation and Impairment										
5 Opening Accumulated Depreciation	-	724.60	4,148.58	103.21	70.66	28.51	120.92	14.06	5,210.54	-
6 Depreciation Charge during the Period	-	243.16	1,111.25	26.37	19.97	3.83	20.12	-	1,424.70	-
7 Disposals / Transfers	-	-	(12.36)	-	-	-	(18.08)	-	(30.44)	-
8 Closing Accumulated Depreciation and Impairment as at 31 st March, 2024 (5+6-7)	-	967.76	5,247.47	129.58	90.63	32.34	122.96	14.06	6,604.80	-
C. Net Carrying Amount as at 31st March, 2024 (4-8)	501.45	6,270.56	15,037.30	39.00	145.62	14.10	80.58	0.00	22,088.61	600.11

4.1 Property, Plant and Equipment includes assets relating to Research and Development activities Refer Note 40.2

4.2 Refer Note 39 for information on Property, Plant and Equipment pledged as security by the Company

4.3 Refer Note 47.1 for disclosure of contractual commitments for the acquisition of property, plant and equipment

Notes to the Consolidated Financial Statements

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

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

For the year ended 31st March, 2024

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in Progress	530.14	69.97	-	-	600.11
Projects temporarily suspended	-	-	-	-	-

For the year ended 31st March, 2023

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Project in Progress	85.45	-	-	-	85.45
Projects temporarily suspended	-	-	-	-	-

Note No. 5: Right of Use Assets and Lease Liabilities

5.A Right of Use Assets

Following are the changes in the carrying value of Right of Use Assets for the year ended 31st March, 2024 and 31st March, 2023.

Particulars	31 st March, 2024	31 st March, 2023
Opening Balance	170.49	230.66
Additions	135.40	-
Depreciation	(65.61)	(60.17)
Closing Balance	240.28	170.49

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

Additions to Right to use of Assets is due to extension of Lease agreement with revised terms and conditions.

Notes to the Consolidated Financial Statements

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

5.B Lease Liabilities

The following is the movement in lease liabilities during the year ended 31st March , 2024

Particulars	31 st March, 2024	31 st March, 2023
Opening Balance	185.33	233.22
Additions	135.40	-
Finance cost accrued during the year	56.02	24.11
Payment of lease liabilities	(75.50)	(72.00)
Closing Balance	301.25	185.33
Closing balance of Liability		
Current Liability	61.86	54.84
Non Current Liability	239.39	130.49
Total	301.25	185.33

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2024 and 31st March, 2023 on discounted basis

Particulars	31 st March, 2024	31 st March, 2023
Within one year	61.86	54.84
After One year up to five years	239.39	130.49
More than five years	-	-
Total	301.25	185.33

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

Particulars	31 st March, 2024	31 st March, 2023
Depreciation expense on Right -of- use assets	65.61	60.17
Interest Expense on lease Liabilities	56.02	24.11
Expense relating to short term leases and low value assets (included in Other expenses)	0.97	0.97
Total	122.60	85.25

Lease agreement of office premises initially entered for three years in 2019, extended for Four years and further extended for another two years with revised terms and conditions, it expires by 31st January, 2028.

The Group does not face any significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

- 5.1 Operating Lease Commitments - Group as Lessor :** The Group has given part of its office for sublease and rental income is very meager and the same was included in other income.

Notes to the Consolidated Financial Statements

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

Note No. 6 : Intangible Assets

Particulars	Computer Software
(1)	(2)
I Year ended 31st March, 2023	
A. Gross Carrying Amount	
1 Opening Gross Carrying Amount	22.96
2 Additions	-
3 Disposals	-
4 Closing Gross Carrying Amount as at 31st March, 2023 (1+2+3)	22.96
B. Accumulated Amortisation and Impairment	
5 Opening Accumulated Amortisation	11.58
6 Amortisation Charge during the year	3.84
7 Disposals	-
8 Closing Accumulated Amortisation and Impairment as at 31st March, 2023 (5+6+7)	15.42
C. Closing Net Carrying Amount as at 31st March, 2023 (4-8)	7.54
II. Year ended 31st March, 2024	
A. Gross Carrying Amount	
1 Opening Gross Carrying Amount	22.96
2 Additions	0.87
3 Disposals	-
4 Closing Gross Carrying Amount as at 31st March, 2024 (1+2+3)	23.83
B. Accumulated Amortisation and Impairment	
5 Opening Accumulated Amortisation	15.42
6 Amortisation Charge during the year	3.46
7 Disposals	-
8 Closing Accumulated Amortisation and Impairment as at 31st March, 2024 (5+6+7)	18.88
C. Closing Net Carrying Amount as at 31st March, 2024 (4-8)	4.95

Notes to the Consolidated Financial Statements

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

Non Current Financial Assets - Unsecured, Considered Good

Note No.	Particulars	As at 31 st March, 2024		As at 31 st March, 2023	
		No. of Shares	Amount	No. of Shares	Amount
7	Non-Current Investments				
	(Un quoted, fully paid up carried at cost)				
	Investment in other Companies				
	Equity Shares of Rs.100/- each in				
	M/s. Jeedimetla Effluent Treatment Ltd	1,753	1.75	1,753	1.75
	Equity Shares of Rs.10/- each in				
	M/s. Patancheru Envirotech Ltd	17,538	1.76	17,538	1.76
	M/s Sireen Drugs Private Ltd	1,000	0.10	1,000	0.10
	Total		3.61		3.61
	Aggregate amount of unquoted investments		3.61		3.61
	Aggregate amount of quoted investments and market value thereof		-		-
	Aggregate amount of impairment in the value of investments		-		-

Note No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
8	Other Non-Current Financial Assets		
	Deposits Recoverable	313.80	304.66
	Total	313.80	304.66

9	Other Non-Current Assets		
	Capital Advances	273.33	347.98
	Total	273.33	347.98

- 9.1** An amount of Rs.2,61.88 Lakhs (Previous Year Rs. 261.88 Lakhs), was included in the Capital Advances paid on account of land admeasuring AC 19.00 in JNPC, Parwada, Visakhapatnam District, consisting of 100% land cost paid to APIIC and about 80% of development cost to Ramky Pharmacy, the developer. Due to disputes arose between the parties, the developer has cancelled the said allotment and proposed to allot the same to a third party. The company has filed a writ petition before the Hon'ble High Court of Telangana, and the Court has granted stay and the case is pending.

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
10	Inventories		
	(Cost or Net Realisable Value, whichever is lower and as valued and certified by the Management)		
	(a) Raw Materials (including packing materials)	3,665.68	3,907.06
	(b) Stock in Process	1,881.48	2,185.95
	(c) Finished Goods	2,527.17	2,482.68
	(d) Coal & Fuel	46.71	47.80
	Total	8,121.04	8,623.49

10.1 Rawmaterials includes stock in transit of Rs. 146.07 Lakhs (31st March, 2023 Rs. 123.96)

10.2 Finished Goods includes stock in transit of Rs.853.14 Lakhs (31st March, 2023 Rs.703.69 Lakhs).

11 Trade Receivables

Unsecured

Considered good	4,314.73	4,065.12
Receivable from related parties (Refer Note:11.e)	820.32	540.99
Credit impaired	161.74	156.91
	5,296.79	4,763.02
Less: Allowance for Doubtful Debts	(161.74)	(156.91)
Total	5,135.05	4,606.11

- a) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.
- b) Trade receivables are non-interest bearing
- c) Of the trade receivables balance of Rs. 3,104.29 Lakhs in aggregate (Previous year Rs.2,789.56 Lakhs) is due from the Company's customers individually representing more than 5% of the total trade receivables.
- d) The Group has used practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience in calculating expected credit loss.
- e) Trade Receivables includes due from related parties, SMS Pharmaceuticals Limited of Rs.445.94 Lakhs (Previous year Rs.540.99 Lakhs), Purogene Labs Private Limited of Rs. 310.87 Lakhs (Previous year Nil).

