



sms

LifeSciences



SMS Lifesciences India Limited

**ANNUAL REPORT
2017-18**



Corporate Information

Board of Directors:

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

Chief Financial Officer:

Sri N. Rajendra Prasad (w.e.f. 01.06.2017)

Company Secretary and Compliance Officer:

Sri Pavan Pise (w.e.f. 21.04.2017)

Registered Office:

19-III, Road No.71, Opp. Bharatiya Vidya Bhavan Public School,

Jubilee Hills, Hyderabad-500 096, Telangana, India.

Tel. : 040-66288888

Fax : 040 - 23551401

CIN : L74930TG2006PLC050223

Website: www.smslife.in

Email: info@smslife.in

Auditors:

M/s. Rambabu & Co., Chartered Accountants

31, Pancom Chambers, Rajbhavan Road

Hyderabad-500 082, Telangana State

Phone : 040-2311587

Fax : 040-23397182

Email : rambabuandco1982@yahoo.com

Internal Auditors:

M/s. Adusumilli and Associates

Chartered Accountants

Flat No.302, Sri Sai Residency

Balkampet Main Road

Hyderabad-500 038, Telangana State

Cost Auditors:

Sri K.S.N. Sarma

Cost Accountant

216, Rangadhamamu,

HMT Satavahana Nagar

Kukatpally

Hyderabad-500 072, Telangana State.

Secretarial Auditors:

SVVS Associates Company Secretaries LLP

3-6-481, Street No.6, Himayath Nagar

Hyderabad-500 029, Telangana State

Registrar & Share Transfer Agents:

M/s. Aarathi Consultants Private Limited

1-2-285, Domalguda, Hyderabad-500 029

Telangana State

Phone: 040-27638111/ 27642217, 27634445

Fax:040-27632184

Email : info@aarathiconsultants.com

Bankers:

Export Import Bank of India

RBL Bank Limited

Manufacturing facilities:

Sy. No. 180/2, Kazipally (V)

Jinnaram Mandal

Sanga Reddy District. 502 319, - Telangana State, India

Phone : 08458-277067 / 68

Email : admin_unit1@smslife.in

Phase-1, Plot No.66/B-2

IDA Jeedimetla, Medchal Malkajgiri District

Hyderabad-500 090 , Telangana State, India

Phone : 040-23095233

Fax : 040-23735639

Email : warehouse_unit4@smslife.in

Sy.No.296/7/4, S.V.Co-op, In. Estate I.D.A.

Bollaram, Sangareddy District,

Hyderabad-502 325, Telangana State, India

Phone: 040 64547975

Email : unit5@smslife.in

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NOTICE

Notice is hereby given that the 12th Annual General Meeting of the members of the Company, will be held on **Thursday the 20th September, 2018 at 4:00 P.M.** at the Jubilee Hills, International Centre, Jubilee Hills, Hyderabad – 500 033 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2018, the Statement of Profit & Loss Account for the year ended on that date together with the Reports of the Directors & Auditors thereon.
2. To re-appoint Mr.TVVSN Murthy (DIN: 00465198) who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. **Appointment of Mr. Shraavan Kudaravalli as Independent Director.**

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 Sections 149, 152, read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Shraavan Kudaravalli (DIN: 06905851), who has been appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of Five (5) consecutive years from the conclusion of this annual general meeting, not liable to retire by rotation.

4. **Ratification of Remuneration Payable to the Cost Auditor for the Financial Year Ending on 31st March, 2019.**

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 all other applicable provisions of the Companies Act, 2013 read with Rule 14 and other applicable rules of the Companies (Audit and Auditors) Rules, 2014 (as amended from time to time), Mr. K.S.N. Sarma, Cost Accountant having Registration No. 102145 and Membership No. 6875 appointed by the Board of Directors of the Company as Cost Auditor of the Company, who had confirmed his eligibility in terms of the provisions of Section 141 read with Section 148 of the Companies Act, 2013 for the financial year 2018-19, to conduct the audit of the cost records of the Company.

RESOLVED FURTHER THAT, pursuant to the approval by the Board, the Cost Auditor be paid a remuneration of Rs 50,000/- per annum (Rupees fifty thousand only) plus out of pocket expenses (if any) at actuals and applicable taxes.

RESOLVED FURTHER THAT the Board of Directors of the Company be hereby authorised to do, all such acts, matters, deeds and things, settle any queries/difficulties/doubts arise from it, including delegate to such authority as may be deemed necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental there to in the best interest of the Company.”

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

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

“RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meeting of Board and its Power) Rules, 2014 (as amended from time to time), the approval / ratification of the members of the Company, be hereby, accorded to all the arrangements / transactions with SMS Lifesciences India Limited undertaken in the financial year 2017-18 or earlier year, whether by way of continuation / extension / renewal / modification of earlier arrangements /

transactions or otherwise, and entering into further contracts / arrangements / transactions with 'Related Parties' as defined under section 2(76) of the Companies Act, 2013, within the prescribed limits of Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014 whether material or not, as set out in the Explanatory Statement.

RESOLVED FURTHER THAT the Board of Directors and of the Company, be hereby, authorised to do, all such acts, matters, deeds and things, settle any queries/difficulties/doubts arise from it, including delegate such authority as may be deemed necessary and execute such addendum contracts/arrangements/ transactions, documents and writings and make such changes to the terms

and conditions of these contracts/arrangements/ transactions as may be considered necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental there to in the best interest of the Company."

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

(TVVSN Murthy)
Managing Director
Din: 00465198

Place: Hyderabad.
Date: 28th May 2018

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to special business to be transacted at the Meeting, wherever applicable is annexed hereto.
2. A MEMBER OF THE Company ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE Company. THE INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE Company DULY COMPLETED AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, PARTNERSHIP FIRMS, ETC. MUST BE ACCOMPANIED BY APPROPRIATE RESOLUTION/ AUTHORITY AS APPLICABLE, ISSUED ON BEHALF OF THE NOMINATING ORGANIZATION.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder/member.
4. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send to the Company a certified copy of the board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.
5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company, at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
7. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
8. The Register of Members and Transfer Books of the Company will be remaining closed from Saturday 15th September, 2018 to Thursday 20th September, 2018, both days inclusive.
9. Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014

as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company is pleased to offer voting by electronic means to the members to cast their votes electronically on all resolutions set forth in this notice.

10. The Securities and Exchange Board of India has instructed all the Listed Companies to collect copy of PAN and bank account details of all the shareholders holding shares in physical form. Please provide a copy of PAN card and original cancelled cheque leaf / attested bank passbook showing name of account holder either to the Company or to the RTA.
11. The Company will provide the "Remote E-Voting" facility to all the members, whose names appear on the register of members of the Company as of the end of the day on Friday, 14th September, 2018. Pursuant to the above mentioned rule 4(3) (b) the Company will provide the Voting by way of ballot or polling paper at the AGM Venue. The detailed instructions for e-voting are given as a separate attachment to this notice.
12. The E-Voting facility will be available during the following period:

Commencement of E-Voting :	From 9:00 A.M. (IST) on Monday, 17th September, 2018
End of E-Voting :	On 05:00 P.M. (IST) on Wednesday, 19th September, 2018

13. The Notice of the AGM along with the Annual Report 2017-18 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode at their address. A copy of the notice of the AGM along with the

Annual Report is also available for download on the website of the Company www.smslife.in. To support the 'Green Initiative' Members who have not registered their e-mail addresses are requested to register the same with Aarthi Consultants Private Limited/Depositories. The members will be entitled to a physical copy of the annual report for the financial year 2017-18, free of cost, upon sending a request to the Company Secretary at Plot No:19-III, Road No:71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad - 500096.

14. The members are requested to intimate immediately any change in their address or bank mandates to their depository participants with whom they are maintaining their demat accounts or to the Company's Share Transfer Agent M/s. Aarthi Consultants Private Limited at their office, 1-2-285, Domalguda Hyderabad, Telangana 500029" or mail them at info@aarthiconsultants.com stating their details, if the shares are held in physical form.
15. The business set out in the notice will be transacted through electronic voting system and the Company is providing facility for voting through electronic means. Instructions and other information relating to e-voting are given separately.
16. For the convenience of members and for proper conduct of the meeting, entry to the place of meeting will be regulated by attendance slip, which is part of the annual report. Members are requested to duly fill in and sign at the place provided on the attendance slip and hand it over at the entrance of the venue.
17. Shareholder/member desiring any information relating to the accounts are requested to write to the Company at least 7 days before the date of AGM so as to enable the management to keep the information ready.
18. Relevant documents referred to in the notice and the Explanatory Statement is open for inspection by the members at the Registered Office of the Company on all working days during business hours up to the date of Annual General Meeting.

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

Item No.3

Appointment of Mr. Shravan Kudaravalli as Independent Director.

Mr. Shravan Kudaravalli is a Chartered Accountant standing in the Profession of financial consultancy for more than a decade.

The Board of Directors of the Company had appointed him as an Additional Director in the category of Independent Director w.e.f. 28th May, 2018. In terms of the provisions of Sec. 161(1) of the Companies Act, 2013 Mr. Shravan Kudaravalli would hold office upto the date of ensuing general meeting. As per the provision of Sec. 149 of the Companies Act, 2013 an independent Director shall hold office for a term not exceeding five consecutive years in the Board of the Company and is not liable to retire by rotation.

The Board recommends the resolution for approval of the members.

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

Item No.4

Ratification of Remuneration Payable to the Cost Auditor for the Financial Year Ending On 31st March, 2019.

The Board has approved the appointment of the Cost Auditor Sri K.S.N. Sarma, to conduct the Audit of the cost records of the Company for the Financial Year 2018-19. In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration of the Cost Auditor needs ratification from the members of the Company. Accordingly consent of the members is accorded, for ratification of the

remuneration payable to the Cost Auditor for the year ending 31st March, 2019 as set out in the Notice.

The Board recommends the resolution for approval of the members.

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

Item No.5

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

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

- Job work assignment to R.Chem (Somanahalli) Private Limited at an arm's length price.
- Sales and purchase of products/by-products/ material at an arm's length price to VKT Pharma Private Limited , R.Chem (Somanahalli) Private Limited and SMS Pharmaseuticals Limited.

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

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

(TVVSN Murthy)
Managing Director
Din: 00465198

Place: Hyderabad.
Date: 28th May 2018

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

Name of Director	TVVSN Murthy	Shravan Kudaravalli
Date of Birth	10.02.1960	28.04.1978
Date of Appointment	25.05.2017	28.05.2018
Qualification	B.Sc	Chartered Accountant
Expertise in specific functional areas	Chemical	Finance & Accounts
No. of Shares held in the Company	2,93,821	Nil
List of companies in which Directorship held as on 28.05.2018	SMS Lifesciences India Limited SMS Pharmaceuticals Limited Mahi Drugs Private Limited	SMS Pharmaceuticals Limited SMS Lifesciences India Limited
Chairman/ Member of the Mandatory Committees of the Board of the companies on which he is a Director as on 31.03.2018	CSR Committee- Chairman Stakeholders Relationship Committee – Member	Audit Committee-Member

AGM Venue Route Map

Jubilee Hills, International Centre (Jubilee Hills Club), Jubilee Hills, Hyderabad – 500 033



SHAREHOLDER INSTRUCTIONS FOR E-VOTING

THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ELECTRONICALLY ARE AS UNDER:

- (i) The voting period begins on 17.09.2018 at 9.00 a.m. and ends on 19.09.2018 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 14.09.2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

FOR MEMBERS HOLDING SHARES IN DEMAT FORM AND PHYSICAL FORM	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in presenting the 12th Annual Report on the operations of the Company and the audited financials for the financial year ended 31st March, 2018.

Financial Results: (Rs. in Lakhs)

Particulars	2018	2017
Gross Sales	22,618.30	22,438.77
Net sales	20,449.83	21,071.58
Other Operating income	413.94	358.70
Net Revenue from Operations	21,748.17	22,791.92
Other Income	307.72	172.58
Finance Cost	417.92	616.47
Depreciation	570.36	555.45
Profit Before Tax	639.66	1,846.21
Taxation	(10.47)	551.89
Profit After Tax	650.13	1,294.32
Earnings per share (In Rupees)		
Basic-	21.50	12,943.19
Diluted -	21.50	42.81

STATE OF COMPANY AFFAIRS

During the year 2017-18 the Company had achieved production of 1729 M.T of APIs and their Intermediaries in comparison with 1997 M.T for the FY 2016-17. The net sales of the Company for the FY 2017-18 have reached Rs.20,449.83 lakhs as against Rs.22,273.20 lakhs for the FY 2016-17.

ACQUISITION OF MAHI DRUGS PRIVATE LIMITED

The Board approved the acquisition of Mahi Drugs Private Limited (Mahi Drugs), a Bulk Drugs manufacturing Company located at Vishakhapatnam, Andhra Pradesh, as a wholly owned (100%) subsidiary of SMS Lifesciences India Limited by entering into a share purchase agreement and the Company has acquired 19% shareholding by the reporting date. Mahi drugs has a manufacturing plant spread across 4.5 Acres in Ramky Pharma City, Parawada with reactor capacity of around 90 KL. It has well established infrastructure in production, utilities, warehousing and effluent management. Your Company will expand the existing business in anti ulcer segment and also plan for manufacturing new API/intermediates by increasing the capacity. Strategy is to go for USFDA

approval from this site and cater to regulated markets.

USFDA INSPECTION

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

SCHEME OF ARRANGEMENT:

The Demerger Scheme sanctioned by the National Company Law Tribunal (NCLT) vide its order dated 15-05-2017 received by the Company on 17-05-2017 has been implemented with appointed date as 01st April, 2016 as provided in the Scheme. Accordingly, the Semi Regulated Facilities i.e., Unit I, IV and V along with (i) premises situated at Industrial Estate, Sanath Nagar, Hyderabad; (ii) Industrial Development area, Jeedimetla, Hyderabad; (iii) Flat No. 417, Nilgiri, Aditya Enclave, Ameerpet, Hyderabad and (iv) Vacant Land admeasuring Ac 19.00 situated at Pharma City, Parawada, Vishakapatnam. Along with these assets the company has conferred with the liabilities mentioned in the books of the demerged company as on the appointed date.

LISTING OF SHARES

Pursuant to the scheme of arrangement, the equity shares of the Company were listed in the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) w.e.f 17th August 2017.

SHARE CAPITAL:

Upon the coming into effect of the Scheme, the Authorized Share Capital of the Company shall stand increased from Rs. 25,00,000/- (Rupees Twenty Five Lakh only) divided into 2,50,000 Equity Shares of Rs.10/- (Rupees Ten) each to Rs. 3,50,00,000/- (Rupees Three Crore Fifty lakh only) divided into 35,00,000 Equity Shares of Rs. 10/- (Rupees Ten) each.

The Company allotted 30,23,287 equity shares of Rs.10 each to the shareholders of SMS Pharmaceuticals Limited (transferor Company) on 27th June, 2017 in pursuance of demerger scheme out of General Reserve. Hence the paid up capital of the Company is Rs.3,02,32,870.

TRANSFER TO RESERVES:

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

DIVIDEND:

The Board of Directors has not considered the dividend for the FY 2017-18 in order to conserve the financial resources keeping in view of the ongoing expansion of operations.

CHANGE IN NAME AND NATURE OF BUSINESS OF THE Company:

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL:**Directors:**

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

The Board of Directors has approved the appointment of Mr.TVVSN Murthy, as Managing Director of the Company w.e.f 01st June 2017 for a period of five years and designated as Key Managerial Personnel of the Company.

Pursuant to the provisions of the section 161 of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Sarath Kumar Pakalapati and Mrs. Thummala Neelaveni were appointed as Additional Directors (Independent) w.e.f. 25th May, 2017 and Mr.Shravan Kudaravalli was appointed as Additional Director (independent) w.e.f 28.05.2018 and shall hold office up to the date of ensuing Annual General Meeting. Being eligible, the Board recommends their appointment as Independent Directors of the Company in terms of section 149(10) of the Companies Act, 2013 for a continuous period of 5 (five) years.

All the Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Act. In the opinion of the Board, they fulfill the conditions of independence as specified in the Act and the Rules made there under and are independent of the management.

Key Managerial Personnel:

The Company has appointed Mr.Pavan Pise as Company Secretary and Compliance Officer w.e.f 21st April 2017. The Board in their meeting held on 25th May 2017 appointed Mr.Nadella Rajendra Prasad, Chartered Accountant, as Chief Financial Officer (CFO) w.e.f 01st June 2017.

PERFORMANCE EVALUATION

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

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

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

MEETINGS OF THE BOARD OF DIRECTORS

During the year under review the Board of Directors of the Company met Seven times viz. 25th May 2017, 29th May, 2017, 27th June,2017, 13th September, 2017, 13th December,2017, 5th February 2018, 8th February 2018 (Adjourned) and 23rd February 2018.