Notes to the Consolidated Financial Statements

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

Movement in the expected credit loss allowance

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Balance at the beginning of the year	156.91	105.62
Movement in expected credit loss allowance on trade receivables	4.83	51.29
Balance at the end of the year	161.74	156.91

Trade Receivables ageing schedule for the year ended 31st March, 2024

Particulars	Outstanding from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade Receivables - Considered good	4,572.79	13.44	33.36	513.83	1.63	5,135.05
ii) Undisputed Trade Receivables - Which have significant increase in Credit Risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit impaired	143.73	0.44	0.68	16.84	0.05	161.74
iv) Disputed Trade receivables	-	-	-	-	-	-
Total	4,716.52	13.88	34.04	530.67	1.68	5,296.79

Trade Receivables ageing schedule for the year ended 31st March, 2023

Particulars	Outstanding from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade Receivables - Considered good	4,086.87	4.29	513.32	-	1.63	4,606.11
ii) Undisputed Trade Receivables - Which have significant increase in Credit Risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit impaired	139.00	0.15	17.70	-	0.06	156.91
iv) Disputed Trade receivables	-	-	-	-	-	-
Total	4,225.87	4.44	531.02	-	1.69	4,763.02

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
12	Cash and Cash Equivalents		
	(a) Balances with Banks		
	- in Current Accounts	42.14	121.22
	- in EEFC account	7.96	0.91
	(b) Cash in Hand	6.85	5.65
	Total	56.95	127.78
13	Bank Balances other than Cash and Cash Equivalents		
	Margin Money Deposits	91.25	79.47
	Fixed Deposits	-	233.21
	Unclaimed Dividend	1.05	0.82
	Total	92.30	313.50
13.1	Margin Money deposits having maturity less than 12 months are subject to the first charge against Bank Gurantee / letter of credits.		
14	Other Current Assets		
	(Unsecured Considered Good)		
	GST Credit Receivable	1,316.44	1,289.44
	Advance to Suppliers	570.81	573.71
	Prepaid Expenses	166.99	242.51
	Interest Receivable	14.66	13.35
	Other Advances and Receivables	47.99	40.84
	Total	2,116.89	2,159.85
14.1	Prepaid Expenses Includes an outstanding amount of Rs. 87.12 lakhs (31 st March 2023 Rs. 174.24 Lakhs) Paid to Pollution Control Board in connection with expanding capacities of the parent Company at its Kazipalli facility and to be amortised in 8 Quarters @ Rs. 21.78 Lakhs starting from 2023-24.		
15	Current Tax Assets (Net)	5.01	80.92
15.1	Movement in Current Tax Assets/(Liabilities)		
	Advance Tax	300.00	350.00
	TDS & TCS Receivable	44.06	51.80
	Income Tax Refund Receivable	85.95	29.12
	Less: Provision for Income Tax	(425.00)	(350.00)
	Total	5.01	80.92

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31 st March, 2024		As at 31 st March, 2023	
		Number of shares	Amount	Number of shares	Amount
16	Equity Share Capital				
	Authorised Share Capital				
	Equity Shares of Rs. 10/- each	35,00,000	350.00	35,00,000	350.00
	Issued, Subscribed and fully Paid Up				
	Equity Shares of Rs. 10/- each	30,23,287	302.33	30,23,287	302.33
	Total	30,23,287	302.33	30,23,287	302.33

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

Particulars	As at 31 st March, 2024		As at 31 st March, 2023	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
At the beginning of the Year	30,23,287	302.33	30,23,287	302.33
Issued/(Reduced) during the Year	-	-	-	-
At the end of the Year	30,23,287	302.33	30,23,287	302.33

16.2 Rights attached to Equity Shares

The Holding Company has only one class of equity shares having face value of Rs.10/- per share. The Company declares and pays dividends in Indian rupees. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

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

Particulars	As at 31 st March, 2024		As at 31 st March, 2023	
	Number of shares	% Holding	Number of shares	% Holding
Talluri Annapurna	7,42,436	24.56	7,42,436	24.56
TVVSN Murthy**	7,21,224	23.86	7,21,224	23.86
Ramesh Babu Potluri	2,40,190	7.94	2,40,190	7.94

**including 2,41,190 Shares (2,41,190 Shares as at 31.03.2023) held in the capacity of Karta of HUF

Notes to the Consolidated Financial Statements

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

16.4 Details of shares held by the promoters of the Company

Equity shares held by the promoters as at 31st March 2024, and 31st March, 2023

Particulars	As at 31 st March, 2024			As at 31 st March, 2023		
	Number of shares	% holding	% Changes during the year	Number of shares	% holding	% Changes during the year
TVVSN Murthy	4,80,034	15.88%		4,80,034	15.88%	-
TVVSN Murthy – HUF	2,41,190	7.98%	-	2,41,190	7.98%	-
Ramesh Babu Potluri	2,40,190	7.94%	-	2,40,190	7.94%	-
Hima Bindu Potluri	83,333	2.76%	-	83,333	2.76%	-
Annapurna Talluri	7,42,436	24.56%	-	7,42,436	24.56%	-
Rajeswara Rao Gopineedi	100	0.00%	-	100	0.00%	-
Venkata Praveen Talluri	1,25,790	4.16%	1.14%	91,279	3.02%	0.78%
Sudeepthi Gopineedi	78,899	2.61%	(0.27%)	87,018	2.88%	0.49%
Venkata Chaitanya Gopineedi	361	0.01%		361	0.01%	-
Sukumari Koneru	714	0.02%	-	714	0.02%	-
Vamsi Krishna Potluri	73,234	2.42%	-	73,234	2.42%	-
Trilok Potluri	78,141	2.58%	-	78,141	2.58%	-
Potluri Infra Projects LLP	8,000	0.26%	-	8,000	0.26%	-
Total	21,52,422	71.18%	0.87%	21,26,030	70.31%	1.27%

Note No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
17	Other Equity		
	Reserves and Surplus		
	Capital Redemption Reserve	1.00	1.00
	Capital Reserve	621.09	621.09
	General Reserve	7,216.02	7,016.02
	Retained Earnings	9,540.98	8,920.79
	Total	17,379.09	16,558.90

17.1 Capital Redemption Reserve

Opening Balance	1.00	1.00
Adjustments	-	-
Closing Balance	1.00	1.00

17.1.1 Capital Redemption Reserve was created during the earlier year due to cancellation of Equity Share Capital held by Holding Company before issue of equity shares in pursuance of demerger scheme.

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
17.2	Capital Reserve		
	Opening balance	621.09	216.13
	Adjustments-	-	404.96
	Closing Balance	621.09	621.09
17.2.1	Additions to the Capital Reserve during the previous year arising on account of dilution of Equity in Subsidiary.		
17.2	General Reserve		
	Opening balance	7,016.02	6,816.02
	Adjustments	-	-
	Transfer from Retained Earnings	200.00	200.00
	Closing Balance	7,216.02	7,016.02
17.3	Retained Earnings		
	Opening balance	8,920.79	7,887.75
	Net profit for the year	909.28	1,146.28
	Effect of dilution of Equity in Subsidiary	-	129.68
	Transfer to General Reserve	(200.00)	(200.00)
	Dividend	(45.35)	(45.35)
	Items of Other Comprehensive Income		
	Remeasurement Gain/(Loss) of the Defined Benefit Plans, net of tax	(43.74)	2.43
	Closing balance	9,540.98	8,920.79
17.4	Non Controlling Interest		
	Opening balance	1,960.44	1,269.70
	Adjustments	(278.20)	690.74
	Closing Balance	1,682.24	1,960.44

17.5 Nature and Purpose of Reserves

(i) Capital redemption Reserve:

As per Companies Act, 2013, capital redemption reserve was created on cancellation of equity shares in pursuance of Demerger scheme. A sum equal to the nominal value of the shares so cancelled was transferred to capital redemption reserve. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Capital Reserve:

Capital Reserve was created on dilution of equity in subsidiary in the earlier year. The Group uses this reserve for transactions in accordance with the provisions of the Companies Act, 2013.

Notes to the Consolidated Financial Statements

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

(iii) General Reserve:

The Company generally appropriates a portion of its earnings to the general reserve to be used for contingencies. This reserve is freely available for use by the Company.

(iv) Retained Earnings:

These are the accumulated earnings after appropriation of total comprehensive income and related transfers. The company uses retained earnings in accordance with the provisions of the Companies Act, 2013.

(v) Dividend:

For the year 2022-23 an amount of Rs 45.35 Lakhs was distributed as dividend @ Rs 1.50 per share to the equity share holders. The Board of Directors have proposed to pay dividend for the Year 2023-24 to the equity share holders @ Rs 1.50 per each share subject to the approval by the share holders in the ensuring Annual General Meeting. The Proposed dividend was not recognised as liability.

(v) Analysis of items of OCI, net of tax:

Re-measurements of defined benefit plans (Refer Note 38)

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

Financial Liabilities

Note No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
18	Non - Current Borrowings		
18.1	Secured		
(i)	Rupee Term Loans from Banks		
(a)	Export Import Bank of India TL	497.42	895.89
(b)	Export Import Bank of India GECL Loan	229.33	344.00
(c)	HDFC Bank Term Loan	2083.77	2725.59
(d)	Term Loan GECL RBL Bank	20.88	298.24
(ii)	Foreign Currency Term Loans from Banks		
	RBL Bank Loan	483.10	870.46
	Sub Total	3,314.50	5,134.18
18.2	Unsecured		
	From Directors	-	360.00
	Sub Total	-	360.00
	Total	3,314.50	5,494.18

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
18.3	Current Maturities of Non Current Borrowings		
	Secured		
(i)	Rupee Term Loans from Banks		
	(a) Export Import Bank of India TL	400.00	400.00
	(b) Export Import Bank of India GECL Loan	114.67	-
	(c) GECL RBL Bank Limited TL	277.34	314.64
	(d) HDFC Bank Term Loan	600.00	255.36
(ii)	Foreign Currency Term Loans from Banks		
	RBL Bank Limited	388.48	388.48
	Unsecured	-	-
	Total	1,780.49	1,358.48
	Amount disclosed under the head "Other Current Financial Liabilities"	(1,780.49)	(1,358.48)
	Total	-	-

18.1.1 Security Terms

(i) Rupee Term Loans from Banks

- Term Loan 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 and T.V.Praveen, Executive Director of the Holding Company in their personal capacity.
- Term Loan GECL (Gauranteed Emergency Credit Line) availed from Export-Import Bank of India and RBL Bank are Gauranteed by National Credit Gaurantee Trustee, secured by second charge on all movable and immovable fixed assets and current assets both present and future on pari-passu basis. These facilities are also guaranteed by Sri TVVSN Murthy, Managing Director and T.V.Praveen, Executive Director of the Holding Company in their personal capacity.
- Term Loan availed from HDFC Bank Ltd 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 on pari passu basis and guaranteed by Sri TVVSN Murthy, Managing Director and T.V.Praveen, Executive Director of the Holding Company in their personal capacity.

(ii) Foreign Currency Term Loans from Banks

- Term Loan availed from RBL Bank is secured by Exclusive charge of all movable and immovable fixed assets both present and future and all current assets both present and future of Mahi Drugs private limited a subsidiary and guaranteed by Sri TVVSN Murthy and Sri T.V.Praveen, as Directors of the Subsidiary company, in their personal capacity. It was further gauranteed with Corporate Gaurantee of the SMS Life Sciences India Limited, Holding Company.
- The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 39.

Notes to the Consolidated Financial Statements

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

18.1.2 Rate of Interest:

(i) Rupee Term Loan

- (a) Exim Bank Term Loan carries an interest rate @ 9.50% p.a (LTMLR+115 bps p.a.)
- (b) GECL Loan from EXIM Bank carries an interest rate @ 8.55% p.a (LTMLR p.a.)
- (c) GECL Loan from RBL Bank carries an interest rate @ 7.85% p.a.
- (d) HDFC Bank Term loan carries an interest rate @ 8.95 % p.a.

(ii) Foreign Currence Term Loan

RBL Bank Term Loan carries an interest rate @ 10.40% p.a . This loan is fully hedged by the bank through out the tenor of the loan. Hence there is no foreign exchange fluctuation risk for this loan.

18.1.3 Terms of Repayment

(i) Rupee Term Loan

Term Loan availed from Export Import Bank of India amounting to Rs 2,000.00 Lakhs for funding the Expansion Project of Kazipally unit. The said loan is repayable in 24 Quarterly Installments commencing from February, 2020, as 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

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

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

GECL Term Loan availed from RBL Bank Limited amounting to Rs 192.00 lakhs for Long term working capital. The said loan is repayable in 36 Monthly Installments commencing from September, 2021.

Term Loan availed from HDFC Bank amounting to Rs 3,000.00 Lakhs for funding the Expansion Project of Kazipally unit. The said loan is repayable in 20 Quarterly Installments commencing from November, 2023 of Rs 150 Lakhs each

(ii) Foreign Currence Term Loan

The Group has availed Term Loan from RBL Bank Limited amounting to Rs.1,942.36 Lakhs for funding the Expansion Project of Mahi Drugs Private Limited unit situated at JN Pharmacy, Parawada, Visakhapatnam. The said loan is repayable in 24 Quarterly Installments commencing from September 2020, as mentioned below.

First 8 Quarters	Rs. 48.56 Lakhs Each
Next 16 Quarters	Rs. 97.12 Lakhs Each

18.2.1 Un-Secured Loans

During the Year the company has repaid the outstanding unsecured loan of Rs 360 Lakhs availed from Sri TVVSN Murthy, Managing Director of the Holding Company which carries interest rate of 8.40% pa.

Notes to the Consolidated Financial Statements

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

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

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Opening Borrowings	5,494.18	4,033.20
Add: Opening Current Maturities	1,358.48	979.55
Add: Amortisation of Transaction Cost	4.65	2.89
Add: Received during the year	-	2,980.71
Less: Paid during the year	(1,402.31)	(1,008.69)
Less: Unsecured Loan Repaid	(360.00)	(135.00)
Closing Borrowings	5,094.99	6,852.66
Less: Closing Current Maturities	1,780.49	1,358.48
Non Current Borrowings as per Balance Sheet	3,314.50	5,494.18

19 Provisions

Employee Benefit Obligations

Non Current

Gratuity	372.66	323.38
Leave Encashment	101.46	86.77
Sub Total	474.12	410.15

Current

Gratuity	123.03	90.30
Leave Encashment	42.92	39.63
Sub Total	165.95	129.93

Total

Gratuity	495.69	413.68
Leave Encashment	144.38	126.40
Grand Total	640.07	540.08

19.1 For details of Post Employment Benefits. Refer Note 38.

20 Deferred Tax Liabilities (net)

The balance comprises Temporary Differences attributable to:

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(a) Deferred Tax Liability		
(i) Property, Plant and Equipment	2,360.70	1,976.92
(ii) Others	91.85	59.37
Total	2,452.55	2,036.29

(Contd.)