EXTRA ORDINARY GENERAL MEETING:

The Company convened an Extra Ordinary general meeting of the members of the Company on 10th May 2017 to transact the following business:

- a) Appointment of Auditor to fill the Casual Vacancy;
- b) To borrow Money;
- c) To create charge on the assets of the Company;
- d) Alteration of Articles of Association of the Company.

COMMITTEES OF THE BOARD

The details of the Committees of the Board viz., Audit Committee, Nomination and Remuneration Committee, CSR Committee and Stakeholders Relationship Committee are reported in the Report on Corporate Governance, which forms part of the Board's Report.

DECLARATION BY INDEPENDENT DIRECTORS

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

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE Company:

The Company does not have any subsidiary, joint venture and associate Company.

PUBLIC DEPOSITS

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

AUDITORS:

Statutory Auditors:

The Board of Directors in their meeting held on 03rd April 2017 have recommended for appointment of M/s. Rambabu & Co., Chartered Accountants, Hyderabad as statutory auditors of the Company to fill the casual vacancy arisen out of resignation of M/s. Adusumilli & Associates, Chartered Accountants. The said appointment was approved by the shareholders in the Extra Ordinary General meeting held on 10th May, 2017 to continue till the conclusion of 11th Annual General Meeting.

Further, the appointment of M/s. Rambabu & Co. as Statutory Auditors of the Company for a further period of four years was approved by the Shareholders commencing from the conclusion of 11th Annual General Meeting till the conclusion of 15th Annual General Meeting of the Company.

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

Internal Auditors:

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

Cost Auditor:

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and the Companies (Cost Records & Audit) Amendment Rules, 2014, the Board in their meeting held on 28th

May 2018, has appointed Mr. K.S.N. Sarma having Registration No.102145 and Membership No.6875 as Cost Auditor of the Company for the financial year 2018-19. The provisions also require that the remuneration of the Cost Auditor is to be approved by the shareholders as mentioned in the AGM Notice.

Secretarial Auditor:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s SVVS & Associates, Practising Company Secretaries LLP, to undertake the secretarial audit of the Company for the Financial Year ended 31st March, 2018. The Secretarial Audit Report is annexed herewith as '**Annexure VI**'. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

CORPORATE SOCIAL RESPONSIBILITY:

As per the provisions of the Section 135 of the Act, the average net profits of the Company during the preceding three years (2014-15, 2015-16, 2016-17) stands as Rs. 604.34 lakhs hence the Company is required to spend a sum of Rs. 12.08 lakhs towards CSR Expenditure in FY 2017-18.

The Company has come under the purview of CSR provisions for the first time and the Company is chalking out the actions to execute the CSR activities hence the CSR obligation of Rs. 12.08 lakhs for 2017-18 could not be met on account of short time. But henceforth the Company will ensure and will make all possible efforts to fulfill the CSR obligations.

MANAGEMENT DISCUSSION & ANALYSIS

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

LOANS, GUARANTEES AND INVESTMENTS:

The Board of the Company approved the acquisition of Mahi Drugs Private Limited in its meeting held on 23.02.2018. The particulars of investments as on 31st March, 2018 are furnished in financial Statement forming part of this Annual Report as '**Annexure II**'.

TRANSACTION WITH RELATED PARTY:

All contracts/arrangements/transactions entered by the Company during the financial year 2017-18 with related parties were in the ordinary course of business and at

an arm's length basis and are in compliance with the provisions of the Companies Act. There are no materially significant related party transactions made by the Company with Promoters, Directors and Key Managerial Personnel etc. which may have potential conflict with the interest of the Company. A Policy on Related Party Transactions is uploaded on the Company's website at the web link <http://www.smslife.in/investors/policy>. The particulars of contracts or arrangements entered into by the Company with related parties referred to in Section 188(1) are kept by the Company in Statutory Form AOC-2 as 'Annexure III'.

HUMAN RESOURCES

'Human Resources' are recognised as a key pillar of any successful organisation and so is for SMS Lifesciences. The Company puts constant efforts in recruiting and training the employees and ensures to bring out the best of them. The Company adopts a HR policy and ensures that all the employees are aware of personnel policies. The needs of the employees are addressed with high importance and efforts are made to provide a highly challenging and healthy environment. Besides all these, the Company places high emphasis on professional etiquette required of every employee

RISK MANAGEMENT

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

INTERNAL CONTROLS SYSTEMS AND ADEQUACY

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

observations and actions taken thereof are presented to the Audit Committee of the Board.

WHISTLE BLOWER POLICY/VIGIL MECHANISM:

The Company has established a mechanism through which all the stakeholders can report the suspected frauds and genuine grievances to the appropriate authority. The whistle Blower Policy which has been approved by the Board of Directors of the Company has been uploaded on the Company's website (<http://www.smslife.in/investors/whistle-blower-protection-policy>). During the year under review the Company has not received any complaint(s) under this policy.

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

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

CORPORATE GOVERNANCE

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

EXTRACT OF ANNUAL RETURN:

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

REPORTING ON SEXUAL HARASSMENT:

The Company has zero tolerance for sexual harassment at workplace and has adopted a "Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace" in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Company is committed to provide equal opportunities without regard to their race, caste, sex, religion, colour, nationality,

disability, etc. All women associates (permanent, temporary, contractual and trainees) as well as any women visiting the Company's office premises or women service providers are covered under this policy. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological.

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

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

i. Conservation of Energy

In keeping up with the Company's commitment towards conservation of energy, the Company has taken various optimization and innovative measures accordingly it has taken initiative to reduce power consumption by fixing of LED bulbs and other measures are taken to reduce energy consumption by using energy efficient equipments. The Company is identifying cheaper power sources both in-house and external and utilizing alternative sources of energy.

ii. Technology Absorption

No technology absorption is involved.

iii. Foreign Exchange earnings and outgo

- **Earnings:**
 - FOB value of Exports- – Rs.107,20,70,537.
- **Outgo:**
 - Sales Commission – Rs.1,16,75,767
 - Travelling Expenses – Rs.40,507
 - CIF value of Imports – Rs. 69,06,63,613 (Raw Materials)

Particulars of Employees and related disclosures:

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is as follows:.

(i) & (ii) the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year, the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Name	Designation	Ratio of remuneration of each director to the median remuneration of employees	% Increase in remuneration during FY 2017-18*	Remuneration for FY 2017-18 (Rs. In lakhs)
Mr. TVVSN Murthy,	Managing Director	1 : 88.29	NA	242.07
Mr.Nadella Rajendra Prasad	Chief Financial Officer	NA	NA	13.70
Mr.Pavan Pise	Company Secretary	NA	NA	4.47

(iii) As the demerger took place during the current year and this is the first year of operations after completion

*The increase in remuneration cannot be calculated as no remuneration was paid to the Managing Director during the previous year, as he drawn the remuneration in SMS Pharmaceuticals Limited (Demerged Company). Subsequently, necessary approvals were obtained during the current year and remuneration was paid accordingly. CFO and Company Secretary were appointed during the current year, Hence no Comparison is available..

- of Demerger, the percentage of increase in median remuneration of employees cannot be calculated.
- (iv) the number of permanent employees on the rolls of Company as on 31.03.2018 - 326.
- (v) As the demerger took place during the current year and this is the first year of operations after completion of Demerger, the average percentile increase in the salaries of employees cannot be ascertained.
- (vi) The key parameters for any variable component of remuneration availed by the Directors - In case of Non-Executive Directors, Payment of sitting fees for Board / Committee Meetings are on the basis of their attendance. Commission to Directors is determined by the Nomination & Remuneration Committee with reference to a threshold of eligible profits within the statutory limits and performance evaluation.
- (vii) Affirmation that the remuneration is as per the Remuneration Policy of the Company:

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

DIRECTOR'S RESPONSIBILITY STATEMENT:

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

- 1) in the preparation of financial statements for the year ending 31st March, 2018 the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- 2) the directors had selected such accounting policies notified and modified by ICAI and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

- 3) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act as amended from time to time for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) the annual accounts of the Company had been prepared on a going concern basis;
- 5) the directors had laid down internal financial control to be followed by the Company and that such internal financial control are adequate and were operating effectively
- 6) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors

(Ramesh Babu Potluri)
Director
DIN: 00166381

(TVVSN Murthy)
Managing Director
DIN: 00465198

Place: Hyderabad
Date: 28th May, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and developments

India's pharmaceutical industry, ranked third worldwide in terms of volume, is the largest supplier of generic drugs globally and a proponent of high-quality affordable medicines. The industry has posted double-digit growth over the last few years, rising to US\$36.7 billion and projected to grow to US\$40 billion by 2020.

India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

However, as price erosion continues to impact the market and competition increases, many of India's pharmaceutical companies will be hard-pressed to continue pushing products into the market at ever-more affordable prices. A number of policies under discussion, outlined in the Draft Pharmaceutical Policy 2017, seek to address the challenges faced by Indian pharmaceutical companies. Implementation and open dialogue between Government and industry will be the key in ensuring its success.

Financial performance

(in Lakhs)

Particulars	2018	2017
Net sales	20,449.83	21,071.58
Finance Cost	417.92	616.47
PBT	639.66	1846.21
PAT	650.13	1294.32

Government Initiatives in Pharmaceuticals sector

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

The drugs and pharmaceuticals sector attracted cumulative FDI inflows worth US\$ 15.59 billion between

April 2000 and December 2017, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Some of the recent developments/investments in the Indian pharmaceutical sector are as follows:

- As of March 2018, a consortium led by Indian private equity firm Chrys Capital is planning to buy a 10 per cent stake in Mankind Pharma for US\$ 350 million.
- The exports of Indian pharmaceutical industry to the US will get a boost, as branded drugs worth US\$ 55 billion will become off-patent during 2017-2019.#
- Private equity and venture capital (PE-VC) investments in the pharmaceutical sector have grown at 38 per cent year-on-year between January-June 2017, due to major deals in this sector.

Some of the initiatives taken by the Government to promote the pharmaceutical sector in India are as follows:

- In March 2018, the Drug Controller General of India (DCGI) announced its plans to start a single-window facility to provide consents, approvals and other information. The move is aimed at giving a push to the Make in India initiative.
- The Government of India is planning to set up an electronic platform to regulate online pharmacies under a new policy, in order to stop any misuse due to easy availability.
- The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.
- The Government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

Outlook

The Indian pharmaceutical market size is expected to grow to US\$ 100 billion by 2025, driven by increasing consumer spending, rapid urbanisation, and raising healthcare insurance among others. Pharma sector's revenues are expected to grow by 9 per cent year-on-year through fiscal 2020.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers that are on the rise.

The Indian Government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

Opportunities

As pointed out by a credit rating Company, drug patent expiry in the USA will create new opportunity for Indian pharmaceutical industry in the coming years. 'Patent Cliff', a term used to describe the phenomenon of drugs approaching their patent expiration date, resulting in steep decline in sales of the branded drug as cheaper generics enter the market place to replace the branded drugs. Indian pharmaceutical companies have the opportunity to capitalize on the patent cliff and gain a greater share of the growing generics market. Currently, India accounts for nearly 40% of generic drugs and over-the-counter products and 10% of finished dosages used in the USA.

It is estimated that the complex generic market in US is growing at double the pace as compared to the simple generic drugs. The complex generics market accounts for around 50% of the US generics market and is valued at \$25 billion. Indian pharma exporters are currently lagging in the complex generic supply and less than 15% of Indian pharma export to US is accounted by complex generics. Currently competitive intensity in this segment is low and therefore operating margins are much higher as compared to regular generic drugs. However to seize the upcoming opportunity, large investments are required to be made towards R&D and would also need quick approval from the FDA.

Bulk Drugs park –

In a bid to revive India's active pharmaceutical ingredient (API) and bulk drug market, the Government has suggested setting up of mega bulk drug parks, a move that is expected to boost domestic production.

The Government has also proposed that formulations produced from indigenous API and its intermediates (the raw material for manufacturing API) be given preference in Government procurements. The move

gains significance given India's dependence on China for bulk drugs. More than 75% of India's bulk drug imports come from China, according to the department of pharmaceuticals.

To reduce dependence on imports, the Government has also suggested monetary incentives for companies, recommending that formulations produced from indigenously produced APIs be taken out of price control for five years. The "price benefit", according to experts, will trigger fresh investments. "Low margin in API business is one of the major reasons for Indian companies to shift their focus. Each of the companies have gradually shifted from API to formulations. By keeping the formulations produced from indigenously produced API out of price control, the domestic manufacturers will be protected as they will get a price benefit," said an expert who was part of V.M. Katoch committee formed by the centre to formulate a long-term policy and strategy for promoting domestic manufacture of APIs/bulk drugs in India. Additionally, the Government has proposed setting up dedicated parks in the country where special priority will be given to bulk drugs makers.

Entering Japan – the second largest pharma market-

The Japanese pharma market is the world's second largest market and accounts for ~10% of the global pharma market, Contrary to The US, Japan is primarily a patented drug market. Where in US generic drug penetration is above 90% by volume, Japan stands at less than 40% currently.

Indian Government signed Comprehensive Economic Partnership Agreement (CEPA) with Japan in 2011 thus paving way for exports of generics to Japan, CEPA will ensure that Indian companies exporting to Japan will be treated at par with Japanese or any other companies from other countries doing business in Japan.

However, Indian companies must understand Japanese cultural skepticism of generic medicines; the mistrust by the older generation of Japanese physicians, pharmacists and patients; and the older generation belief that generic medicines have lower efficacy and safety tests as compared to innovator products.

Alternate to Chinese Market-

Chinese Government has recently taken a more proactive approach in regulating environmental laws as a result it has shut down thousands of factories and consequently there is extreme scarcity of supply of raw materials to the Indian Pharma industry. This provides an opportunity to the Indian pharma Industry to be an alternative to the Chinese manufacturing and cater to the demand both

globally and in China which provided a tremendous opportunity.

THREATS

The bulk drug industry in China is expanding rapidly and Indian exporters are finding it difficult to get a foothold in the Chinese market. Chinese APIs are approximately 15-20 per cent cheaper compared to Indian APIs, and over 50 per cent of bulk drugs used in the industry for making formulations are imported from China. The increasing popularity of Chinese pharmaceutical products is on account of competitive price derived from economies of scale and quick and prompt delivery.

The U.S. is the top destination for Indian pharma exports followed by the UK. India's pharmaceutical exports registered a sluggish growth of late because of the growing tension with the US authorities over intellectual property rights related issues. Key developed nation export destinations like US, EU region has increased scrutiny and import alerts on Indian facilities and products over the recent past. This has adversely affected exports of several large medicine manufacturers.

The key quality issue is in terms of 'Data Integrity'. This ensures that the final pharma products are as per the pre-established specifications and standards like purity, potency, stability and sterility. If 'Data Integrity' is breached in any manner or in absence of credible data, the product becomes of dubious quality in the eyes of drug regulators. This hypothesis is also confirmed with the increasing improvement in the Chinese CGMP and product quality standards, increasing number of US FDA approved manufacturing sites and increasing filings of ANDA in the US by the Chinese counterparts.

The Union Commerce Ministry has announced the implementation of track and trace system for export of pharmaceuticals and drug consignments on secondary level packaging including mono cartons, which is being introduced by the Government to check the spread of spurious and fake drugs in the international market. This track and trace system aims at placing a mandatory barcode on the medicine strips which will be more specific and will put barriers on the exporters.

Initially exporters had the liberty to export their product according to the demand of pharmaceutical product. But with implementation of this policy the Company/exporter has to compulsorily specify which country their product is going to be exported. For e.g. prior to this policy only 'For Exports' was written and now, exporters have to mention the country where it is exported as well. This ensures the product is sold in that specific country and a proper track can be kept of all the pharmaceutical exports.

Thousands of small and medium sized pharma manufacturing companies in the country will be impacted by this implementation. According to Pharmexcil, total exports by SMEs in India amount to approximately Rs. 20,000 crore and it employs 15,000 people across 1,000 SMEs.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has laid down set of standards which enables to implement internal financial control across the organization and ensure that the same are adequate and operating effectively (1)To provide reasonable assurance that: transactions are executed in conformity with generally accepted accounting principles/standards or any other criteria applicable to such statements, (2) To maintain accountability for assets; access to assets is permitted only in accordance with management's general or specific authorization and the maintenance of the records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company, (3)To provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets that could have a material effect on the Financial Statements.

Human Resources

'Human Resources' are recognized as a key pillar of any successful organization and so is for SMS Lifesciences. The Company puts constant efforts in recruiting and training the employees and ensures to bring out the best of them. The Company adopts a HR policy and ensures that all the employees are aware of personnel policies. The needs of the employees are addressed with high importance and efforts are made to provide a highly challenging and healthy environment. Besides all these, the Company places high emphasis on professional etiquette required of every employee.