Notes to the Consolidated Financial Statements

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

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
(b) Deferred Tax Asset		
(i) Expenses allowable on Payment basis	200.20	173.14
(ii) MAT Credit Entitlement	1.35	1.35
(iii) Carry forward losses	776.25	346.32
(iv) Other Items giving raise to temporary differences	270.38	239.34
Total	1,248.18	760.15
Net Deferred Tax Liabilities (a)-(b)	1,204.37	1,276.14

(c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Other Items	Total
As at 31st March, 2022	1,563.73	70.81	1,634.53
Charged/(Credited)	413.19	(11.43)	401.76
As at 31st March, 2023	1,976.92	59.37	2,036.29
Charged/(Credited)	383.78	32.48	416.26
As at 31st March, 2024	2,360.70	91.85	2,452.55

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on Payment basis	MAT Credit Entitlement	Carryfor- warded Losses	Other Items	Total
As at 01st April, 2022	147.54	1.35	162.82	254.40	566.11
Charged/(Credited)	25.59	-	183.50	(15.06)	194.04
As at 31st March, 2023	173.14	1.35	346.32	239.34	760.15
Charged/(Credited)	27.06	-	429.93	31.04	488.03
As at 31st March, 2024	200.20	1.35	776.25	270.38	1,248.18

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
21	Current Borrowings		
	Secured		
	Working Capital Loans from Banks		
	- RBL Bank Ltd	2,994.87	2,400.00
	--- HDFC Bank	1,681.27	611.40
	Current Maturities of Long term Debt	1,780.49	1,358.48
	Total	6,456.63	4,369.88

22.1.1 Security Terms

- Working capital facilities sanctioned by RBL Bank Limited of an amount of Rs.3000.00 Lakhs to the parent company 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 parent company both present and future and also guaranteed by Sri TVVSN Murthy, Managing Director and Sri T V Praveen, Executive Director of the Company in their personal capacities.
- Working capital facility sanctioned by HDFC Bank Limited of an amount of Rs 2,000.00 Lakhs to the parent company is secured by first charge on all current assets both present and future on pari-passu basis. These facilities are further secured by way of second charge on pari-passu basis of all movable and immovable fixed assets of the parent company both present and future and also guaranteed by Sri TVVSN Murthy, Managing Director and Sri T.V.Praveen, Executive Director of the Holding Company, in their personal capacity.
- The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 39.

21.1.2 Rate of Interest:

- RBL Bank Limited working capital loan carries an interest rate of 9.40% p.a
- HDFC Bank Limited working capital loan carries an interest rate of 8.60% p.a

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

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

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
Opening Balance	3,011.40	2,713.78
Add: Received during the year	1,664.73	611.40
Less: Paid during the year	-	(313.78)
Current Borrowings as per Balance Sheet	4,676.13	3,011.40

21.3 Maximum Utilisation of Working Capital loans during the year ended 31st March, 2024 is Rs. 4,870.00 Lakhs (Previous Year Rs. 3,316.00 Lakhs)

21.4 Average Utilisation of Working Capital Loans during the year ended 31st March, 2024 is Rs. 3,907.70 Lakhs (Previous Year Rs.1,756.34 Lakhs)

Notes to the Consolidated Financial Statements

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

Particulars	As at 31 st March, 2024	As at 31 st March, 2023
22 Trade Payables		
(a) Creditors for Supply of Materials		
(i) Due to Micro and Small Enterprises	78.38	31.47
(ii) Other than Micro and Small Enterprises	5,834.27	5,935.29
Total	5,912.65	5,966.76

Trade Payables

Particulars	31 st March, 2024	31 st March, 2023
Valued at amortised cost		
Total Outstanding dues to creditors other than Micro and Small Enterprises	5,834.27	5,935.29
Outstanding dues to related parties	-	-
Total	5,834.27	5,935.29
Total outstanding dues to Micro and Small Enterprises	78.38	31.47
Total	5,912.65	5,966.76

Terms and conditions of the above financial liabilities:

Trade Payables are non-interest bearing.

For explanations on the company's credit risk management processes, refer note no. 43.

Trade payables ageing schedule for the year ended March 31, 2024

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Micro and Small Enterprises	78.38			-	78.38
ii) Others	5828.36	2.63	2.16	1.12	5,834.27
iii) Disputed dues-Micro and Small Enterprises & others	-	-	-	-	-
Total	5,906.74	2.63	2.16	1.12	5,912.65

Trade payables ageing schedule for the year ended March 31, 2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Micro and Small Enterprises	30.88	0.07	0.52	-	31.47
ii) Others	5,902.44	9.68	10.95	12.22	5,935.29
iii) Disputed dues-Micro and Small Enterprises & others	-	-	-	-	-
Total	5,933.32	9.75	11.47	12.22	5,966.76

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31 st March, 2024	As at 31 st March, 2023
23	Other Financial Liabilities		
	Current		
	Creditors for Expenses	596.91	613.45
	Capital Creditors	240.37	740.13
	Interest Accrued but not due	34.93	40.48
	Interest on Unsecured Loan	-	6.71
	Unclaimed Dividend	1.05	0.82
	Total	873.26	1,401.59
24	Other Current Liabilities		
	Statutory dues Payable	98.62	73.55
	Advance from Customers	871.32	1,340.18
	Employee Benefits Payable	15.60	19.70
	Total	985.54	1,433.43
Note No.	Particulars	Current Year 2023-24	Previous Year 2022-23
25	Revenue from Operations		
	(a) Sale of Products	32,847.03	34,632.81
	Less: Goods and Service Tax	3,262.49	4,130.90
	Net Revenue from Sales	29,584.54	30,501.91
	(b) Sale of Services		
	(i) Conversion Charges	416.27	882.91
	Less: Goods and Service Tax	44.76	130.02
	Net Revenue from Services	371.51	752.89
	(c) Other Operating Income		
	Export Incentives	79.67	94.87
	Other Operating Income	560.12	206.36
		639.79	301.23
	Total Net Revenue from Operations (a+b+c)	30,595.84	31,556.03

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	Current Year 2023-24	Previous Year 2022-23
26	Other Income		
(a)	Interest Income	27.62	39.53
(b)	Profit on Sale of Assets	0.10	-
(c)	Net Gain on Foreign Exchange	182.22	32.07
(d)	Miscellaneous Income (Net of GST)	172.87	235.64
	Total	382.81	307.24
26.1	Profit on sale of Assets represents profit on sale of redundant Assets in normal course of business.		
27	Cost of Materials Consumed		
	Raw Materials & Packing Materials		
	Stock at the Beginning of the Year	4,069.72	4,069.72
	Add: Purchases	14,614.79	17,132.70
	Less: Stock at the End of the Year	(3,665.68)	(4,069.72)
	Total Materials Consumed	15,018.83	17,132.70
28	Changes in Inventories		
(a)	Opening Stock of Inventory:		
	Finished Goods	2,482.67	2,813.93
	Stock in Process	2,023.30	1,699.56
	Sub Total (a)	4,505.97	4,513.49
(b)	Closing Stock of Inventory		
	Finished Goods	2,527.17	2,482.67
	Stock in Process	1,881.48	2,023.30
	Sub Total (b)	4,408.65	4,505.97
	(Increase)/Decrease in Stocks (a) - (b)	97.32	7.52
29	Manufacturing Expenses		
	Power and Fuel	2,860.76	2,740.83
	Consumable Stores	302.91	286.86
	Testing Charges	68.69	79.25
	Water Charges	184.74	186.79
	Conversion Charges	1,325.18	1,320.74
	Effluent Treatment Charges	378.18	343.09
	Repairs and Maintenance		
	to Plant & Machinery	440.04	548.55
	to Buildings	81.55	37.42
	Factory Maintenance	121.06	116.54
	Total	5,763.11	5,660.07