Risk Management

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

Annexure-II

FORM NO. MBP-2

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

Nature of transaction (whether loan/guarantee/security/acquisition)	Date of making loan / acquisition / giving guarantee/providing security	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (Listed/Unlisted entities)	Number and kind of securities.	Nominal value and paid up value	Cost of acquisition (in case of securities how the purchased price was arrived at)	Time period for which it is made/given	Purpose of loan / acquisition / guarantee / security
Acquisition of securities	12.03.2018	Mahi Drugs Private Limited	9,00,000 Equity Shares	Rs.10	Rs.496.24 lakhs	NA	For expansion of Business activities

ANNEXURE- III

FORM NO. AOC -2

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

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

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

There were no contracts or arrangements or transactions not at Arm's length basis entered into during the year ended 31st March, 2018.

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

Sl. No.	Particulars	Details
a)	Name (s) of the related party	Mr. T.V. Praveen (VP - Marketing)
b)	Nature of relationship	Son of Mr. TVVSN Murthy (Managing Director of the Company)
c)	Nature of contracts/ arrangements/transaction	Remuneration payable to related party under office of place of profit in the Company
d)	Duration of the contracts/ arrangements/transaction	Appointed w.e.f. 01st June, 2017
e)	Salient terms of the contracts or arrangements or transaction including the value, if any	Appointed as Vice President (Marketing) of the Company at an Annual Remuneration of Rs.51.00 lakhs.
f)	Date of approval by the Board	25th May, 2017
g)	Amount paid as advances, if any	NIL

Sl. No.	Particulars	Details	Details	Details
a)	Name (s) of the related party	RChem (Somanahalli) Private Limited	VKT Pharma Private Limited	SMS Pharmaceuticals Limited
b)	Nature of relationship	<p>1. Sri P. Suresh Babau, Managing Director of R. Chem (Somanahalli) Private Limited is brother of Sri Ramesh Babu Potluri (Director)</p> <p>2. Sri TVVSN Murthy (Managing Director) of the Company, is a major shareholder</p>	1. Sri Ramesh Babu Potluri, Managing Director of VKT Pharma Private Limited, is Director and major shareholder of the Company.	1. Sri TVVSN Murthy, Managing Director and Sri Ramesh Babu Potluri, Director of the Company are Directors and major shareholders of SMS Pharmaceuticals Limited.
c)	Nature of contracts/ arrangements/transaction	<p>Contracts Made:</p> <p>A. Job Work assignment - For conversion process for an intermediate of API on Job work basis.</p> <p>Transactions Done During the FY:</p> <p>B. Purchase of material in Ordinary Course of Business</p> <p>C. Sale of material in Ordinary Course of Business.</p>	Sale of material in Ordinary Course of Business.	Sale & purchase of material in Ordinary Course of Business.
d)	Duration of the contracts/ arrangements/transaction	Contract: Renewal of contract from 01.07.2017 to 30.06.2020.	Transactions done within FY 2017-18.	Transactions done within FY 2017-18.
e)	Salient terms of the contracts or arrangements or transaction including the value, if any	<p>Contract: Conversion Capacity increased to 200MT per month. Fixed Conversion Charges is ₹ 70/- per K.G. w.e.f. 01/05/2017. Total amount of Conversion charges paid was ₹ 984.90 lakhs during the year 2017-18.</p> <p>Purchases: During the FY 2017-18, total amount of Purchase was ₹ 15.54 Lakhs.</p> <p>Sales: During the FY 2017-18, total amount of Sale was ₹ 110.24 Lakhs.</p>	Sales: Total amount of sale was ₹ 1.66 Lakhs.	<p>Sales: Total amount of sale was Rs. 1270.65 Lakhs</p> <p>Purchase: Total amount of purchase was Rs. 165.42 Lakhs</p>
f)	Justification for entering into such contracts or arrangements or transactions'	Transactions are made at prevailing market rate in the ordinary course of business.	Transactions are made at prevailing market rate in the ordinary course of business.	Transactions are made at prevailing market rate in the ordinary course of business.
g)	Date of approval by the Board	13 th December, 2017	25 th May, 2017	25 th May, 2017
h)	Amount paid as advances, if any	₹ 182.82 Lakhs	NIL	Nil

ANNEXURE- IV

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

BOARD OF DIRECTORS:

The Board of Directors, as on 31.03.2018, comprising a Managing Director, 1 Non-Executive Non-Independent Director and 3 Non-Executive & Independent Directors. The composition of the Board is in conformity with the provisions of the SEBI (LODR) Regulations, 2015.

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

The Company has formulated a policy to familiarize the independent directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes. The details of such familiarization programmes are disclosed on the website of the Company www.smslife.in.

The Board of Directors met five (7) times during the financial year on 25.05.2017, 29.05.2017, 27.06.2017, 13.09.2017, 13.12.2017, 05.02.2018, 08.02.2018(Adjourned) and 23.02.2018. The maximum gap between any two meetings was less than four months, as stipulated under SEBI (LODR) Regulations, 2015.

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

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

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

Name of Director	Category* (Designation)	No. of Board Meetings during the Year 2017-18		Attended Last AGM 10.06.17	No. of Directorships in other Public Companies	No. of Committee Position held in Public Companies (including this Company)*	
		Held	Attended			Chairman	Member
Mr. Ramesh Babu Potluri	Non-Executive Director	7	7	Yes	1	0	0
Mr. T.V.V.S.N Murthy	Managing Director	7	7	Yes	1	0	2
Mr. P. Sarath Kumar	Independent Director	7	6	Yes	2	3	1
Dr. T. Neelaveni	Independent Director	7	7	No	1	1	3
Mr. P. S. Rao	Independent Director	7	5	No	2	1	3

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

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

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

INDEPENDENT DIRECTORS

Following are the Independent Directors of the Company:

Sl. No.	Name	Designation
1	Mr. P. Sarath Kumar	Non-Executive Independent Director
2	Dr. T. Neelaveni	Non-Executive Independent Director
3	Mr. P. S. Rao	Non-Executive Independent Director

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

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

Familiarisation Programme for Independent Directors:

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

Criteria of Independence of Independent Directors:

All the Independent Directors, have furnished a declaration that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act and Regulation 16 (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

CODE OF CONDUCT

The Board has prescribed the Code of Conduct for all its Board Members and Senior Management. The Managing Director has confirmed to the Board that the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year ended on 31st March, 2018. A declaration to this effect signed by Managing Director has been incorporated in the Annual Report.

BOARD AND DIRECTOR EVALUATION AND CRITERIA FOR EVALUATION

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

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

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

BOARD COMMITTEES:

The Meetings of each of the Committees are convened by the respective Chairman of the Committees, who also inform the Board about the summary of discussions held in the Committee Meetings. The Minutes of the Committee Meetings are sent to all Directors individually and tabled at the respective Board / Committee Meetings.

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

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

Audit Committee:

Terms of reference:

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

During the year under review, the Committee met 3 times on 12.09.2017, 13.12.2017, and 05.02.2018.

Composition:

Name of the Committee member	Status	Category	No of Meetings Attended during the year 2017-18
Mr. P Sarat Kumar	Chairman	Non Executive & Independent Director	3
Mr.P.S.Rao	Member	Non Executive & Independent Director	3
Dr. T Neelaveni	Member	Non Executive & Independent Director	3

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

The Minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken note. The Audit Committee considered and reviewed the accounts for the year 2017-18, before it was placed in the Board. The Committee periodically interacts with the independent auditors, reviews the Company's financial and risk management policies and adequacy of internal controls with the management and is responsible for effective supervision of the financial reporting process and compliance with financial policies. The Internal Auditor reports directly to the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

Terms of reference:

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

During the year under review, the Committee met 1 time on 25.05.2017.

Name of the Committee member	Status	Category	No of Meetings Attended during the year 2017-18
Mr. P.S.Rao	Chairman	Non Executive & Independent Director	1
Mr. P Sarat Kumar	Member	Non Executive & Independent Director	1
Dr. T Neelaveni	Member	Non Executive & Independent Director	1

Remuneration Policy

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

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

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

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

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

2) Remuneration to Non- Executive / Independent Directors:

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

3) Remuneration to Key Managerial Personnel and Senior Management:

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

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

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Managing Director (Mr TVVSN Murthy)	242.07	NA
Total	242.07	NA

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

Particulars	2017-18
Mr P.Sarath Kumar	0.40
Mr P.S.Rao	0.60
Dr. T. Neelaveni	0.70
Sri Ramesh Babu Potluri	0.60
Total	2.30

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition:

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

Terms of Reference:

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

The CSR policy of the Company is available on our website, www.smslife.in.

During the year 2017-18, one (1) meeting of the Corporate Social Responsibility Committee was held on 13.09.2017.

As per Sec.135(5) of the Companies Act, 2013, an amount of 2 percent of the average Net Profits of the Company made during the three immediately preceding financial years, which works out to Rs.12,08,640, is to be spent towards Corporate Social Responsibility Activities. During the year 2017-18 the Company has not spent on CSR obligation.

STAKEHOLDERS' GRIEVANCE COMMITTEE

Composition:

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

Terms of Reference:

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

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

General Body Meetings:

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

Year	AGM	Location	Date	TIME	SPECIAL RESOLUTION PASSED
2014-15	AGM	Registered office of the Company	September 30 th , 2014	11.00 AM	Nil
2015-16	AGM	Registered office of the Company	September 30 th , 2015	11.00 AM	Nil
2016-17	AGM	Registered office of the Company	September 30 th 2016	11.00 AM	1. Appointment of Mr.Ramesh Babu Potluri as an Additional Director. 2. Appointment of Mr.TVVS Murthy as an Additional Director. 3. Appointment of Mr.P.S.Rao as an Additional Director designated as Independent Director.

All the special resolutions were passed with requisite majority.

Means of Communication:

The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the close of the financial year as per the requirements of the LODR Regulations, 2015. The aforesaid financial results are sent to BSE Limited where the Company's securities are listed, immediately after these are approved by the Board. The results are thereafter published in the leading English newspaper namely Financial Express and Telgu newspaper namely Andhra Prabha. The audited financial statements form part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting. The Company also informs by way of intimation to BSE Limited and placing on its website all price sensitive matters or such other matters, which in its opinion are material and of relevance to the members. The Annual Report of the Company, the quarterly / half yearly and the annual results of the Company, statement of unclaimed dividend, shareholding pattern, Corporate Governance Report etc. are also placed on the Company's website: www.smslife.in

General Shareholder Information:

i	Annual General Meeting (Day, Date, Time and Venue):	Thursday the 20th September, 2018 at 4.00 P.M. at Jubilee Hills International Center, Road No.14, Jubilee Hills, Hyderabad – 500 033
ii	Financial Year:	April 1 to March 31. The results of every quarter beginning from April are declared within the time specified under the provisions of SEBI(LODR) Regulations,2015.
iii	Date of Book Closure:	15th September 2018 to 20th September 2018 (both days inclusive).
iv	Listing on stock exchanges:	BSE Limited (BSE) National Stock Exchange of India Ltd (NSE) Annual listing fee for the year 2017-18 has been paid by the Company to BSE & NSE.
v	Stock codes:	BSE : 540679 NSE : SMSLIFE
vi	Company's ISIN:	INE320X01016

vii. Market price data

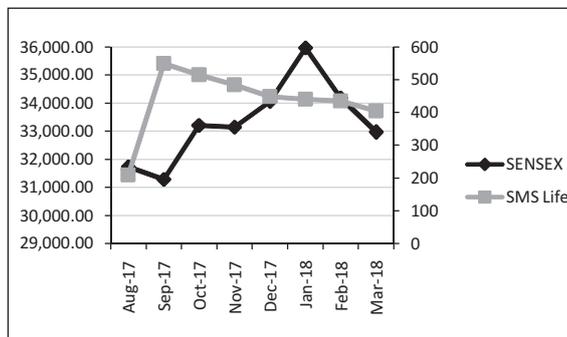
The monthly high and low stock quotations during the last financial year in Bombay Stock Exchange Limited are given below:

Month	BSE		NSE	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
August 2017	208.85	134.85	208.85	128.45
September 2017	549.65	229.70	549.65	229.70
October 2017	515.00	410.05	530.00	413.00
November 2017	484.50	409.50	465.00	410.00
December 2017	447.95	389.70	457.00	379.20
January 2018	440.00	400.00	455.00	403.65
February 2018	435.00	395.50	440.00	380.00
March 2018	404.45	375.55	412.00	375.50

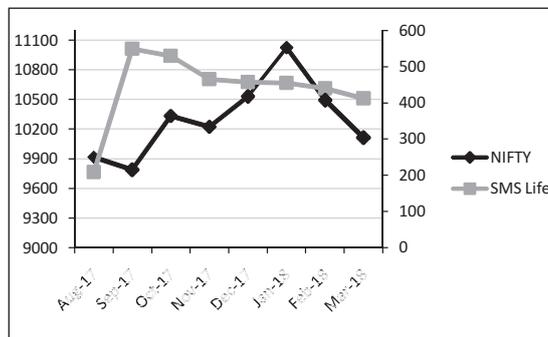
Note: The shares of the Company were listed on 17th August 2017, and hence the High and Low data for the months April to July is not given.

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

SMS Lifesciences India Ltd vs BSE



SMS Lifesciences India Ltd vs NSE



viii. Registrars and Transfer Agents

Aarthi Consultants Private Limited
1-2-285, Domalguda, Hyderabad-500029
Tel: 040-27638111; Fax: 040-27632184;
E-mail: info@arthiconsultants.com
Website:

ix. Share transfer system

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

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

x. **Distribution of Shareholding as on March 31, 2018**

Category (Shares)	No. of Cases	% of Cases	No. of Shares	% to equity
1 - 5000	10817	97.84	275186	9.1
5001 - 10000	101	0.91	70391	2.33
10001 - 20000	49	0.44	69734	2.31
20001 - 30000	13	0.12	32021	1.06
30001 - 40000	14	0.13	49267	1.63
40001 - 50000	5	0.05	23576	0.78
50001 - 100000	34	0.31	218465	7.23
100001 and above	23	0.21	2284647	75.57
Total:	11056	100.00	3023287	100.00

Shareholding Pattern as on March 31, 2018:

Sl. No.		No. of Shareholders	Total Shares	% to Total
A.	Shareholding of Promoter & Promoter Group:			
	Indian			
	Individuals/HUF	16	2055629	67.99
	Foreign	Nil	Nil	Nil
B.	Public Shareholding:			
	Institutions			
	Foreign Institutional Investors	1	51	0
	Non-Institutions:			
	Bodies Corporate	123	94246	3.12
	Individuals			
	Individual Shareholders holding nominal share capital up to Rs.2 Lakh.	10687	687562	22.74
	Individual Shareholders holding nominal share capital in excess of Rs.2 Lakh.	3	95750	3.17
	Any Other (Specify) NRI/OCB	171	71859	2.37
	Any Others – Clearing Members	53	18,112	0.6
	Any Others – Trust	1	61	0.00
	Any Others – unclaimed Suspense A/c	1	17	0.00
C.	Shares held by Custodians etc.	Nil	Nil	Nil
	Total	11056	30,23,287	100.00

xi. Dematerialization of Shares:

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

Details of shares held in physical and dematerialized form as on 31st March, 2018:

Mode of Holding	No. of Shares	% age
NSDL	1589983	52.59
CDSL	1418231	46.91
Physical	15073	0.5
Total:	3023287	100.00

99.50% of Company's paid-up Equity Share Capital has been dematerialized up to 31st March, 2018. The Company's shares are liquid and actively traded.

xii. Outstanding GDRs or ADRs or Warrants or Convertible Instruments:

There were no Outstanding Global Depository Receipts or American Depository Receipts or Warrants or any convertible instruments during the year 2017-18.

xiii. Plant Locations:

a) unit-1:

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

b) Unit-4:

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

c) Unit-5:

Sy. No.296/7/4, S.V.Co-op. Ind. Estate I.D.A. Bollaram, Sanga Reddy District Hyderabad-502 325, Telangana State, India Phone : 040-64547975 Email : unit5@smslife.in

xiv. Address for Correspondence:

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

xv. OTHER DISCLOSURES:

a. Related party transactions:

There are no materially significant related party transactions during the year 2017-18 that has potential conflict of interest with the interest of Company at large.

- b. There was no non-compliance by the Company, penalties or strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to Capital Markets, during the last three years.
- c. The Managing Director and the Chief Financial Officer have certified to the Board in accordance with Regulation 17(8) of the SEBI (LODR) Regulations, 2015 pertaining to CEO/ CFO certification for the Financial Year ended 31st March, 2018.
- d. The Company has a Whistle-Blower Policy for establishing a vigil mechanism for Directors and employees to report genuine concerns regarding unethical behavior, actual or suspected fraud or violation of the Company's code of conduct and ethics Policy. The said mechanism also provides for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. During the year, no employee of the Company was denied access to the Audit Committee. The said policy has been uploaded on the website of the Company at www.smslife.in
- e. Disclosure in respect of demat suspense account/unclaimed suspense account as on 31.03.2018.
- i) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year. ... 1
 - ii) Number of shareholders who approached the Company for transfer of shares from suspense account during the year - NIL
 - iii) Number of shareholders to whom shares were transferred from suspense account during the year - NIL
 - vi) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year - 1
 - v) That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares -NIL
- f. The Company has complied with all mandatory requirements as specified in LODR Regulations, 2015.
- g. **Risk Management**
The provisions of Regulation 21 of LODR Regulations, 2015 are not applicable to the Company, however the detailed framework relating to the Risk Management has been provided under the Section of Directors' Report in the Annual Report.
- h. **Prohibition of Insider Trading:**
The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The code provides for periodical disclosures from Directors and designated employees as well as pre-clearances of transactions by such persons.
- i. The status on the compliance with the non-mandatory recommendation in the SEBI Regulations is as under:
- The Non-Executive Chairman maintains a separate office, for which the Company is not required to reimburse expenses.
 - During the year under review, there is no audit qualification in the Company's financial statements.
 - The Internal Auditor directly reports to the Audit Committee.
 - Mr.TVVSN Murthy is both the Chairman and the Managing Director of the Company.

ANNEXURE- V

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

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

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE Company

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
-	-	-	-	-	-

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 01-April-2017]				No. of Shares held at the end of the year[As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter' s/and promoter group									
(1) Indian									
a) Individual/ HUF	-	0	0	0	1834116	0	1834116	60.67	60.67
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.*	-	10000	10000	100	221513	0	221513	7.33	92.67
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A)(1)	-	10000	10000	100	2055629	0	2055629	67.99	32.01
(2)Foreign	-	-	-	-	-	-	-	-	-
a) NRI Individuals									
b) other individuals									
c) Bodies corp.									
d) Any other									
Sub Total(A)(2)	0	0	0	0	0	0	0	0	0
TOTAL (A)	-	10000	10000	100	2055629	0	2055629	67.99	32.01
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others Foreign Portfolio Investors	-	-	-	-	51	0	51	0	00
Sub-total (B)(1):-	0	0	0	0	51	0	51	0	0.00

Category of Shareholders	No. of Shares held at the beginning of the year[As on 01-April-2017]				No. of Shares held at the end of the year[As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	94194	52	94246	3.12	3.12
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	611019	14924	625943	20.7	20.7
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	157 369	0	157369	5.21	5.21
c) Others (specify)	-	-	-	-	17	0	17	0	0.00
Non Resident Indians	-	-	-	-	71823	36	71859	2.37	2.37
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	18112	0	18112	0.6	0.6
Trusts	-	-	-	-	0	61	61	0	0.00
Foreign Bodies - D R									
Sub-total (B)(2):-	0	0	0	0	952534	15073	967607	32.01	32.01
Total Public Shareholding (B)=(B)(1)+ (B)(2)	0	0	0	0	952585	15073	967658	32.01	32.01
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	0	10000	10000	100.00	3008214	15073	3023287	100.00	

(ii) Shareholding of Promoter

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	SMS Pharmaceuticals Limited	10000	100	0	-	-	-	100.00
2	Hima Bindu Potluri	-	-	-	441905	14.62	-	14.62
3	Satya Vani Potluru	-	-	-	27023	0.89	-	0.89
4	Harikishore Potluri .	-	-	-	15359	0.51	-	0.51
5	Vamsi Krishna Potluri	-	-	-	72520	2.4	100	2.4
6	T V V S N Murthy	-	-	-	293821	9.72	-	9.72
7	Rajeswara Rao Gopineed	-	-	-	37	0	-	0
8	Suresh Babu Potluri	-	-	-	5051	0.17	-	0.17
9	TrilokPotluri	-	-	-	51118	1.69	-	1.69
10	Ramesh Babu Potluri	-	-	-	518105	17.14	-	17.14
11	T V Praveen	-	-	-	46262	1.53	-	1.53
12	T Annapurna	-	-	-	156797	5.19	-	5.19
13	T V V S N Murthy (HUF)	-	-	-	142190	4.7	-	4.7
14	Gopineedi Sudeepthi	-	-	-	62500	2.07	-	2.07
15	Sukumari Koneru	-	-	-	1428	0.05	-	0.05
16	Potluri Laboratories Private Limited	-	-	-	8300	0.27	-	0.27
17	Potluri Infra Projects LLP	-	-	-	213213	7.05	107142	7.05

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

Sl. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	% of total shares
				No. of shares	% of total shares	No. of shares	
	At the beginning of the year			10000	100		
	Changes during the year						
	SMS Pharmaceuticals Limited	17th May 2017	Nullified	10000	100	-	-
	Hima Bindu Potluri	17th May 2017	Allotment of shares	-	-	441905	14.62
	Satya Vani Potluru	17th May 2017	Allotment of shares	-	-	27023	0.89

(Contd.)

Change in Promoters' Shareholding (Contd.)

Sl. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	% of total shares
				No. of shares	% of total shares	No. of shares	
	Harikishore Potluri .	17th May 2017	Allotment of shares	-	-	15359	0.51
	Vamsi Krishna Potluri	17th May 2017	Allotment of shares	-	-	72520	2.4
	T V V S N Murthy	17th May 2017	Allotment of shares	-	-	293821	9.72
	Rajeswara Rao Gopineed	17th May 2017	Allotment of shares	-	-	37	0
	Suresh Babu Potluri	17th May 2017	Allotment of shares	-	-	5051	0.17
	Trilok Potluri	17th May 2017	Allotment of shares	-	-	51118	1.69
	Ramesh Babu Potluri	17th May 2017	Allotment of shares	-	-	518105	17.14
	T V Praveen	17th May 2017	Allotment of shares	-	-	46262	1.53
	T Annapurna	17th May 2017	Allotment of shares	-	-	156797	5.19
	T V V S N Murthy (HUF)	17th May 2017	Allotment of shares	-	-	142190	4.7
	Gopineedi Sudeepthi	17th May 2017	Allotment of shares	-	-	62500	2.07
	Sukumari Koneru	17th May 2017	Allotment on 27th June 2017	-	-	1428	0.05
	Potluri Laboratories Private Limited	17th May 2017	Allotment of shares	-	-	8300	0.27
	Potluri Infra Projects LLP	17th May 2017	Allotment of shares	-	-	213213	7.05
	At the end of the year					2055629	67.99

**(iv) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Change in shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Increase	Decrease	No. of shares	% of total shares of the Company
1	Narender Kumar Arora	-	-	42859	-	42859	1.42
2	Aniruddh Mundra	-	-	41067	-	41067	1.36
3	Saibabu Bandla	-	-	31000	-	31000	1.02
4	Gandhi Kantheti	-	-	21891	-	21891	0.72
5	Mahima Stocks Private Limited	-	-	21627	-	21627	0.71
6	Poonam Arora	-	-	19574	-	19574	0.64
7	Madhu Gupta	-	-	17000	-	17000	0.56
8	Madhusudan Kela	-	-	14285	-	14285	0.47
9	Pace Stock Broking Services Pvt Ltd	-	-	13671	-	13671	0.45
10	Sreenivasulu Reddy Mallu	-	-	10760	-	10760	0.35

(v) Shareholding of Directors and Key Managerial Personnel:

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

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2508.20	112.85	-	2621.05
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	21.31	-	-	21.31
Total (i+ii+iii)	2529.51	112.85	-	2642.36
Change in Indebtedness during the financial year				
Addition				
- Principal Amount	651.24	495.00	-	1146.24
- Interest accrued but not due	14.66	-	-	14.66
Reduction				
- Principal Amount	(1020.17)	(0.30)	-	(1020.47)
- Interest accrued but not due	(21.31)	-	-	(21.31)
Net Change	(375.58)	494.70	-	119.12
Indebtedness at the end of the financial year				
i) Principal Amount	2139.27	607.55	-	2746.82
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	14.66	1.97	-	16.63
Total (i+ii+iii)	2153.93	609.52	-	2763.45

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

Sl. N.	Particulars of Remuneration	Name of MD/WTD/ Manager	
		TVVSN Murthy Managing Director	Total
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	198.00	198.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify...	40.00	40.00
5	Others, please specify	4.07	4.07
	Total (A)	242.07	242.07
	Ceiling as per the Act*	NA	NA

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

B. Remuneration to other directors

1. Independent Directors

(Rs. in Lakhs)

Sl. N.	Particulars of Remuneration	Name of Directors			Total Amount
		P.S. Rao	P. Sarath Kumar	Dr. T. Neelaveni	
1	Fee for attending Board/Committee Meetings	0.60	0.40	0.70	1.70
2	Commission	-	-	-	-
3	Others, please specify	-	-	-	-
	Total (B1)	0.60	0.40	0.70	1.70

2. Other Non-Executive/Promoter Directors

Sl. No.	Particulars of Remuneration	Name of Directors	Total Amount
		Ramesh Babu Potluri	
1	Fee for attending Board/Committee Meetings	0.60	0.60
2	Commission		
3	Others, please specify		
	Total (B2)	0.60	0.60
	Total B = (B1)+(B2)		2.30

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

(Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		N. Rajendra Prasad	Pavan Pise	
		CFO	Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13.70	4.47	18.17
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	13.70	4.47	18.17

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

(Ramesh Babu Potluri)
Director
DIN: 00166381

(TVVSN Murthy)
Managing Director
DIN: 00465198

Place: Hyderabad
Date: 28th May, 2018

Annexure-VI

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

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

To the Members,
SMS Lifesciences India Limited,
Hyderabad

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 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, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made hereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under to the extent of Regulation 55A;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 (**not Applicable to the Company during the Audit Period**);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**not Applicable to the Company during the Audit Period**);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**not Applicable to the Company during the Audit Period**); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**not Applicable to the Company during the Audit Period**);
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (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 also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India; and
- (ii) The Listing Agreements entered by the Company with BSE Limited and National Stock Exchange of India Limited.

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:

- i) The Scheme of Arrangement resulting in demerger of semi-regulated units of SMS Pharmaceuticals Limited into the Company was approved by Hon'ble NCLT, Hyderabad vide order dated 15-05-2017 and accordingly Form INC-28 was filed on 17-05-2017 with Ministry of Corporate Affairs;
- ii) Pursuant to the said Scheme of Arrangement, 30,23,287 Equity Shares of Rs. 10/- each were allotted by the Board of Directors on 27-06-2017;
- iii) The Equity Shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited on 17-08-2017;
- iv) Approval of Ministry of Corporate Affairs is received by its order dated 12-01-2018 for Appointment of Mr. TVVS Murthy as Managing Director and remuneration payable to him for a period of 5 years;
- v) The Board approved the acquisition of M/s. Mahi Drugs Private Limited on 23-02-2018 and the Share Purchase Agreement was entered on 12-03-2018;

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: 28-05-2018

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

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

ANNEXURE

The Members

SMS Lifesciences India Limited
Hyderabad

- (1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- (2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- (3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- (4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- (5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on random test basis.
- (6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **SVVS & Associates**
Company Secretaries LLP

Place: Hyderabad
Date: 28-05-2018

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

DECLARATION ON CODE OF CONDUCT

To
The Members of
SMS Lifesciences India Limited

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and senior management personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2018.

For **SMS Lifesciences India Limited**

Date: 28th May, 2018
Place: Hyderabad

TVVSN Murthy
Managing Director

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

- A) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2018 and that to the best of our knowledge and belief:
- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) We confirm that to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended on 31st March, 2018 which are fraudulent, illegal or violative of the Company's code of conduct.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify these deficiencies commensurate with the size of the organization.
- D) We have indicated to the auditors and the Audit committee.
- 1) significant changes in internal control over financial reporting during the said financial year;
 - 2) significant changes in accounting policies during the said financial year and that the same have been disclosed in the notes to the financial statements; and
 - 3) there are no instances of fraud of which we have become aware and the involvement thereof by the Management or an employee having a significant role in the Company's internal control system over financial reporting.

For **SMS Lifesciences India Limited**
N.Rajendra Prasad
Chief Financial Officer

For **SMS Lifesciences India Limited**
TVVSN Murthy
Managing Director

Date: 28.05.2018
Place: Hyderabad

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
SMS Lifesciences India Limited,

We have examined the compliance of conditions of Corporate Governance by SMS Lifesciences India Limited ("the Company"), for the year ended on 31st March 2018, as stipulated in Chapter IV of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreements of the said Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of the 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 has complied with the conditions of Corporate Governance as stipulated in Chapter IV of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreements of the said Company with the stock exchange.

We further state that such compliance 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.

For Rambabu & Co
Chartered Accountants
Firm Reg. No: 002976S

(Ravi Rambabu)
Partner
Membership No: 018541

Place: Hyderabad.

Date: 28.05.2018

Independent Auditor's Report

To the Members of
SMS LIFESCIENCES INDIA LIMITED

Report on the Financial Statements

We have audited the accompanying Ind As Financial Statements of **SMS LIFESCIENCES INDIA LIMITED** ("*the Company*") which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, statement of changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind As Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind As Financial Statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind As Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind As Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind As Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind As Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind As Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind As Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its Profit and its Cash Flow for the year ended on that date.

Other Matters

The comparative financial information of the company for the year ended 31 March 2018 and the transition date opening balance sheet as at 1 April 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2017 dated 25 May 2017 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid Ind As Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 and in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31st March, 2018 on its financial position in its Ind As Financial Statements as referred to in note 11.1 and 51 to the Ind As Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013 and the Rules made there under.

for RAMBABU & Co.,
Chartered Accountants
FRN: 002976S

Ravi Rambabu
Partner
M. No. 018541

Place: Hyderabad
Date : 28-05-2018

Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the Ind As Financial Statements of the Company for the year ended March 31, 2018:.

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner. In our opinion the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- ii) In respect of Inventories:.
 - a) As explained to us the inventories except goods in transit and stocks lying with third parties have been physically verified during the year by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and nature of its business.
 - c) In our opinion and according to the information and explanations given to us the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 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) a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable.

- b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute, except the following:

S. No.	Name of the Statute	Nature of the dues	Forum where dispute is pending	Year	Amount Involved Rs	Amount Unpaid Rs.
1	Central Excise Act, 1944	Central Excise	Hon'ble High Court of Judicature at Hyderabad for Andhra Pradesh and Telangana States	1995-96 to 1997-98	38,91,220	-
2	Central Excise Act, 1944	Interest on above	"	1995-2010	66,47,731	66,47,731
3	Central Excise Act, 1944	Central Excise	"	1995-2011	16,40,032	16,40,032
4	AP Non Agricultural Land (Conversion for Non Agriculture Purpose) Act, 2006	Nala Tax	"	Demand Raised in the year 2012-13	22,50,000	22,50,000
5	Employees Provident Fund and Miscellaneous Provisions Act, 1952	Penal Interest on Provident Fund	NCLT Hyderabad	December, 1999 to December, 2007	7,52,424	7,52,424
6	Income Tax Act, 1961	Income Tax	Erstwhile BIFR	1988-89 to 2004-05	75,07,148	75,07,148
7	Income Tax Act, 1961	Interest on above	Erstwhile BIFR	1988-89 to 2017-18	1,11,23,989	1,11,23,989

- c) The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act 2013 and the Rules made there under.
- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not issued any debentures.
- ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

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

for RAMBABU & Co.,
Chartered Accountants
FRN: 002976S

Ravi Rambabu
Partner
M. No. 018541

Place: Hyderabad
Date : 28-05-2018

“Annexure B” to the Independent Auditor’s Report

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

We have audited the internal financial controls over financial reporting of SMS LIFESCIENCES INDIA LIMITED (“the Company”) as of March 31, 2018 in conjunction with our audit of the Ind As Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind As Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind As Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Hyderabad
Date : 28-05-2018

for RAMBABU & Co.,
Chartered Accountants
FRN: 002976S

Ravi Rambabu
Partner
M. No. 018541

Balance Sheet as at 31st March, 2018

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

Sl. No.	Particulars	Note	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
I	ASSETS				
1	Non-Current Assets				
(a)	Property, Plant and Equipment	5	6,835.84	7,267.66	7,319.37
(b)	Capital Work-in-Progress	5	708.80	16.67	-
(c)	Intangible Assets	6	2.38	-	-
(d)	Investment Property	7	80.20	81.22	82.25
(e)	Financial assets				
(i)	Investments	8	500.35	4.11	4.11
(ii)	Bank Balances	9	107.88	292.42	270.04
(iii)	Other Financial Assets	10	196.69	208.17	149.47
(f)	Other Non-Current Assets	11	361.56	263.93	261.88
	Total		8,793.70	8,134.18	8,087.12
2	Current Assets				
(a)	Inventories	12	4,931.61	4,379.45	4,183.56
(b)	Financial Assets				
(i)	Trade Receivables	13	2,707.56	3,902.64	3,914.49
(ii)	Cash and Cash Equivalents	14	43.58	7.73	29.16
(iii)	Bank Balances other than (ii) above	15	32.52	-	-
(iv)	Other Financial Assets	16	14.25	12.68	30.11
(c)	Other Current Assets	17	1,142.26	1,087.27	866.03
(d)	Current Tax Assets (Net)	18	-	-	123.89
	Total		8,871.78	9,389.77	9,147.24
	Total Assets		17,665.48	17,523.95	17,234.36

(Contd.)