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	Current Year 2023-24	Previous Year 2022-23
30	Employee Benefit Expenses		
	Salaries, Wages and Bonus	4,315.03	3,823.24
	Contribution to Provident Fund	264.61	239.80
	Contribution to ESI	12.21	12.69
	Staff Welfare Expenses	335.21	267.15
	Total	4,927.06	4,342.88
31	Finance Cost		
	Interest on Non Current Borrowings	561.06	354.39
	Interest on Current Borrowings	361.15	251.95
	Interest on Others	62.44	28.94
	Bank Charges	31.02	44.21
	Total	1,015.67	679.49
32	Depreciation and Amortisation Expense		
	Depreciation on Property, Plant and Equipment	1,424.70	1,014.85
	Right of use of Assets	65.61	60.17
	Amortisation of Intangible Assets	3.45	3.84
	Total	1,493.76	1,078.86
33	Other Expenses		
	Rent	10.83	9.65
	Rates and Taxes	45.26	57.92
	Repairs & Maintenance to other Assets	12.94	16.13
	Insurance	127.24	117.04
	Directors Remuneration	298.78	298.58
	Travelling and Conveyance	38.81	32.63
	Communication Expenses	10.37	12.95
	Printing and Stationery	59.15	66.00
	Payment to Auditors	15.10	15.00
	Vehicle Maintenance	79.25	73.46
	Interest on Indirect Taxes	10.64	7.12
	Loss on Sale of Assets	0.18	0.12
	General Expenses	185.99	179.02
	Business Promotion Expenses	37.08	51.89
	Sales Commission	203.20	169.35
	Regulatory Filing Fee	212.43	43.35
	Carriage Outward	282.99	303.92
	Provision for Doubtful Debts	4.83	51.29
	Exchange Fluctuation	-	1.08
	Corporate Social Responsibility	43.16	31.12
	Total	1,678.23	1,537.62

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	Current Year 2023-24	Previous Year 2022-23
33.1	Details of payment to Auditors		
	Statutory Audit Fee	11.00	11.00
	Tax Audit Fee	4.00	4.00
	Others	0.10	-
	Total	15.10	15.00
33.2	Corporate Social Responsibility Expenditure		
	As per requirement of the Companies Act, 2013, gross amount required to be spent by the Company during the year is Rs.37.04 Lakhs (Previous Year Rs.35.20 Lakhs).		
(i)	Construction / acquisition of Assets.	41.70	23.73
(ii)	Others	1.46	5.50
	Total Amount spent during the year	43.16	29.23
	Amount spent against previous year obligation	(6.03)	-
	Setoff from Previous Years	-	-
	Transfer to CSR Unspent A/c	-	6.03
	Total	37.13	35.26
	Amount required to be spent as per section 135 of the Companies Act, 2013	37.04	35.20
	Amount Carried forward to subsequent years	0.09	0.06
34	Exceptional Items		
	Profit on sale of Tangible Assets	-	235.16
	Total	-	235.16
34.1	Exceptional income in previous year of Rs. 235.16 Lakhs represents profit on sale of Non Revenue generating Land and Buildings		
35	Income Tax Expense		
	Current Tax		
	Current Tax on Profits for the Year	425.00	350.00
	Adjustments for Current Tax of Prior Years	(19.75)	(35.01)
	Total Current Tax	405.25	314.99
	Deferred Tax		
	Increase (Decrease) in Deferred Tax Liabilities	416.26	401.75
	Decrease(increase) in Deferred Tax Assets	(488.03)	(194.04)
	Acturial (Gain)/Loss	18.42	(1.15)
	Total Deferred Tax Expense/(Benefits)	(53.36)	206.56
	Total Tax Expenses	351.89	521.55

There are no unrecognised Deferred Tax Assets and Deferred Tax Liabilities as at 31st March, 2024 and 31st March, 2023.

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	Current Year 2023-24	Previous Year 2022-23
35.1	Income Tax Recognised in Statement of Profit and Loss		
	(a) Profit Before Income Tax Expenses	984.67	1,659.29
	Less: Exceptional Income	-	235.16
		984.67	1,424.13
	(b) Enacted Tax Rate in India	29.12%	29.12%
	(c) Expected Tax Expenses (a)x(b)	286.74	414.71
	(d) Tax Effect of :		
	Provision for tax on exceptional Items	-	12.00
	Expenses not allowed under Tax Laws	24.46	109.59
	Adjustment for allowable Expenses under Tax Laws	29.85	(27.58)
	Tax expenses of Earlier Years	(19.75)	(35.01)
	Others	30.59	47.84
	Total Adjustments	65.15	106.84
	Curent Tax Expenses as per Profit & Loss	351.89	521.55
	Effective Tax Rate	35.74%	31.43%
36	Other Comprehensive Income		
	Actuarial Gain/(Loss) on Post Employment Benefit Expenses	63.49	3.51
	Return on Plan Assets excluding net interest	0.37	0.07
		63.86	3.58
	Deferred Taxes on above	(18.42)	(1.15)
	Net Comprehensive Income	45.44	2.43
37	Earnings Per Share (Basic and Diluted)		
	i. Including Exceptional Income		
	(a) Net profit	909.28	1,146.28
	(b) Number of equity shares	30,23,287	30,23,287
	(c) Earnings Per Share	30.08	37.92
	ii. Excluding Exceptional Income		
	(a) Net profit	909.28	923.12
	(b) Number of equity shares	30,23,287	30,23,287
	(c) Earnings Per Share	30.08	30.53

38 Post Employment Benefits

38.1 Defined Contribution Plans

38.1.1 Employer's Contribution to Provident Fund:

Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards Provident Fund Contribution is Rs.264.61 Lakhs (31st March, 2023 - Rs.239.80 Lakhs).

Notes to the Consolidated Financial Statements

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

38.1.2 Employer's Contribution to State Insurance Scheme:

Contributions are made to State Insurance Scheme in India for employees at the rate of 3.25%. The Contributions are made to Employee State Insurance Corporation (ESI) to the respective State Governments of the Company's location. This Corporation is administered by the Government and the obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards ESI Contribution is Rs.12.21 Lakhs (31st March, 2023 - Rs. 12.70 Lakhs).

38.2 Defined Benefit Plans

The Company has a defined benefit gratuity plan governed by Payment of Gratuity Act, 1972. Every Employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of Service. The Scheme is funded through a policy with Life Insurance Corporation of India (LIC).

The Company has a defined benefit Compensated Absence Plan governed by The Factories Act, 1948. Every Employee who has worked for a period of 240 days or more during a calendar year shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated as per Act.