Balance Sheet (Contd.)

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

Sl. No.	Particulars	Note	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
II	EQUITY AND LIABILITIES				
1	Equity:				
(a)	Equity Share Capital	19	302.33	1.00	1.00
(b)	Other Equity	20	8,538.48	8,182.87	6,911.77
	Total		8,840.81	8,183.87	6,912.77
2	Liabilities				
A	Non-Current Liabilities				
(a)	Financial liabilities				
(i)	Borrowings	21	1,519.07	1,596.45	2,328.44
(b)	Provisions	22	199.75	183.23	129.64
(c)	Deferred Tax Liabilities (Net)	23	716.74	760.85	821.83
	Total		2,435.56	2,540.53	3,279.91
B	Current Liabilities				
(a)	Financial Liabilities				
(i)	Borrowings	24	599.31	403.83	533.93
(ii)	Trade Payables	25	4,439.25	5,540.31	5,259.38
(iii)	Other Financial Liabilities	26	1,117.99	628.12	947.45
(b)	Provisions	22	59.81	47.12	38.02
(c)	Other Current Liabilities	27	138.23	138.40	262.90
(d)	Current Tax Liabilities (Net)	28	34.52	41.77	-
	Total		6,389.11	6,799.55	7,041.68
	Total Liabilities		8,824.67	9,340.08	10,321.59
	Total Equity and Liabilities		17,665.48	17,523.95	17,234.36
	Significant Accounting Policies	4			

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

As per our report of even date

for **RAMBABU & CO.,**
Chartered Accountants

FRN : 002976S
RAVI RAMBABU
Partner
M.No.18541

Place : Hyderabad
Date : 28.05.2018

for and on behalf of the Board

T V V S N MURTHY
Managing Director
DIN: 00465198

PAVAN PISE
Company Secretary

RAMESH BABU POTLURI
Director
DIN: 00166381

N. RAJENDRA PRASAD
Chief Financial Officer

Statement of Profit and Loss for the Year Ended 31st March, 2018

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

Sl. No.	Particulars	Note	Current Year 2017-18	Previous Year 2016-17
1	Income			
	Revenue from Operations	29	21,748.17	22,791.92
	Other Income	30	307.72	172.58
	Total Income		22,055.89	22,964.50
2	Expenses			
	Cost of Materials Consumed	31	13,501.25	12,367.95
	Change in Inventories	32	(206.21)	(360.67)
	Excise Duty		449.39	1,202.54
	Manufacturing Expenditure	33	3,950.60	4,200.79
	Employee Benefits Expense	34	1,764.61	1,688.59
	Finance Costs	35	417.92	616.47
	Depreciation and Amortization Expense	36	570.36	555.45
	Other Expenses	37	968.31	847.17
	Total Expenses		21,416.23	21,118.29
3	Profit Before Tax (1-2)		639.66	1,846.21
4	Tax Expense			
	(i) Current Tax			
	(a) relating to Current Year	38	170.00	600.00
	(b) relating to Earlier Year		(133.72)	-
	(ii) Deferred Tax		(46.75)	(48.11)
	Total Taxes		(10.47)	551.89
5	Profit for the Year (3-4)		650.13	1,294.32
	Other Comprehensive Income/(Loss)			
	Items that will not be reclassified to Profit or Loss			
6	Remeasurement Gain/(Loss) of the defined benefit plans	39	9.44	(37.19)
7	Income Tax effect on the above		2.63	(12.87)
8	Other Comprehensive Income/(Loss) after tax for the Year (6-7)		6.81	(24.32)
9	Total Comprehensive Income/ for the Year (5+8)		656.94	1,270.00
10	Earnings per Share (Face Value of Rs.10 each)	40		
	-Basic		21.50	12,943.19
	-Diluted		21.50	42.81
	Significant Accounting Policies	4		

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

As per our report of even date

for **RAMBABU & CO.,**
Chartered Accountants

FRN : 002976S

RAVI RAMBABU

Partner

M.No.18541

Place : Hyderabad

Date : 28.05.2018

for and on behalf of the Board

T V V S N MURTHY
Managing Director
DIN: 00465198

PAVAN PISE
Company Secretary

RAMESH BABU POTLURI
Director
DIN: 00166381

N. RAJENDRA PRASAD
Chief Financial Officer

Statement of Cash Flow for the Year Ended 31st March, 2018

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

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
A. Cash Flow from Operating Activities		
Profit before Income Tax	639.66	1,846.21
Adjustments for:		
Depreciation and amortisation expense	570.36	555.45
Interest Income classified as Investing Cash Flows	(10.44)	(24.56)
Allowance for Doubtful Debts	(24.49)	(0.22)
Interest on Non Current Borrowings	201.75	284.08
Bad Debts Written Off	1.60	3.96
Provision for Employee Benefits	54.35	43.37
Term Loan Processing Fee	4.59	4.59
Preliminary Expenses W/off	-	1.10
	1,437.38	2,713.98
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Trade Receivables	1,217.97	8.11
(Increase) Decrease in Inventories	(552.16)	(195.89)
Increase/(Decrease) in Trade Payables	(1,101.07)	280.93
(Increase) Decrease in Other Non Current Financial Assets	11.48	(58.70)
(Increase) Decrease in Other Non Current Asset	(97.62)	(2.05)
(Increase) Decrease in Other Current Financial Assets	(1.57)	17.43
(Increase) Decrease in Other Current Asset	(54.98)	(221.24)
(Increase) Decrease in Prepaid Taxes	31.47	69.11
Increase/(Decrease) in Other Current Liabilities	(15.86)	(142.38)
	(562.35)	(244.68)
Cash generated from Operations	875.04	2,469.30
Income Taxes Paid	(75.00)	(503.45)
Net Cash Inflow from Operating Activities - "A"	800.04	1,965.85

(Contd.)

Statement of Cash Flow (Contd.)

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

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
B. Cash flows from Investing Activities		
Purchase for Property, Plant and Equipment	(349.74)	(755.01)
Payments for Purchase of Investments	(496.24)	-
Margin Money Deposits	149.86	(57.96)
Interest Received on Margin Money Deposit	12.60	60.15
Net Cash Outflow from Investing Activities - "B"	(683.52)	(752.82)
C. Cash flows from Financing Activities		
Proceeds from Long Term Borrowings	546.93	-
Repayment of Long Term Borrowings	(616.64)	(813.48)
Proceeds from Short Term Borrowings	599.31	-
Repayment of Short term Borrowings	(403.83)	(130.10)
Interest paid	(206.44)	(290.88)
Net Cash (Outflow) from Financing Activities - "C"	(80.67)	(1,234.46)
Net Increase (Decrease) in Cash and Cash Equivalents - (A+B+C)	35.85	(21.43)
Cash and Cash Equivalents at the beginning of the Financial Year (Refer Note 14)	7.73	29.16
Cash and Cash Equivalents at End of the Year (Refer Note 14)	43.58	7.73

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

As per our report of even date

for RAMBABU & CO.,
Chartered Accountants
FRN : 002976S
RAVI RAMBABU
Partner
M.No.18541

Place : Hyderabad
Date : 28.05.2018

for and on behalf of the Board

T V V S N MURTHY
Managing Director
DIN: 00465198

PAVAN PISE
Company Secretary

RAMESH BABU POTLURI
Director
DIN: 00166381

N. RAJENDRA PRASAD
Chief Financial Officer

Statement of Changes in Equity for the Year Ended 31st March, 2018

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

a. Equity Share Capital

Particulars	As at 31 st March, 2018		As at 31 st March, 2017		As at 01 st April, 2016	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
At the Beginning of the Year	10,000	1.00	10,000	1.00	10,000	1.00
Changes in Equity Share Capital	-	-	-	-	-	-
Less: Cancellation of Shares in pursuance of Demerger Scheme	(10,000)	(1.00)	-	-	-	-
Add: Issue of Equity Share Capital in pursuance of Demerger Scheme	3,023,287	302.33	-	-	-	-
At the End of the Year	3,023,287	302.33	10,000	1.00	10,000	1.00

b. Other Equity

	Capital Reserve	General Reserve	Retained Earnings	Total Equity
Balance as at 01st April, 2016	-	6,818.35	93.42	6,911.77
Profit for the Year	-	-	1,294.32	1,294.32
Other Comprehensive Income for the Year, net of Income Tax			(24.32)	(24.32)
Total Comprehensive Income for the Year	-	-	1,270.00	1,270.00
Misc Exp Written off during the Year			1.10	1.10
Sub Total	-	-	1,271.10	1,271.10
Balance as at 31st March, 2017	-	6,818.35	1,364.52	8,182.87
Balance as at 01st April, 2017	-	6,818.35	1,364.52	8,182.87
Profit for the Year			650.13	650.13
Other Comprehensive Income for the Year, net of Income Tax			6.81	6.81
Total Comprehensive Income for the Year	-	-	656.94	656.94
Cancellation of Shares in Pursuance of Demerger Scheme (Refer Note 20.1.1)	1.00			1.00
Issue of Shares in Pursuance of Demerger Scheme (Refer Note 41)		(302.33)		(302.33)
Balance as at 31st March, 2018	1.00	6,516.02	2,021.46	8,538.48

The accompanying notes are an integral part of the financial statements.
As per our report of even date

for RAMBABU & CO.,
Chartered Accountants
FRN : 002976S

RAVI RAMBABU
Partner
M.No.18541

Place : Hyderabad
Date : 28.05.2018

for and on behalf of the Board

T V V S N MURTHY
Managing Director
DIN: 00465198

PAVAN PISE
Company Secretary

RAMESH BABU POTLURI
Director
DIN: 00166381

N. RAJENDRA PRASAD
Chief Financial Officer

Notes to Financial Statements

1. Corporate Information:

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

These Financial Statements for the year ended 31st March, 2018 were authorized and approved for issue by the Board of Directors on 28th May, 2018.

2. Basis of Preparation:

(i) Compliance with Ind AS

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

For all years up to and including the year ended 31st March 2017, the Company had prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP'). Effective from 01st April 2017, the Company has adopted all the Ind AS Standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with transition date as 01st April 2016. The reconciliation of effects of the transition as required by Ind AS 101 is disclosed in Note No. 43 to these financial statements.

Amounts for the year ended and as at 31st March, 2017 were audited by the previous auditors M/s. Rambabu & Co, Chartered Accountants.

(ii) Historical Cost Convention:

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

- Certain Financial Assets and Liabilities that is measured at Fair Value; (refer accounting policy regarding financial instruments).
- Defined Benefit Plans – Plan Assets measured at Fair Value.

(iii) Current and Non-Current Classification:

The Company 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 Company has identified Twelve months as its Operating Cycle.

3. New Standards and Interpretations not yet adopted:

3.1 Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 01st April 2018. The Company is evaluating the requirement of the amendment and the effect of the financial statements.

3.2 Ind AS 115- Revenue from Contract with Customers:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the

consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- a. Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- b. Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial years beginning on or after 01st April 2018. The Company is evaluating the requirement of the amendment and the effect of the financial statements.

4. Summary of Significant Accounting Policies:

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

4.1 Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

Excise duty is a liability of the Company as a manufacturer, which forms part of the cost of production, irrespective of whether the goods are sold or not. Therefore, the recovery of excise duty flows to the Company on its own

account and hence revenue includes excise duty.

Sales Tax/ Value Added Tax [VAT] is not received by the Company on its own account. Rather, it is tax collected on value added to the Goods by the Company on behalf of the Government. Accordingly, it is excluded from revenue.

The Goods and Services Tax (GST) Act, 2017 has come into force with effect from 01st July, 2017. Accordingly, in compliance with Indian Accounting Standard (Ind AS) 18 - 'Revenue', Revenue from operations for the year ended 31st March, 2018 includes Excise Duty and excludes Sales Tax up to 30th June, 2017. Revenue from operations of earlier years are also included Excise Duty but excluded Sales Tax which are now subsumed in GST. From 01-07-2017 onwards GST is excluded from Revenue as nature of tax was collection on behalf of the Government.

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

i) Sale of Products:

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of goods have passed to the buyer, usually on delivery of the goods. Revenue from export sales is recognized on the date of bill of lading, based on the terms of export.

ii) Service Revenue:

Service income is recognized as per the terms of contracts with the customers when the related services are performed or the agreed milestones are achieved and are net of service tax, wherever applicable.

iii) Interest:

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR) method. Interest income is included in Other Income in the Statement of Profit and Loss.

iv) Dividend Income:

Dividend income is recognized at the time when right to receive the payment is established, which is generally when the shareholders approve the dividend.

v) Export Benefits:

Export Benefits are recognized on accrual basis and Export Incentives are recognized on receipt basis.

vi) Other Sundry Income:

Income claims and conversion escalations are accounted for on realization.

4.2 Foreign Currency Transactions:

i. Functional and Reporting Currency:

The 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.

4.3 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) Transition to IND AS

On transition to IND AS, the Company has elected to continue with the carrying value of all its Property, Plant and Equipment recognized as at 01st April 2016 measured as per the Provisions of previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

4.4 Investment Property:

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

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

Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life of buildings, classified

as Investment properties, is considered as 30 years. The useful life has been determined based on technical evaluation performed by the management's expert.

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

4.5 Intangible Assets:

(a) Recognition and Initial Measurement

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

(b) Subsequent measurement (amortization):

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

4.6 Leases:

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

Classification on inception of lease:

a. Operating Leases:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

b. Finance Lease:

A lease is classified as a finance lease where the lessor transfers substantially all the risks and rewards incidental to the ownership of the leased item.

Accounting of Operating Lease:

Where the Company is the Lessee:

Lease Payment in case of operating lease is charged to Statement of Profit and Loss on straight line basis over the lease term. In case the escalation in operating lease payments are in line with the expected general inflation rate then the lease payments are charged to Statement of Profit and Loss instead of Straight Line Method.

Where the Company is the Lessor:

Lease income is recognized in the Statement of Profit and Loss on a Straight line basis over the lease term. Assets subject to operating leases are included in fixed assets. Costs, including depreciation are recognized as expense in the Statement of Profit and Loss.

4.7 Inventories:

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

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

4.8 Cash and Cash Equivalents:

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

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

4.9 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.

c. Mutual Funds

All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).

(iii) De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(b) Financial liabilities

(i) Initial Recognition and Measurement

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

(ii) Subsequent Measurement

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

(iii) De-recognition of Financial Liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(c) Financial Guarantee Contracts

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

(d) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(e) Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for

measurement and recognition of impairment loss for financial assets.

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

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

(f) Trade Receivables

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

(g) Other Financial Assets

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

4.10 Income Taxes:

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

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is

reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where a component has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The Carrying amount of deferred tax assets are reviewed at each balance sheet date. The 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.

4.11 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman and managing director has been identified as being the Chief Operating Decision Maker (CODM). The Company is engaged in manufacturing and sale of Active Pharma Ingredients and their Intermediates and operates in a single operating segment. Revenues are attributed to geographical areas based on the location of the customers. Refer note 48 for the segment information presented.

4.12 Government Grants:

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

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

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

Government grants relating to loans or similar assistance with an interest rate below the current

applicable market rate are initially recognized and measured at fair value. The effect of this favorable interest is regarded as a Government grant and is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

4.13 Borrowing Cost

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

4.14 Provisions

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

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

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

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

4.15 Dividends

Annual dividend distribution to the shareholders is recognized as a liability in the year in which the dividend is approved by the shareholders. Any interim dividend paid is recognized on approval by Board of Directors. Dividend paid/payable and corresponding tax on dividend distribution is recognized directly in equity.

4.16 Share Issue Expenses:

Share issue expenses are charged first against balance available in the Securities Premium.

4.17 Research and Development:

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

4.18 Retirement and Other Employee Benefits:

(a) Defined Contribution Plan:

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

(b) Defined Benefit Plan:

The Company has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognized in the balance sheet for defined benefit plans as the present value of the defined benefit obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries as per the requirements of IND AS 19 "Employee Benefits". Actuarial gains and losses resulting from re-measurements of the liability are included in other comprehensive income.

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

(c) Other Long-Term Employee Benefits

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

(d) Short-Term Employee Benefits

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

4.19 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.

4.20 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.

4.21 Investment in Associates and Subsidiaries:

In respect of Equity Investments, while preparing separate financial statements, IND AS 27 requires it to account for its Investments in Subsidiaries and Associates either:

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

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

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

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

Since the Company, is a first time adopter it has measured its Investment in Subsidiary/Associate

at deemed cost in accordance with IND AS 27 by taking previous GAAP Carrying amount.

4.22 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 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.

4.23 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 financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company.