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

Particulars	31 st March, 2024		31 st March, 2023	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
38.2.1 Net Employee Benefit Expense				
(recognised in Employee Benefit Expenses)				
Current Service Cost	61.33	41.70	56.99	49.14
Adjustment to Opening Balance	-	-	3.38	-
Interest Cost	28.02	7.71	23.41	6.56
Contribution Paid	(71.19)	(5.23)	(9.16)	(2.76)
Actuarial Gain/(Loss) other than OCI	-	(26.21)	-	(33.19)
Net Employee Benefit Expenses	18.16	17.97	74.62	19.75
38.2.2 Other Comprehensive Income				
Actuarial Gain/(Loss)	63.49	-	(3.51)	-
Actual return on plan asset	0.37	-	(0.07)	-
Total Actuarial (Gain)/Loss recognized in (OCI)	63.86	-	(3.58)	-
38.2.3 Amount recognised in the Balance Sheet				
Defined Benefit Obligation	673.77	144.37	550.20	126.40
Fair Value of Plan Assets	(178.08)	-	(136.52)	-
	495.69	144.37	413.68	126.40

Notes to the Consolidated Financial Statements

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

Particulars	31 st March, 2024		31 st March, 2023	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
38.2.4 Change in the Present Value of the Defined Benefit Obligation				
Opening Defined Benefit Obligation	550.20	126.40	475.82	106.65
Current Service Cost	61.33	41.70	56.99	49.14
Interest Cost	36.52	7.71	32.77	6.56
Benefits Paid	(37.77)	(5.23)	(11.87)	(2.76)
Net Actuarial (gain)/ losses on Obligation for the year recognised under OCI	63.49	(26.21)	(3.51)	(33.19)
Closing Defined Benefit Obligation	673.77	144.37	550.20	126.40
38.2.5 Change in the Fair Value of Plan Assets				
Opening Fair Value of Plan Assets	136.52	-	133.18	-
Adjustment to Opening Fair Value of Plan Asset	-	-	(3.38)	-
Return on Plan Assets Excluding Interest Income	(0.37)	-	0.07	-
Interest Income	8.51	-	9.36	-
Contributions	71.19	-	9.16	-
Benefits Paid	(37.77)	-	(11.87)	-
Closing Fair Value of Plan Assets	178.08	-	136.52	-
38.2.6 Actuarial (Gain)/Loss on Obligation				
Due to Demographic Assumption	-	-	-	-
Due to Financial Assumption	13.54	-	(28.85)	-
Due to Experience	49.95	-	25.34	-
Total Actuarial (Gain)/Loss	63.49	-	(3.51)	-

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

Particulars	31 st March, 2024	31 st March, 2023
*Fund managed by Life Insurance Corporation of India (Unquoted)	100%	100%
*Fund is managed by LIC as per IRDA guidelines, category-wise composition of the plan assets is not available.		
Expected Return on Assets is based on rate of return declared by fund managers.		

Notes to the Consolidated Financial Statements

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

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

Particulars	31 st March 2024	31 st March 2023
Discount rate	6.97%	7.23%
Attrition Rate	2.00%	2.00%
Expected rate of increase in Salary	2.00%	2.00%
Mortality Table	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Expected average remaining Service (Yrs)	17.04	17.23

- (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.

38.2.9 Sensitivity analysis

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

Particulars	31 st March, 2024	31 st March, 2023
Defined Benefit Obligation	495.69	413.68
Effect of 1% change in assumed discount rate on defined benefit obligation		
Increase : +1%	625.19	511.25
Decrease: -1%	732.01	595.16
Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
Increase : +1%	729.84	595.00
Decrease: -1%	624.64	510.84

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

Notes to the Consolidated Financial Statements

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

38.2.10 Other Information

(i) Expected rate of return basis

EROA is the discount rate as at previous valuation date as per the accounting standard

(ii) Description of Plan Assets and Reimbursement Conditions

100% of the Plan Asset is entrusted to LIC of India under their Group Gratuity Scheme. The reimbursement is subject to LIC's Surrender Policy

(iii) Discount Rate

The discount rate has decreased from 7.23% to 6.97% and hence there is an increase in liability leading to actuarial loss due to change in discount rate.

(iv) Present Value of Defined Benefit Obligation:

Present value of the defined benefit obligation is calculated by using Projected Unit Credit Method (PUC Method). Under the PUC Method, a "projected accrued benefit" is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the Plan. The "Projected accrued benefit" is based on the Plan's accrual formula and upon service as of the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the "Projected accrued benefits" as of the beginning of the year for active members.

(v) Expected Average remaining service vs. Average remaining future service:

The average remaining service can be arithmetically arrived by deducting current age from normal retirement age whereas the expected average remaining service is arrived actuarially by applying multiple decrements to the average remaining future service namely mortality and withdrawals. Thus, the expected average remaining service is always less than the average remaining future service.

(vi) Current and Non Current Liability:

The total of current and non-current liability must be equal with the total of PVO (Present Value Obligation) at the end of the period plus short term compensated liability if any. It has been classified in terms of "Schedule III" of the Companies Act, 2013.

(vii) Defined Benefit Liability and Employer Contributions

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

Notes to the Consolidated Financial Statements

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

The Weighted Average duration of the defined benefit obligation is 7.96 years (31st March, 2023 - 7.93 years). The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	31 st March, 2024	31 st March, 2023
1 st Year	123.03	90.29
2 nd Year	24.88	50.55
3 rd Year	37.50	21.29
4 th Year	45.37	31.49
5 th Year	42.14	38.54
beyond 5 th Year	317.78	234.43

38.2.11 Risk Exposure

Though it is defined benefit plan, the company is exposed to a number of risks, the most significant of which are detailed below:

(a) Investment / Interest Risk:

The Company is exposed to Investment / Interest risk if the return on the invested fund falls below the discount rate used to arrive at present value of the benefit.

(b) Longevity Risk:

The Company is not exposed to risk of the employees living longer as the benefit under the scheme ceases on the employee separating from the employer for any reason.

(c) Risk of Salary Increase

The Company is exposed to higher liability if the future salaries rise more than assumption of salary escalation.

39 Assets pledged as Security

For Non Current Borrowings

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

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

For Current Borrowings

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

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings of Rs.9,806.37 Lakhs (31st March 2023 - Rs.9544.54 Lakhs) are as follows:

Particulars	31 st March, 2024	31 st March, 2023
Property, Plant and Equipment	22,088.61	22,657.68
Current Assets	15,527.24	15,911.65
Total Assets Pledged as Security	37,615.85	38,569.33

Notes to the Consolidated Financial Statements

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

40 Research and Development

40.1 Details of Revenue Expenditure:

Particulars	31 st March, 2024	31 st March, 2023
Salaries & Wages	266.30	214.72
Materials Consumed	94.09	55.07
Repairs and Maintenance	44.57	36.09
Power and Fuel	20.08	14.57
Testing and analysis charges	10.33	10.50
Rates and Taxes	2.67	2.72
General Expenses	17.33	14.19
Total	455.37	347.86

40.1.1.1 The above expenditure were included in the respective heads of the total expenditure of the Group.

40.2 Details of Property, Plant and Equipment:

	Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Gross Carrying Value						
2	As at 31 March, 2022 (1+2)	21.52	232.07	11.37	15.50	0.71	281.18
3	Additions	-	98.47	0.57	6.83	-	105.87
4	As at 31 March, 2023 (1+2)	21.52	330.54	11.94	22.34	0.71	387.05
5	Additions	96.24	31.25	14.56	1.92	-	143.97
6	As at 31 March, 2024 (3+4)	117.76	361.79	26.50	24.26	0.71	531.02
7	Depreciation						
8	As at 31 March, 2022 (6+7)	6.26	39.90	1.20	6.31	0.13	53.80
9	Charge for the Year	1.07	20.73	1.08	4.49	0.08	27.45
10	As at 31 March, 2023 (6+7)	7.33	60.63	2.28	10.80	0.21	81.25
11	Charge for the Year	0.25	30.00	1.25	5.88	0.09	37.47
12	As at 31 March, 2024 (8+9)	7.58	90.63	3.53	16.68	0.30	118.72
13	Net Carrying Value						
14	As at 31 March, 2022 (1-6)	15.26	192.17	10.17	9.19	0.57	227.38
15	As at 31 March, 2023 (3-8)	14.19	269.91	9.66	11.54	0.50	305.80
16	As at 31 March, 2024(5-10)	110.18	271.16	22.97	7.58	0.41	412.30