(i) Recognition of Deferred Tax Assets

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

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

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

(iii) Evaluation of Indicators for Impairment of Assets:

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

(iv) Recoverability of Advances/Receivables:

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

(v) Useful lives of Depreciable/Amortisable Assets:

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

(vi) Defined Benefit Obligation (DBO):

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(vii) Fair Value Measurements:

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(viii) Provisions:

At each balance sheet date the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from this judgment.

Notes to the Financial Statements

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

Note No. 5: Property, Plant and Equipment

Particulars	Land	Buildings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Year ended 31st March, 2017											
Gross Carrying Amount											
1 Deemed Cost as at 01 st April, 2016	242.21	1,317.99	5,518.52	94.11	10.49	39.35	3.29	79.93	13.48	7,319.37	-
2 Additions	-	0.80	496.11	-	17.32	0.91	0.37	-	-	515.51	490.83
3 Disposals/Transfers	-	-	-	-	-	-	-	(0.58)	-	(0.58)	(474.16)
4 Closing Gross Carrying Amount as at 31st March, 2017 (1+2+3)	242.21	1,318.79	6,014.63	94.11	27.81	40.26	3.66	79.35	13.48	7,834.30	16.67
Accumulated Depreciation											
5 Depreciation Charge during the Year	-	59.82	448.58	17.63	8.67	4.14	0.49	13.56	1.54	554.43	-
6 Disposals/Transfers/Adj.	-	-	12.21	-	-	-	-	-	-	12.21	-
7 Closing Accumulated Depreciation as at 31st March, 2017 (5+6)	-	59.82	460.79	17.63	8.67	4.14	0.49	13.56	1.54	566.64	-
8 Net Carrying Amount as at 31 st March, 2017 (4-7)	242.21	1,258.97	5,553.84	76.48	19.14	36.12	3.17	65.79	11.94	7,267.66	16.67

(Contd.)

Notes to the Financial Statements

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

Note No. 5: Property, Plant and Equipment (Contd.)

Particulars	Land	Buildings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equip-ment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Year ended 31st March, 2018											
Gross Carrying Amount											
1 Opening Gross Carrying Amount	242.21	1,318.79	6,014.63	94.11	27.81	40.26	3.66	79.35	13.48	7,834.30	16.67
2 Additions	-	-	73.99	-	1.82	2.21	0.45	65.24	-	143.71	692.13
3 Disposals	-	-	(6.47)	-	-	-	-	-	-	(6.47)	-
4 Closing Gross Carrying Amount as at 31 st March, 2018 (1+2+3)	242.21	1,318.79	6,082.15	94.11	29.63	42.47	4.11	144.59	13.48	7,971.54	708.80
Accumulated Depreciation and Impairment											
5 Opening Accumulated Depreciation	-	59.82	460.79	17.63	8.67	4.14	0.49	13.56	1.54	566.64	-
6 Depreciation Charge during the Year	-	59.85	460.61	17.62	7.02	4.20	0.56	17.66	1.54	569.06	-
7 Disposals	-	-	-	-	-	-	-	-	-	-	-
8 Closing Accumulated Depreciation and Impairment as at 31 st March, 2018 (5+6+7)	-	119.67	921.40	35.25	15.69	8.34	1.05	31.22	3.08	1,135.70	-
9 Net Carrying Amount as at 31st March, 2018 (4-8)	242.21	1,199.12	5,160.75	58.86	13.94	34.13	3.06	113.37	10.40	6,835.84	708.80

5.1 Property, Plant and Equipment pledged as security.

Refer Note 44 for information on property, plant and equipment pledged as security by the Company.

5.2 The title in respect of Land situated at plot no. D-63, Phase - I, IDA Jeedimetla, Hyderabad costing Rs. 20 Lakhs, (31st March, 2017 Rs. 20 Lakhs, 01st April, 2016 Rs. 20 Lakhs) is yet to be transferred in the name of the Company. Refer Note 42.

5.3 As per Ind AS 101, the Company has opted to measure all property, plant and equipment at their previous GAAP carrying value. Hence, carrying value as at 01st April, 2016 was considered as deemed cost as at 01st April, 2016. (Refer Note 56.1.1).

Notes to the Financial Statements

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

Note No. 6: Intangible Assets

Particulars	Computer Software*	Patents	Total
(1)	(2)	(3)	(4)
Year ended 31st March, 2017			
Gross Carrying Amount			
1 Deemed Cost as at 01st April, 2016	-	-	-
2 Additions	-	-	-
3 Disposals	-	-	-
4 Closing Gross Carrying Amount as at 31st March, 2017 (1+2+3)	-	-	-
Accumulated Amortisation			
5 Amortisation Charge during the Year	-	-	-
6 Disposals	-	-	-
7 Closing Accumulated Amortisation as at 31st March, 2017 (5+6)	-	-	-
8 Closing Net Carrying Amount as at 31st March, 2017 (4-7)	-	-	-
Year ended 31st March, 2018			
Gross Carrying Amount			
1 Opening Gross Carrying Amount as at 01st April, 2017	-	-	-
2 Additions	2.66	-	2.66
3 Closing Gross Carrying Amount as at 31st March, 2018 (1+2)	2.66	-	2.66
Accumulated Amortisation and Impairment			
4 Opening Accumulated Amortisation as at 01st April, 2017	-	-	-
5 Amortisation Charge during the year	0.28	-	0.28
6 Closing Accumulated Amortisation and Impairment as at 31st March, 2018 (4+5)	0.28	-	0.28
7 Closing Net Carrying Amount as at 31st March, 2018 (3-6)	2.38	-	2.38

6.1 As per Ind AS 101, the Company has opted to measure all Intangible Assets at their previous GAAP carrying value. Hence, carrying value as at 01st April, 2016 was considered as deemed cost as at 01st April, 2016 (Refer Note 56.1.1).

Notes to the Financial Statements

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

Note No. 7: Investment Property

Particulars	Land & Development	Buildings	Total
(1)	(2)	(3)	(4)
Year ended 31st March, 2017			
Gross Carrying Amount			
1 Deemed Cost as at 01st April, 2016	62.13	20.12	82.25
2 Additions	-	-	-
3 Disposals/Transfers	-	-	-
4 Closing Gross Carrying Amount as at 31st March, 2017 (1+2+3)	62.13	20.12	82.25
Accumulated Depreciation			
5 Depreciation Charge during the Year	-	1.03	1.03
6 Disposals	-	-	-
7 Closing Accumulated Depreciation as at 31st March, 2017 (5+6)	-	1.03	1.03
Net Carrying Amount as at 31st March, 2017 (4-7)	62.13	19.09	81.22
Year ended 31st March, 2018			
Gross Carrying Amount			
1 Opening Gross Carrying Amount	62.13	20.12	82.25
2 Additions	-	-	-
3 Disposals	-	-	-
4 Closing Gross Carrying Amount as at 31st March, 2018 (1+2+3)	62.13	20.12	82.25
Accumulated Depreciation and Impairment			
5 Opening Accumulated Depreciation	-	1.03	1.03
6 Depreciation Charge during the Year	-	1.02	1.02
7 Disposals	-	-	-
8 Closing Accumulated Depreciation and Impairment as at 31st March, 2018 (5+6+7)	-	2.05	2.05
9 Net Carrying Amount as at 31st March, 2018 (4-8)	62.13	18.07	80.20

7.1 Fair Value of the above said Investment Property

- (i) Land Rs. 360.30 Lakhs.
- (ii) Buildings Rs. 53.22 Lakhs.

7.2 As per Ind AS 101, the Company has opted to measure all Intangible Assets at their previous GAAP carrying value. Hence, carrying value as at 01st April, 2016 was considered as deemed cost as at 01st April, 2016 (Refer Note 56.1.1).

Notes to the Financial Statements

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

Non Current Financial Assets - Unsecured, Considered Good

Note No.	Particulars	31 st March, 2018		31 st March, 2017		01 st April, 2016	
		Shares	Amount	Shares	Amount	Shares	Amount
8	Non-Current Investments						
	(Un quoted, fully paid up)						
	Investment in other Companies						
	Equity Shares of Rs.100/- each in						
	M/s. Jeedimetla Effluent Treatment Ltd	2,253	2.25	2,253	2.25	2,253	2.25
	Equity Shares of Rs.10/- each in						
	M/s. Patancheru Envirotech Ltd	17,538	1.76	17,538	1.76	17,538	1.76
	M/s Sireen Drugs Private Ltd	1,000	0.10	1,000	0.10	1,000	0.10
	M/s Mahi Drugs Private Ltd	900,000	496.24	-	-	-	-
	Total		500.35		4.11		4.11

- 8.1** The Company has entered into a Share Purchase Agreement with the Shareholders of M/s Mahi Drugs Private Limited to buy 100% holding @ Rs.55/- per share with face value of share Rs.10/- each to acquire their manufacturing facility situated at Jawaharlal Nehru Pharmacy, Parwada, Visakapatnam. During the year, the Company has purchased 9,00,000 Equity Shares which is 19% of holding.

Note No.	Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
9	Bank Balances			
	Margin Money Deposits	107.08	291.62	269.24
	Fixed Deposit	0.80	0.80	0.80
	Total	107.88	292.42	270.04
10	Other Non-Current Financial Assets			
	Deposits Recoverable	196.69	208.17	149.47
	Total	196.69	208.17	149.47
11	Other Non-Current Assets			
	Capital Advances	361.56	263.93	261.88
	Total	361.56	263.93	261.88

- 11.1** Capital Advances consists of an amount of Rs.251.88 Lakhs (31st March, 2017, Rs. 251.88 Lakhs and 01st April, 2016 Rs. 251.88 Lakhs) paid for acquiring land to the extent of 19 acres, in JNPC, Parwada, Visakhapatnam District. The said land along with the proportionate amount of advance was vested with the Company in pursuance of demerger scheme between the Company and M/s. SMS Pharmaceuticals Ltd, the demerged Company, out of Ac.42.00 originally allotted to the demerged Company. On account of dispute between the demerged Company and the developer, the matter is sub-judice before the High Court of Judicature at Hyderabad (for the state of Andhra Pradesh and Telangana). The Company has impleaded in this case.

Notes to the Financial Statements

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

Note No.	Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
12	Inventories			
	(Cost or Net Realisable Value, whichever is lower and as valued and certified by the Management)			
	(a) Raw Materials	1,537.85	1,176.88	1,362.30
	(b) Stock in Process	2,439.62	3,093.22	2,757.25
	(c) Finished Goods	937.04	77.22	52.52
	(d) Coal & Fuel	17.10	32.13	11.49
	Total	4,931.61	4,379.45	4,183.56
12.1	Finished Goods includes stock in transit of Rs. 299.02 Lakhs (31st March, 2017 Rs.Nil/-, 01st April, 2016 Rs. Nil/-).			
13	Trade Receivables			
	Unsecured, Considered Good	2,707.56	3,901.52	3,914.49
	Doubtful	49.85	77.83	119.09
	Receivables from Related Parties (Refer Note 49)	-	-	-
	Less: Allowance for Doubtful Debts	48.26	72.75	72.97
	Less: Bad Debts	1.59	3.96	46.12
	Total	2,707.56	3,902.64	3,914.49
13.1	The Company has computed the expected credit loss allowance for doubtful trade receivables based on past experience.			
13.2	Trade Receivables includes an amount of Rs. 186.34 Lakhs (31 st March, 2017 Rs. 145.17 Lakhs, 01 st April, 2016 Rs. 145.33 Lakhs) due from related Parties.			
13.3	Trade Receivables amounting Rs. 104.20 Lakhs (31 st March, 2017 Rs. 188.02 Lakhs, 01 st April, 2016 Rs. 179.64 Lakhs) is held against letter of credit provided by customers of the Company.			
14	Cash and Cash Equivalents			
	(a) Balances with Banks			
	- in Current Accounts	37.22	4.20	26.89
	- in EEFC account	5.36	0.89	-
	(b) Cash in Hand	1.00	2.64	2.27
	Total	43.58	7.73	29.16

Notes to the Financial Statements

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

Note No.	Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
15	Bank Balances other than Cash and Cash Equivalents			
	Margin Money Deposit	32.52	-	-
	Total	32.52	-	-
16	Other Current Financial Assets (Unsecured, Considered Good)			
	Export Incentives Receivable	14.25	12.68	30.11
	Total	14.25	12.68	30.11
17	Other Current Assets (Unsecured Considered Good)			
	VAT Refund Receivable	59.43	129.04	148.66
	Cenvat Credit Receivable	-	475.19	289.85
	GST Credit Receivable	458.88	-	-
	Prepaid Expenses	9.92	1.85	12.57
	Interest Receivable	10.09	19.73	9.58
	Advance to Suppliers	505.85	239.89	360.97
	Export Benefits Receivable	76.40	88.73	1.11
	Other Advances and Receivables	21.69	132.84	43.29
	Total	1,142.26	1,087.27	866.03
17.1	Advance to Suppliers includes an amount of Rs. 182.82 Lakhs (31st March, 2017 Rs. 78.96 Lakhs, 01st April, 2016 Rs 93.24 Lakhs) to R Chem (Somanahalli) Pvt Ltd, a related Party.			
17.2	The Company has paid an amount of Rs. 133.42 Lakhs as advance for import of raw materials. This amount was included in Advance to Suppliers. The said materials was kept with Universal Logistics, (a Customs notified godown) where the said material got damaged due to fire. Universal Logistics has filed a case against the insurance Company and made the Company as one of the party. Subsequently, the Company has also made a claim against the said Universal Logistics for recovery. The management is confident of recovery of the said amount.			
18	Current Taxes (Net)	-	-	123.89
18.1	Movement in Current Tax Assets/(Liabilities)			
	Advance Tax	115.57	548.63	194.02
	TDS Receivable	19.91	9.60	3.82
	Less: Provision for Income Tax	170.00	600.00	73.95
	Sub Total	(34.52)	(41.77)	123.89
	Amount disclosed under current tax Liabilities. (Refer Note 28)	34.52	41.77	-
	Total	-	-	123.89

Notes to the Financial Statements

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

Note No.	Particulars	As at 31 st March, 2018		As at 31 st March, 2017		As at 01 st April, 2016	
		Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
19	Equity Share Capital						
	Authorised Share Capital						
	Equity Shares of Rs. 10/- each	3,250,000	325.00	250,000	25.00	250,000	25.00
	Issued, Subscribed and fully Paid Up						
	Equity Shares of Rs. 10/- each	3,023,287	302.33	10,000	1.00	10,000	1.00
	Total	3,023,287	302.33	10,000	1.00	10,000	1.00

19.1 All above shares are issued for consideration other than cash in pursuance of Demerger Scheme (Refer Note 41)

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

Equity Shares						
At the beginning of the Year	10,000	1.00	10,000	1.00	10,000	1.00
Cancellation of Shares in pursuance of Demerger Scheme	(10,000)	(1.00)	-	-	-	-
Issued during the Year in Pursuance of Demerger Scheme	3,023,287	302.33	-	-	-	-
At the end of the Year	3,023,287	302.33	10,000	1.00	10,000	1.00

19.3 Rights attached to Equity Shares

The Company has only one class of equity shares having par 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.

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

Ramesh Babu Potluri	518,105	17.14%				
Hima Bindu Potluri	441,905	14.62%	-	-	4,700	47.00%
Potluri Hari Kishore			-	-	4,700	47.00%
TVVSN Murthy*	436,012	14.42%	-	-		
T. Annapurna	156,797	5.19%	-	-		
SMS Pharmaceuticals Limited			10,000	100%		
Potluri Infra Projects LLP	213,213	7.05%				

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

Notes to the Financial Statements

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

Note No.	Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
20.4	Nature and Purpose of Reserves			
(i)	Capital Reserve			
	Capital Reserve was created on cancellation of share capital existing as on the date of issue of share capital in pursuance of Demerger Scheme. The Company uses this reserve for transactions in accordance with the provisions of the Companies Act, 2013.			
(ii)	General Reserve:			
	The Company generally appropriates a portion of its earnings to the general reserve to be used for contingencies. These reserves are freely available for use by the Company.			
(iii)	Retained Earnings:			
	These are the accumulated earnings after appropriation of total comprehensive income and related transfers. The Company uses retained earnings in accordance with the provisions of the Companies Act.			
	Financial Liabilities			
21	Non - Current Borrowings			
21.1	Secured			
(i)	Term Loans from Banks			
(a)	Export Import Bank of India	888.49	1,483.90	2,079.30
(ii)	Hire Purchase Loans	23.03	-	4.67
	Sub Total	911.52	1,483.90	2,083.97
21.2	Unsecured			
(i)	Sales Tax Deferment Loan	112.55	112.55	244.47
(ii)	From Directors	495.00	-	-
	Sub Total	607.55	112.55	244.47
	Total	1,519.07	1,596.45	2,328.44
21.3	Current Maturities of Non Current Borrowings			
	Secured			
(a)	Term Loans from Banks			
(i)	Export Import Bank of India	600.00	600.00	600.00
(b)	Hire Purchase Loans	16.93	4.67	16.08
	Unsecured			
(i)	Sales Tax Deferment Loan	-	-	65.48
	Total	616.93	604.67	681.56
	Amount disclosed under the head "Other Current Financial Liabilities" (Refer Note 26)	(616.93)	(604.67)	(681.56)
	Total	-	-	-

Notes to the Financial Statements

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

21.1.1 Security Terms

- 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 P.Ramesh Babu, Director and Sri TVVSN Murthy, Managing Director of the Company in their personal capacities.
- Hire Purchase Loan availed from ICICI Bank Ltd is secured by the respective vehicles.
- The carrying amounts of financial and non-financial assets pledged as security for current and non current borrowings are disclosed in Note 44.