40.2.1 The above amounts were included in the respective heads of the Property Plant & Equipment of the Group.

Notes to the Consolidated Financial Statements

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

Financial Instruments and Risk Management

41 Categories of Financial Instruments

Particulars	Notes	Level	As at		As at	
			31 st March, 2024		31 st March, 2023	
			Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial Assets						
(i) Non Current						
(a) Investment in Equity Instruments	7	3	3.61	3.61	3.61	3.61
(b) Other Financial Assets	8	3	313.80	313.80	304.66	304.66
Sub - Total			317.41	317.41	308.27	308.27
(ii) Current						
(a) Trade Receivables	11	refer note	5,135.05	5,135.05	4,606.11	4,606.11
(b) Cash and Cash Equivalents	12	41.2	56.95	56.95	127.78	127.78
(c) Other Bank Balances	13		92.30	92.30	313.50	313.50
Sub - Total			5,284.30	5,284.30	5,047.39	5,047.39
Total Financial Assets			5,601.71	5,601.71	5,355.66	5,355.66
B. Financial Liabilities						
(i) Non Current						
(a) Borrowings	18	3	3,314.50	3,314.50	5,494.18	5,494.18
(ii) Current						
(a) Borrowings	21	refer note	6,456.63	6,456.63	4,369.88	4,369.88
(b) Trade Payables	22	41.2	5,912.65	5,912.65	5,966.76	5,966.76
(c) Other Financial Liabilities	23		873.26	873.26	1,401.59	1,401.59
Sub - Total			13,242.54	13,242.54	11,738.23	11,738.23
Total Financial Liabilities			16,557.04	16,557.04	17,232.41	17,232.41

41.1 The Group Principal Financial liabilities comprise Loans and Borrowings, Trade Payables and other Liabilities. The main purpose of these financial liabilities is to finance the Group Operations. The Group Principal Financial Assets include Advances, Trade and Other Receivables, Cash and Cash Equivalents, Bank balances that derive from its Operations.

41.2 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.

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

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

Notes to the Consolidated Financial Statements

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

42 Fair Value Measurements

42.1 Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entry specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation techniques used to determine fair value:

Specific Valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of remaining financial instruments is determined using discounted cash flow analysis.

Valuation Process:

The Finance and accounts department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes, and report to the Board of Directors. The main Level 3 inputs are derived using the discounted cash flow analysis, Market Approach, Net Assets Value Method as applicable.

43 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.

43.1 Credit Risk:

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

(i) Financial Instruments and Cash Deposits

For banks and financial institutions, only high rated banks/ institutions are accepted. Other Financial assets (excluding Bank deposits) majorly constitute deposits given to State electricity departments for supply of power, which the company considers to have negligible credit exposure. Counterparty credit limits are reviewed by the Management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

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

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

Notes to the Consolidated Financial Statements

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

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

Particulars	31 st March, 2024	31 st March, 2023
Gross Carrying Amount	5,296.79	4,763.02
Expected Credit Losses (Loss allowance Provision)	(161.74)	(156.91)
Net Carrying Amount of Trade Receivables	5,135.05	4,606.11

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	4,437.20	279.32	580.27	5,296.79
Expected Loss Rate	3.04%	3.17%	3.10%	3.05%
Expected Credit Losses (Loss Allowance Provision)	134.86	8.87	18.01	161.74
Net Carrying Amount of Trade Receivables	4,302.34	270.45	562.26	5,135.05

43.2 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, 2024					
Non Current Borrowings (including Current Maturities)	1,780.49	2,432.42	882.08	-	5,094.99
Current Borrowings	4,676.14				4,676.14
Trade Payables	5,912.65				5,912.65
Other Financial Liabilities	873.26				873.26
Total	13,242.54	2,432.42	882.08	-	16,557.04
31st March, 2023					
Non Current Borrowings (including Current Maturities)	1,358.48	3,304.62	1,871.84	317.72	6,852.66
Current Borrowings	3,011.40				3,011.40
Trade Payables	5,966.76				5,966.76
Other Financial Liabilities	1,401.59				1,401.59
Total	11,738.23	3,304.62	1,871.84	317.72	17,232.41

Notes to the Consolidated Financial Statements

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

43.3 Market Risk:

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

(i) Interest Rate Risk

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

Particulars	Change in basis points		Effect on Profit before Tax	
	Increase	Decrease	Decrease	Increase
31 st March, 2024	0.50%	0.50%	(48.86)	48.86
31 st March, 2023	0.50%	0.50%	(47.20)	47.20

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

(ii) Foreign Currency Exchange Rate Risk:

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

The Group has transactional currency exposures arising from services provided or availed that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars (\$). The Group trade receivable and trade payable balances at the end of the reporting period have similar exposures.

(a) Details of Unhedged Foreign Currency Exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

Particulars	Currency	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
31st March, 2024				
Trade Receivables	USD	22.96	1,888.58	82.25
Trade Receivables	EURO	6.25	558.35	89.35
Trade Advances Received	USD	0.52	42.87	82.25
Trade Payables	USD	24.51	2,059.56	84.01
31st March, 2023				
Trade Receivables	USD	12.46	1,020.92	81.95
Trade Receivables	EURO	6.25	538.67	86.20
Trade Advances Received	USD	1.79	146.72	81.95
Trade Payables	USD	23.04	1,928.14	83.70

Notes to the Consolidated Financial Statements

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

(b) Foreign Currency Sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The change in the fair value of monetary assets and liabilities including foreign currency derivatives may impact on the Groups profit before tax. The Group exposure to foreign currency changes for all other currencies is not material. For which was mentioned below.

Particulars	Effect on Profit before Tax	
	31 st March, 2024	31 st March, 2023
Foreign Currency Sensitivity		
Rs/USD - Increases by 1%	3.88	(4.75)
Rs/USD - Decreases by 1%	(3.88)	4.75

(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.

44 Capital Management

For the purposes of the Group Capital Management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Group capital management is to maximise the 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, 2024	31 st March, 2023
Borrowings including Interest Accrued	9,806.07	9,911.25
Less: Cash and Short Term Deposits	(56.95)	(360.99)
Net Debt	9,749.12	9,550.26
Equity	302.33	302.33
Other Equity	17,379.09	16,558.90
Total Equity	17,681.42	16,861.23
Total Capital	27,430.54	26,411.49
Gearing Ratio (Net Debt/((Net Debt +Total Equity))	0.36	0.36

Notes to the Consolidated Financial Statements

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

45 Related Party Transactions

(a) Key Management Personnel(KMP)

Name	Relationship
(i) Executive Directors	
Sri TVVSN Murthy	Managing Director
Sri. T V Praveen	Executive Director
Smt .G.Sudeepthi	Whole-time Director
(ii) Non Executive Directors	
Sri.P Sarath Kumar	Independent Director
Sri.Mannam Malakondaiah	Independent Director
Sri.Srinivas Samavedam	Independent Director
(iii) Others	
Sri N Rajendra Prasad	Chief Financial Officer
Mr. Trupti Ranjan Mohanty	Company Secretary
(b) Relatives of KMP	
Sri. G.V. Chaitanya	Relative of Whole-time Directors
(c) Enterprises overwhich KMP are able to Exercise Significant Influence:	
Purogene labs Private Limited (Erstwhile R Chem (Somanahalli) Private Limited)	
(d) Other Related parties with whom transactions have taken place during the current year and / or previous year:	
SMS Pharmaceuticals Limited	
Chemwerth INC	

(e) Transactions with Related Parties:

Name of the Company	31 st March, 2024	31 st March, 2023
	Amount	Amount
Key Management Personnel		
Remuneration	330.57	326.36
(Short Term Employee Benefits)		
Interest on Unsecured Loan	9.53	37.73
Directors Sitting Fees	11.00	11.80
Enterprise with Significant Influence		
Purogene labs Private Limited		
Purchase of Goods	258.43	375.55
Purchase of Services	1,299.38	1,245.92
Sale of Goods	391.97	75.85
Sale of Services	30.00	12.00
Rent received	3.60	3.60

Notes to the Consolidated Financial Statements

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

Name of the Company	31 st March, 2024	31 st March, 2023
	Amount	Amount
Other Related party		
Chemwerth Inc		
Sales of Goods	351.76	538.69
Sales of Services	335.98	206.36
SMS Pharmaceuticals Limited		
Sales of Goods	824.83	858.01
Purchase of Goods	3.09	-
Balance (Payable)/Receivable at the year end		
Key Management Personnel		
Remuneration Payable	14.30	15.31
Interest payable	-	6.71
Unsecured Loan Payable	-	360.00
Enterprise with Significant Influence		
Purogene labs Private Limited	310.87	(50.15)
Other Related party		
Chemwerth Inc	(493.18)	(663.69)
SMS Pharmaceuticals Limited	445.94	540.99

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

ii) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management Personnel and their relatives is not ascertainable and, therefore, not included above. Contribution to Provident Fund was also not included.