21.1.2 Rate of Interest: The above said term loan carries an interest rate @ 11.5% p.a (LTMLR+250 bps p.a.)

21.1.3 Terms of Repayment

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

21.1.4 Current Maturities of Long Term borrowings have been disclosed separately under the head other current financial liabilities (Refer Note No.26)

21.2.1 Un-Secured Loans

- During the Year, the Company has taken Unsecured Loan from Sri TVVSN Murthy, Managing Director for an amount of Rs. 495.00 Lakhs. The above said loan is carrying interest rate of 9.75% pa.
- Sales Tax (deferment) Loan liability is due for repayment as under:

Year	Amount	Year of Repayment
2006-07	69.63	2019-20
2007-08	42.92	2020-21
Total	112.55	

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

Particulars	As at	As at
	31 st March, 2018	31 st March, 2017
Opening Borrowings	1,596.45	2,328.44
Add: Opening Current Maturities	604.67	681.56
Add: Amortisation of Transaction Cost	4.59	4.60
Add: Received during the year	546.93	-
Less: Paid during the year	616.64	813.48
Closing Borrowings	2,136.00	2,201.12
Less: Closing Current Maturities	616.93	604.67
Non Current Borrowings as per Balance Sheet	1,519.07	1,596.45

Notes to the Financial Statements

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

Note No.	Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 01 st April 2016
22	Provisions			
	Employee Benefit Obligations			
	Non Current			
	Gratuity	171.35	156.98	105.18
	Leave Encashment	28.40	26.25	24.46
	Sub Total	199.75	183.23	129.64
	Current			
	Gratuity	35.12	23.52	13.73
	Leave Encashment	24.69	23.60	24.29
	Sub Total	59.81	47.12	38.02
	Gratuity	206.47	180.50	118.91
	Leave Encashment	53.09	49.85	48.75
	Total	259.56	230.35	167.66

22.1 For details of Post Employment Obligations. Refer Note. 43

23 Deferred Tax Liabilities (net)

The balance comprises Temporary Differences attributable to:

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
(a) Deferred Tax Liability			
(i) Property, Plant and Equipment	901.96	1,092.92	1,111.56
(ii) Others	3.20	5.57	7.16
Total	905.16	1,098.49	1,118.72
(b) Deferred Tax Asset			
(i) Expenses allowable on Payment basis	80.03	90.73	58.03
(ii) MAT Credit	-	84.18	84.18
(iii) Others	108.39	162.73	154.68
Total	188.42	337.64	296.89
Net Deferred Tax Liabilities (a)-(b)	716.74	760.85	821.83

Notes to the Financial Statements

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

(c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Others	Total
As at 01st April, 2016	1,111.56	7.16	1,118.72
Charged/(Credited)	(18.64)	(1.59)	(20.23)
As at 31st March, 2017	1,092.92	5.57	1,098.49
Charged/(Credited)	(190.96)	(2.37)	(193.33)
As at 31st March, 2018	901.96	3.20	905.16

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on Payment basis	MAT Credit	Others	Total
As at 01st April, 2016	58.03	84.18	154.68	296.89
(Charged)/Credited	32.70	-	8.05	40.75
As at 31st March, 2017	90.73	84.18	162.73	337.64
(Charged)/Credited	(10.70)	(84.18)	(54.34)	(149.22)
As at 31st March, 2018	80.03	-	108.39	188.42

Note No.	Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
24	Current Borrowings			
24.1	Secured			
	Working Capital Loans from Banks			
	- State Bank of India	-	403.53	533.63
	- RBL Bank Ltd	599.31	-	-
24.2	Unsecured			
	Others	-	0.30	0.30
	Total	599.31	403.83	533.93

24.1.1 Security Terms

- (a) Working capital facility sanctioned by RBL Bank Limited is secured by first charge on pari-passu basis of all current assets both present and future. These facilities are further secured by way of second charge on pari-passu basis of all movable and immovable fixed assets of the Company both present and future and also guaranteed by Sri TVVSN Murthy, Managing Director and Sri P.Ramesh Babu, Director of the Company in their personal capacities.
- (b) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 44.

Notes to the Financial Statements

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

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

24.1.3 During the year, RBL Bank Limited has extended total working capital facilities of Rs. 4,300.00 Lakhs consisting of fund based and non fund based with interchangeability. Fund based balance outstanding as on 31.03.2018 is Rs. 599.31 Lakhs and non fund based outstanding as on 31.03.2018 is Rs. 456.90 Lakhs.

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

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

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Opening Borrowings	403.83	533.93
Add: Received during the year	599.31	-
Less: Paid during the year	403.83	130.10
Current Borrowings as per Balance Sheet	599.31	403.83

Note No.	Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
25	Trade Payables			
(a)	Creditor for Supply of Materials			
(i)	Due to Micro, Small and Medium Enterprises (Refer Note 54)	398.06	483.57	230.92
(ii)	Due to Related Parties			
(ii)	Others	3,668.01	4,646.24	4,480.73
(b)	Creditors for Expenses	373.18	410.50	547.73
	Total	4,439.25	5,540.31	5,259.38
26	Other Financial Liabilities			
	Current			
	Current Maturities of Long-Term Debt	616.93	604.67	681.56
	Capital Creditors	484.43	2.14	237.77
	Interest Accrued but not due	16.63	21.31	28.12
	Total	1,117.99	628.12	947.45
27	Other Current Liabilities			
	Statutory dues Payable	106.27	75.61	109.55
	Advance from Customers	3.85	30.98	126.89
	Employee Benefits Payable	28.11	31.81	26.46
	Total	138.23	138.40	262.90
28	Current Tax Liabilities (Net)	34.52	41.77	-

28.1 Movement in Current Tax (Assets)/Liabilities given in Note 18.1

Notes to the Financial Statements

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

Note No.	Particulars	Current Year 2017-18	Previous Year 2016-17
29	Revenue from Operations		
(a)	Sale of Products (including Excise Duty)	22,618.30	22,438.77
	Less: Sales Tax	45.99	165.57
	Less: Goods and Service Tax	1,677.51	-
	Net Revenue from Sales	20,894.80	22,273.20
(b)	Income from Services		
(i)	Conversion Charges	514.38	160.02
	Less: Goods and Service Tax	74.95	-
	Net Revenue from Services	439.43	160.02
(c)	Other Operating Income		
	Export Incentives	413.94	358.70
	Total Net Revenue from Operations (a+b+c)	21,748.17	22,791.92

29.1 Goods and Service Tax (GST) has come into force w.e.f 01st July, 2017. The revenue for the year ended 31st March, 2018 is net of such GST. However, the revenues for the year ended 31st March, 2017 and current year upto 30th June, 2017 are inclusive of Excise Duty of an amount of Rs.1201.62 Lakhs and Rs.444.97 Lakhs respectively.

Note No.	Particulars	Current Year 2017-18	Previous Year 2016-17
30	Other Income		
(a)	Interest Income	24.54	35.84
(b)	Profit on Sale of Asset	2.16	-
(c)	Net Gain on Foreign Exchange	223.67	109.97
(d)	Miscellaneous Income (Net of GST)	57.35	26.77
	Total	307.72	172.58
31	Cost of Materials Consumed		
	Raw Materials & Packing Materials		
	Stock at the Beginning of the Year	1,176.88	1,362.30
	Add: Purchases	13,862.22	12,182.53
	Less: Stock at the End of the Year	1,537.85	1,176.88
	Total Materials Consumed	13,501.25	12,367.95

Notes to the Financial Statements

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

Note No.	Particulars	Current Year 2017-18	Previous Year 2016-17
32	Changes in Inventories		
(a)	Opening Stock of Inventory:		
	Finished Goods	77.22	52.52
	Stock in Process	3,093.22	2,757.25
	Sub Total (a)	3,170.44	2,809.77
(b)	Closing Stock of Inventory		
	Finished Goods	937.03	77.22
	Stock in Process	2,439.62	3,093.22
	Sub Total (b)	3,376.65	3,170.44
	(Increase)/Decrease in Stocks (a) - (b)	(206.21)	(360.67)
33	Manufacturing Expenditure		
	Power and Fuel	2,002.08	2,040.27
	Consumable Stores	126.82	123.04
	Testing Charges	12.73	15.11
	Water Charges	106.91	115.81
	Conversion Charges	1,112.26	1,192.04
	Effluent Treatment Charges	265.32	276.94
	Repairs and Maintenance		
	to Plant and Machinery	261.44	344.05
	to Buildings	15.20	54.26
	Factory Maintenance	47.84	39.27
	Total	3,950.60	4,200.79
34	Employee Benefit Expenses		
	Salaries, Wages and Bonus	1,557.28	1,513.65
	Contribution to Provident Fund	99.46	72.50
	Contribution to ESI	15.47	10.77
	Staff Welfare Expenses	92.40	91.67
	Total	1,764.61	1,688.59
35	Finance Cost		
	Interest on Non Current Borrowings	203.94	284.07
	Interest on Current Borrowings	97.01	209.66
	Interest on Others	8.30	8.26
	Bank Charges	108.67	114.48
	Total	417.92	616.47

Notes to the Financial Statements

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

Note No.	Particulars	Current Year 2017-18	Previous Year 2016-17
36	Depreciation and Amortisation Expense		
	Depreciation on Property, Plant and Equipment	569.06	554.43
	Depreciation on Investment Property	1.03	1.02
	Amortisation of Intangible Assets	0.27	-
	Total	570.36	555.45
37	Other Expenses		
	Rent	22.27	22.42
	Rates and Taxes	41.75	31.75
	Repairs & Maintenance to Other Assets	7.88	5.08
	Insurance	33.19	32.13
	Directors Remuneration	242.07	-
	Travelling and Conveyance	18.28	19.64
	Communication Expenses	7.39	13.31
	Printing and Stationery	37.89	31.65
	Payments to Auditors -Statutory Audit Fee	6.00	6.00
	Cost Audit Fee	0.50	-
	Vehicle Maintenance	23.83	26.87
	Interest on Indirect Taxes	2.67	3.57
	Loss on Sale of Assets	3.58	-
	General Expenses	81.74	34.44
	Bad Debts Written Off	1.59	3.96
	Business Promotion Expenses	28.01	25.88
	Sales Commission	176.30	229.29
	Carriage Outward	233.37	361.18
	Total	968.31	847.17
37.1	Expenditure relating to Directors Remuneratrion and Cost Audit fee for the previous year i.e. 2016-17 were considered in the books of Demerged Company, SMS Pharmaceuticals Ltd. Hence, current year figures under these heads are not comparable.		
37.2	Corporate Social Responsibility Expenditure		
	Balance brought forward from Previous Year	-	-
	Amount required to be spent as per section 135 of the Companies Act, 2013	12.31	-
	Amount spent during the year on		
	(i) Construction/Acquisition of an Asset		
	(ii) On Purpose other than (i) above	-	-
	Total	-	-
	Balance Carried forward to Next Year	12.31	-
37.3	The Company has initiated to construct a school building near by village of its Khazipally unit with an estimate of Rs. 16.00 Lakhs.		

Notes to the Financial Statements

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

Note No.	Particulars	Current Year 2017-18	Previous Year 2016-17
38	Income Tax Expense		
	Current Tax		
	Current Tax on Profits for the Year	170.00	600.00
	Adjustments for Current Tax of Prior Years	(133.72)	
	Total Current Tax	36.28	600.00
	Deferred Tax		
	Increase (Decrease) in Deferred Tax Liabilities	(193.33)	(20.23)
	Decrease (increase) in Deferred Tax Assets	149.21	(40.75)
	Acturial (Gain)/Loss	(2.63)	12.87
	Total Deferred Tax Expense/(Benefit)	(46.75)	(48.11)
	Total Tax Expenses	(10.47)	551.89
38.1	Reconciliation of Tax Expense with Tax on Accounting Profits at normal rate is as follows:		
	(a) Profit before Income Tax Expenses	639.66	1,846.21
	(b) Enacted Tax Rate in India	27.55%	34.61%
	(c) Expected Tax Expenses (a)x(b)	176.24	638.94
	(d) Tax Effect on Permanent Difference:		
	Adjustment of Current Tax of Prior Periods	(49.54)	-
	Others	(137.17)	(87.05)
	Total Adjustments	(186.71)	(87.05)
	Expense as per Profit & Loss	(10.47)	551.89
	Effective Tax Rate	(1.64%)	29.89%
39	Other Comprehensive Income		
	Actuarial Gain/(Loss) on Post Employment Benefit Expenses	8.89	(37.19)
	Return on Plan Assets excluding net interest	0.55	-
		9.44	(37.19)
	Deferred Taxes on above	(2.63)	12.87
	Net Comprehensive Income	6.81	(24.32)

Notes to the Financial Statements

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

Note No.	Particulars	Current Year 2017-18	Previous Year 2016-17
40	Earning Per Share (Basic and Diluted)		
(a)	Net profit for Basic & Diluted EPS	650.13	1,294.32
(b)	Weighted average number of equity shares of Rs.10/- each -Basic	3,023,287	10,000
(c)	Weighted average number of equity shares of Rs.10/- each -Diluted	3,023,287	3,023,287
(d)	Earnings per share -Basic	21.50	12,943.19
(e)	Earnings per share -Diluted	21.50	42.81

41 Scheme of arrangement (De-Merger) between the Company and SMS Pharmaceuticals Ltd, the Demerged Company.

The Demerger Scheme as sanctioned by the National Company Law Tribunal (NCLT) has been implemented with appointed date as 01st April, 2016 as provided in the Scheme. Accordingly, the Company has vested with all assets and liabilities pertaining to each of the demerged undertakings at their book value as appearing in the books of the demerged Company. The balances present in the financial statements as on 01st April, 2016 are conferred with the Company as per this scheme.

During the year, the Company has allotted 30,23,287 Equity Shares of Rs. 10/- each out of general reserve vested with the Company on 01st April, 2016 in pursuance of the demerger scheme.

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- (i) M/s SMS Pharmaceuticals Ltd (SMSPL), the demerged Company, has entered in to an agreement with M/s. Divya Enterprises Limited for purchase of industrial plot bearing number D-63, Phase - I, IDA Jeedimetla, Hyderabad for a consideration of Rs.60.00 Lakhs. Pending registration of the same, Demerged Company has taken the possession during the year 2002-03 and has paid the concederation to the vendor.
 - (ii) The Company is pursuing to sought out the issue to get the title.
 - (iii) The Demerged Company has constructed/modified buildings and structures to suit the requirement for carrying out its manufacturing activity in the said premises and has incurred an amount of Rs.169.68 Lakhs during the earlier years for modification of buildings and also for acquiring required equipment and other assets. The said assets were capitalized In the books of the demerged Company and it has claimed depreciation up to 31-03-2016 and thereafter, the Company is contuing to charge the depreciation on these assets.
 - (iv) Central excise department has issued a demand for an amount of Rs.16.40 Lakhs towards interest for the period from 01-04-1995 to 18-03-2011 jointly in the name of Divya Enterprises Limited and Demerged Company for which M/s Divya Enterprises Limited has obtained stay from the Honourable High court of Andhra Pradesh in the year 2013.
 - (v) The assets mentioned in above (i) and (ii) have got transferred from the Demerged Company by virtue of scheme of arrangement approved by the NCLT (National Company Law Tribunal) dated 15-05-2017. presently no manufacturing activity is carried out at this premises.

Notes to the Financial Statements

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

43 Post Employment Benefits

43.1 Defined Contribution Plans

43.1.1 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.99.46 Lakhs. (Previous Year- Rs. 72.50 Lakhs).

43.1.2 Employer's Contribution to State Insurance Scheme:

Contributions are made to State Insurance Scheme for employees at the rate of 4.75%. The Contributions are made to Employee State Insurance Corporation(ESI) to the respective State Governments of the Company's location. This Corporation is administered by the Government and the obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards ESI Contribution is Rs.15.47 Lakhs (Previous Year - Rs.10.77 Lakhs).