46 Contingent Liabilities

Particulars	as at 31 st March, 2024	as at 31 st March, 2023
Guarantees issued by the Bankers	66.70	66.70
Letter of credit opened in favor of suppliers for which goods are yet to be received	-	257.85
Disputed Income Tax Demands	22.62	22.62
Interest dues in respect of disputed demands of Income Tax and Central Excise	98.13	93.63
Non Agricultural land Tax	22.50	22.50
Claims not acknowledged as debt	10.40	10.40
Penal Interest on Provident Fund	7.52	7.52

IGST Exemption availed on Imports

The Group has received a Show Cause Notice from DRI, Kolkata for an amount of Rs.10.03 Crores IGST payable on imports saying that the company has violated the pre import condition while availing the IGST exemption on imports made against advance authorisations. The company has filed writ petition with Honourable High Court of Telangana and the said High Court has granted stay. Considering the facts of the case and based on the legal advice no contingent liability was recognised in this regard.

Notes to the Consolidated Financial Statements

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

Customs Duty Issue for imports against advance authorisations

Customs Department has raised demand for an amount of Rs 81.60 lakhs for non fulfillment of export obligations by erstwhile Plant Organics Limited which was merged with SMS Pharmaceuticals limited, demerged company vide BIFR order dated 28-08-2008 and vested with the company vide NCLT, Hyderabad, demerger order dated 15-5-2017. Madras High Court has granted stay in 2011. The case is pending with said High Court. Considering the facts of the case and based on the legal advice no contingent liability was recognised in this regard.

47 Commitments

	Particulars	as at 31 st March, 2024	as at 31 st March, 2023
47.1	Capital Commitments	124.48	593.83
47.2	Export Obligations	3,864.61	3,921.10

48 Segment Information

(A) Basis for segmentation

The operations of the Group are limited to one segment viz. Pharmaceutical products including ingredients and intermediaries. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only. The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on aggregation of financial information of the Company on a periodic basis, for the purpose of allocation of resources and evaluation of performance. Accordingly, management has identified pharmaceutical segment as the only operating segment for the Group.

(B) Segment information for secondary segment reporting (by geographical segment)

The Company has reportable geographical segments based on location of its customers:

- (i) Revenue from customers outside India – Exports
- (ii) Revenue from customers within India – Domestic
- (iii) Revenue from Export Incentives

a) Revenues are attributed to geographical areas based on the location of the customers as detailed below:

Particulars	Current Year 2023-24		Previous Year 2022-23	
	Revenue	%	Revenue	%
Exports	12,954.56	42.34%	10,365.24	32.85%
Deemed Exports	530.96	1.74%	2,349.39	7.44%
Domestic	17,030.65	55.66%	18,746.53	59.41%
Export Incentive	79.67	0.26%	94.87	0.30%
Total	30,595.84	100.00%	31,556.03	100.00%

Notes to the Consolidated Financial Statements

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

49 Payables to Micro and Small 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, 2024	as at 31 st March, 2023
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	78.38	31.47
(ii) Interest on payments beyond the appointed day paid to the suppliers during the year	-	-
(iii) Interest due and payable for the delay in making payment to suppliers during the year	6.01	4.71
(iv) Amount of interest accrued and remaining unpaid to suppliers at the end of the year	-	-
(v) Amount of further interest remaining due and payable to suppliers in succeeding years	-	-

The above information regarding Micro and Small 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.

50 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, 2024								
Parent								
SMS Lifesciences India Ltd	78.28%	15,158.07	209.24%	1,324.02	90.65%	41.19	218.42%	1282.84
Subsidiary								
Mahi Drugs Pvt Ltd	21.72%	4,205.59	(109.24%)	(691.24)	9.35%	4.25	(118.42%)	(695.50)
Total	100.00%	19,363.66	100.00%	632.78	100.00%	45.44	100.00%	587.34
31st March, 2023								
Parent								
SMS Lifesciences India Ltd	73.96%	13,920.58	101.88%	1,159.10	205.35%	4.99	102.10%	1164.09
Subsidiary								
Mahi Drugs Pvt Ltd	26.04%	4,901.09	(1.88%)	(21.36)	(105.35%)	(2.56)	(2.10%)	(23.92)
Total	100.00%	18,821.67	100.00%	1,137.74	100.00%	2.43	100.00%	1,140.17

Notes to the Consolidated Financial Statements

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

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

Name of the Subsidiary	Mahi Drugs Pvt Ltd
Reporting Currency	Indian Rupees
Date of Incorporation	17 th December, 2012

Particulars	31 st March, 2024	31 st March, 2023
Equity	707.26	707.26
Other Equity	3,498.33	4,193.83
Total Assets	10,155.86	10,558.11
Total Current Liabilities	5,394.69	4,625.61
Investments	-	-
Turnover/Total Income	2,999.19	3,566.50
Profit/(Loss) before taxation	(944.04)	(15.29)
Provision for Taxation	(252.80)	6.07
Profit/(Loss) after taxation	(691.24)	(21.36)
Proposed dividend	-	-
% of Share holding	60.00%	60.00%

51 Other statutory information

- The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property. There are no proceedings initiated or pending against the group as at 31st March, 2024 under prohibition of Benami Property transaction Act, 1988 and rules made there under (as amended in 2016)
- The Group does not have any transactions with companies struck off as per Section 248 of the companies Act, 2013 and Section 560 of the Companies Act, 1956
- The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

Notes to the Consolidated Financial Statements

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

- v) The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- vi) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- vii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- viii) The Group does not have such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- ix) Title deeds of all Immovable propertis were held in the name of respective companies of the Group.
- x) The Group has not entered into any scheme of arrangements which has an accounting impact on current and previous financial year
- xi) The Group has not granted any loans or advances in the nature of loans to promoters, directors, KMP's and the related parties as defined under the Companies Act, 2013.

52 Subsequent Event

No significant subsequent events have been observed till 27th May, 2024 which may require any additional disclosure or an adjustment to the consolidated financial statements

53 Figures have been rounded off to the nearest rupees in Lakhs

54 Previous year figures have been regrouped and reclassified wherever considered necessary to confirm to this year's classifications.

as per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

G.V.L. PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 27-05-2024

for and on behalf of the Board of Directors of

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

TRUPTI R MOHANTY

Company Secretary

M.No. 60358

T V PRAVEEN

Executive Director

DIN: 08772030

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Notes

Notes

UNIT IV — JEEDIMETLA, HYDERABAD



Post Demerger, Facility is renovated with enhanced capabilities to meet new API Intermediate requirements of the Company

*Awarded WHO GMP certification
CFO with increased capacities received*



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LifeSciences

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.

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CIN : L74930TG2006PLC050223

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