43.2 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, 2018		31 st March, 2017	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
43.2.1 Net Employee Benefit Expense				
(recognised in Employee Benefit Expenses)				
Current Service Cost	15.66	8.64	13.15	14.61
Interest Cost	11.57	3.28	11.25	1.80
Past Service Cost (Vested Benefits)	24.50			
Contribution Paid	(17.57)	(1.71)	-	(3.15)
Adjustment to Opening Balance	1.25			
Net Employee Benefit Expenses	35.41	10.21	24.40	13.26
43.2.2 Other Comprehensive Income				
Acturial Gain/(Loss)	9.44	6.97	(37.19)	12.16
Actual return on plan asset	0.92	-	-	-

Notes to the Financial Statements

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

Particulars	31 st March, 2018		31 st March, 2017	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
43.2.3 Amount recognised in the Balance Sheet				
Defined Benefit Obligation	219.57	53.09	180.50	49.85
Fair Value of Plan Assets	(13.10)	-	-	-
	206.47	53.09	180.50	49.85
43.2.4 Other comprehensive income in case of employees compensated absence scheme not considered as it was not funded.				
43.2.5 Change in the Present Value of the Defined Benefit Obligation				
Opening Defined Benefit Obligation	180.50	49.85	150.74	48.75
Adjustment to Opening Balance	1.25	-	-	-
Current Service Cost	15.66	8.64	13.15	14.61
Interest Cost	11.57	3.28	11.25	1.80
Past Service Cost	24.50	-	-	-
Contribution Paid	(17.57)	(1.71)	-	(3.15)
Benefits Paid	-	-	(31.83)	-
Net Actuarial (gain)/losses on Obligation for the year recognised under OCI	(9.44)	(6.97)	37.19	(12.16)
Closing Defined Benefit Obligation	206.47	53.09	180.50	49.85
43.2.6 Change in the Fair Value of Plan Assets				
Opening Fair Value of Plan Assets	-	-	-	-
Adjustment to Opening Fair Value of Plan Asset	(1.25)	-	-	-
Return on Plan Assets Excluding Interest Income	0.55	-	-	-
Interest Income	0.37	-	-	-
Contributions	17.57	-	-	-
Benefits Paid	(4.14)	-	-	-
Closing Fair Value of Plan Assets	13.10	-	-	-
43.2.7 Actuarial (Gain)/Loss on Obligation				
Due to Demographic Assumption	-	-	-	-
Due to Financial Assumption	(18.28)	-	83.03	-
Due to Experience	9.39	-	(45.84)	-
Return on Plan Assets excluding Interest	(0.55)	-	-	-
Total Actuarial (Gain)/Loss	(9.44)	-	37.19	-

Notes to the Financial Statements

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

Note No.	Particulars	31 st March, 2018	31 st March, 2017
43.2.8	The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
	State Govt Security	6.51	-
	Central Govt Security	2.46	-
	NCD/Bonds	2.97	-
	Others	1.16	-
	Total	13.10	-

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

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

Particulars	31 st March 2018	31 st March 2017
Discount rate	7.68%	6.69%
Attrition Rate	PS : 0 to 40 : 2%	PS : 0 to 40 : 2%
Expected rate of increase in Salary	3.00%	3.00%
Expected rate of return on Plan Assets		
Mortality Table	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Expected average remaining Service (Yrs)	17.17	17.66

- 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 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.

43.2.10 Sensitivity analysis

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

Particulars	31 st March 2018	31 st March 2017
Defined Benefit Obligation	171.35	156.98
Effect of 1% change in assumed discount rate on defined benefit obligation		
Increase : +1%	203.47	165.20
Decrease: -1%	238.05	198.21
Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
Increase : +1%	237.67	196.43
Decrease: -1%	203.49	166.27

Notes to the Financial Statements

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

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.

43.2.11 Other Information

(i) Expected rate of return basis

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

(ii) Description of Plan Assets and Reimbursement Conditions

100% of the Plan Asset is entrusted to LIC of India under their Group Gratuity Scheme. The reimbursement is subject to LIC's Surrender Policy

(iii) Discount Rate

The discount rate has increased from 6.69% to 7.68% and hence there is a decrease in liability leading to actuarial gain due to change in discount rate.

(iv) Present Value of Defined Benefit Obligation:

Present value of the defined benefit obligation is calculated by using Projected Unit Credit Method (PUC Method). Under the PUC Method, a "projected accrued benefit" is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the Plan. The "Projected accrued benefit" is based on the Plan's accrual formula and upon service as of the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the "Projected accrued benefits" as of the beginning of the year for active members.

(v) Expected Average remaining service vs. Average remaining future service:

The average remaining service can be arithmetically arrived by deducting current age from normal retirement age whereas the expected average remaining service is arrived actuarially by applying multiple decrements to the average remaining future service namely mortality and withdrawals. Thus, the expected average remaining service is always less than the average remaining future service.

(vi) Current and Non Current Liability:

The total of current and non-current liability must be equal with the total of PVO (Present value obligation) at the end of the period plus short term compensated liability if any. It has been classified in terms of "Schedule III" of the Companies Act, 2013.

(vii) Defined Benefit Liability and Employer Contributions

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

Notes to the Financial Statements

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

The Weighted Average duration of the defined benefit obligation is 9.14 years (2016-17 10.33 years). The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	31 st March, 2018	31 st March, 2017
1st Year	8.97	23.52
2nd Year	22.78	7.32
3rd Year	11.93	18.49
4th Year	9.32	10.13
5th Year	11.07	8.14
beyond 5th Year	102.54	73.37

43.2.12 Risk Exposure

Though it is defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

(a) Investment / Interest Risk:

The Company is exposed to Investment / Interest risk if the return on the invested fund falls below the discount rate used to arrive at present value of the benefit.

(b) Longevity Risk:

The Company is not exposed to risk of the employees living longer as the benefit under the scheme ceases on the employee separating from the employer for any reason.

(c) Risk of Salary Increase

The Company is exposed to higher liability if the future salaries rise more than assumption of salary escalation.

44 Assets pledged as Security

For Non Current Borrowings

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

For Current Borrowings

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

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings of an amount of Rs.2,144.39 Lakhs (as at 31st March, 2017, Rs. 2,513.41 Lakhs and as at 01st April, 2016 Rs. 3,327.28 Lakhs) are as follows:

Particulars	31 st March, 2018	31 st March, 2017	01 st April, 2016
Property, Plant and Equipment	6,835.84	7,267.66	7,319.37
Investment Property	80.20	81.22	82.25
Sub Total	6,916.04	7,348.88	7,401.63
Current Assets	8,871.78	9,389.77	9,023.35
Total Assets Pledged as Security	15,787.82	16,738.65	16,424.98

Notes to the Financial Statements

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

Financial Instruments and Risk Management

45 Categories of Financial Instrument

Particulars	Notes	Level	As at 31 st March, 2018		As at 31 st March, 2017		As at 01 st April, 2016	
			Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial Assets								
(i) Non Current								
(a) Investment in Equity Instruments	8	3	500.35	500.35	4.11	4.11	4.11	4.11
(b) Bank Balances	9	3	107.88	107.88	292.42	292.42	270.04	270.04
(c) Other Financial Assets	10	3	196.69	196.69	208.17	208.17	149.47	149.47
Sub - Total			804.92	804.92	504.70	504.70	423.62	423.62
(ii) Current								
(a) Trade Receivables	13		2,707.56	2,707.56	3,902.64	3,902.64	3,914.49	3,914.49
(b) Cash and Cash Equivalents	14	refer	43.58	43.58	7.73	7.73	29.16	29.16
(c) Other Bank Balances	15	note	32.52	32.52	-	-	-	-
(d) Other Financial Assets	16	45.2	14.25	14.25	12.68	12.68	30.11	30.11
Sub - Total			2,797.91	2,797.91	3,923.05	3,923.05	3,973.76	3,973.76
Total Financial Assets			3,602.83	3,602.83	4,427.75	4,427.75	4,397.38	4,397.38
B. Financial Liabilities								
(i) Non Current								
(a) Borrowings	21	3	1,519.07	1,519.07	1,596.45	1,596.45	2,328.44	2,328.44
(ii) Current								
(a) Borrowings	24	refer	599.31	599.31	403.83	403.83	533.93	533.93
(b) Trade Payables	25	note	4,439.25	4,439.25	5,540.31	5,540.31	5,259.38	5,259.38
(c) Other Financial Liabilities	26	45.2	1,117.99	1,117.99	628.12	628.12	947.45	947.45
Sub - Total			6,156.55	6,156.55	6,572.26	6,572.26	6,740.76	6,740.76
Total Financial Liabilities			7,675.62	7,675.62	8,168.71	8,168.71	9,069.20	9,069.20

45.1 The Company's Principal Financial liabilities comprise Loans and Borrowings, Trade Payables and other Liabilities. The main purpose of these financial Liabilities is to Finance the Company's Operations. The Company's Principal Financial Assets include Loans, Trade and Other Receivables, Cash and Cash Equivalents, Bank balances that derive directly from its Operations.

45.2 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.

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

45.4 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.

45.5 The carrying amount reported in statement of Financial Position for Investment in Equity Instruments approximate their respective fair values based on the fair valuation performed as at 31st March, 2018.

Notes to the Financial Statements

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

46 Fair Value Measurements

46.1 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 (un adjusted) 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.

46.2 Valuation techniques used to determine fair value:

Specific Valuation techniques used to value financial instruments include:

- The use of quoted market price or dealer quotes for similar instruments.
- The fair value of remaining financial instruments is determined using discounted cashflow analysis.

46.3 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.

47 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.

47.1 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 credit worthiness 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 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.

Notes to the Financial Statements

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

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

Particulars	31 st March, 2018	31 st March, 2017	01 st April, 2016
Gross Carrying Amount	2,755.82	3,975.39	3,987.46
Expected Credit Losses (Loss allowance Provision)	48.26	72.75	72.97
Net Carrying Amount of Trade Receivables	2,707.56	3,902.64	3,914.49

Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	Outstanding			Total
	for < 90 days	> 90 days & < 180 days	for > 180 days	
Gross Carrying Amount of Trade Receivables	2,175.60	549.29	30.93	2,755.82
Expected Loss Rate	1.75%	1.75%	1.75%	1.75%
Expected Credit Losses (Loss Allowance Provision)	38.10	9.62	0.54	48.26
Net Carrying Amount of Trade Receivables	2,137.50	539.67	30.39	2,707.56

47.2 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
31 March, 2018					
Non Current Borrowings (including Current Maturities)	616.93	1,024.07		495.00	2,136.00
Current Borrowings	599.31				599.31
Interest Accrued but not due	16.63				16.63
Trade Payables	4,439.25				4,439.25
Other Payables	484.43				484.43
31 March, 2017					
Non Current Borrowings (including Current Maturities)	604.67	1,553.53	42.92		2,201.12
Current Borrowings	403.83				403.83
Interest Accrued but not due	21.31				21.31
Trade Payables	5,540.31				5,540.31
Other Payables	2.14				2.14

Notes to the Financial Statements

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

47.3 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 regard 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.

	Change in basis points		Effect on Profit before Tax	
	Increase	Decrease	Decrease	Increase
31 March, 2018	0.50%	0.50%	(13.68)	13.68
31 March, 2017	0.50%	0.50%	(13.02)	13.02

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

(ii) Foreign Currency Exchange Rate Risk:

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

The Company has transactional currency exposures arising from services provided or availed that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars (\$). The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

(a) Details of Unhedged Foreign Currency Exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

Particulars	Currency	31 st March, 2018			31 st March, 2017		
		Amount in Foreign Currency	Amount in Rs.	Conversion Rate	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
Trade Receivables	USD	15.11	983.17	65.07	27.07	1,754.37	64.81
Trade Payables	USD	31.29	2,036.22	65.07	32.12	2,081.36	64.81

(b) Foreign Currency Sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

Notes to the Financial Statements

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

Particulars	Effect on Profit before Tax	
	31 st March, 2018	31 st March, 2017
USD Sensitivity		
Rs/USD - Increases by 1%	(10.53)	(3.27)
Rs/USD - Decreases by 1%	10.53	3.27

(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 price (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.

48 Capital Management

For the purposes of the Company's Capital Management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

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

Particulars	31 st March, 2018	31 st March, 2017	01 st April, 2016
Borrowings including Interest Accrued	2,751.94	2,626.26	3,572.05
Less: Cash and Short Term Deposits	43.58	7.73	29.16
Net Debt	2,708.36	2,618.53	3,542.89
Equity	302.33	1.00	1.00
Other Equity	8,538.48	8,182.87	6,911.77
Total Equity	8,840.81	8,183.87	6,912.77
Total Capital	11,549.17	10,802.40	10,455.66
Gearing Ratio (Net Debt/[(Net Debt +Total Equity)])	0.23	0.24	0.34

49 Leases (Ind AS -17):

49.1 Operating Lease Commitments - Company as Lessee

The Company has taken leased premises for its office use on sub lease basis upto 31.03.2019. During the year, the Company has paid an amount of Rs. 22.27 Lakhs (Previous Year Rs. 22.42 Lakhs) towards rental charges. As the said lease is revocable by either of the parties with prior notice, other disclosure requirements under Ind AS 17 "Leases" is not applicable.

49.2 Operating Lease Commitments - Company as Lessor

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

Notes to the Financial Statements

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

50 Related Party Transactions

(a) Key Management Personnel(KMP)

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

(b) Relatives of KMP

Name of the Relative	Relationship with KMP
Sri. T V Praveen	Son of Sri TVVSN Murthy

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

Relationship	Name of the Company
Enterprises over which KMP are able to Exercise Significant Influence	1. SMS Pharmaceuticals Limited
	2. Rchem(Somanahalli) Private Limited
	3. VKT Pharma Private Limited

(d) Transactions with Related Parties:

Name of the Company	31 st March 2018	31 st March 2017
	Amount	Amount
Key Management Personnel		
Remuneration - (Short Term Employee Benefits)	260.24	-
Unsecured Loan Taken	495.00	-
Interest on Unsecured Loan	2.19	-
Relatives of KMP		
Remuneration - (Short Term Employee Benefits)	51.00	40.13
Enterprise with Significant Influence		
Purchases	180.96	216.29
Sales	1,382.56	398.86
Conversion Charges	984.90	858.05
Balance (Payable)/Receivable at the year end		
Key Management Personnel		
Remuneration Payable	11.26	-
Unsecured Loan Payable	495.00	-
Interest Payable	2.19	-
Relatives of KMP		
Remuneration Payable	1.63	1.81
Enterprise with Significant Influence	369.16	-

(e) Note:

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

Notes to the Financial Statements

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

51 Contingent Liabilities

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Guarantees issued by the Bankers	32.00	24.00	-
Letter of credit opened in favor of suppliers for which goods are yet to be received	72.17	1,129.83	548.76
Disputed Income Tax Demands	22.62	22.62	22.62
Interest dues in respect of disputed demands of Income Tax and Central Excise	177.72	177.72	168.71
Interest dues in respect of disputed demands of Central Excise (Refer Note 42)	16.40	16.40	16.40
Non Agricultural Land Tax	22.50	22.50	22.50
Claims not acknowledged as debt	10.40	10.40	10.40
Penal Interest on Provident Fund	7.52	7.52	7.52

52 Commitments

Particulars	As at 31 st March, 2018	As at 31 st March, 2017	As at 01 st April, 2016
Capital Commitments	-	-	-
Export Obligations	3,739	5,131	4,922

53 Segment Information

(a) Description of Segments and Principal Activities

The Managing Director has been identified as being the chief operating decision maker(CODM). Operating segments are defined as components of an enterprise for which discrete financial information is available. This is evaluated regularly by the CODM, in deciding how to allocate resources and assessing the Company's performance. The Company is engaged in manufacturing and sale of Active Pharma Ingredients and their Intermediates and operates in a single operating segment.

Revenues are attributed to geographical areas based on the location of the customers as detailed below:

Particulars	Current Year 2017-18		Previous Year 2016-17	
	Revenue	%	Revenue	%
Exports	10,775.29	49.55%	13,184.07	57.85%
Domestic	10,158.09	46.71%	7,979.01	35.01%
Deemed Exports	400.85	1.84%	1,270.14	5.57%
Export Incentive	413.94	1.90%	358.70	1.57%
Total	21,748.17	100.00%	22,791.92	100.00%

Notes to the Financial Statements

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

54 Payables to Micro, Small & Medium Enterprises

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

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	398.06	483.57
(ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.		
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;		
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	8.10	5.40
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.		

The above information regarding Micro Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors

55 Disclosure relating to Specified Bank Notes (SBNs) held and transacted during the period from 08-11-2016 to 30-12-2016:

Particulars	SBNs	Other Denomi- nation Notes	Total
Closing Cash in hand as on 08-11-2016	3.41	1.43	4.84
(+) Permitted receipts		4.21	4.21
(-) Permitted Payments	-	(4.49)	(4.49)
(-) Amount Deposited in Banks	(3.41)	-	(3.41)
Closing Cash Balance as on 30-12-2016	-	1.15	1.15

*Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

Notes to the Financial Statements

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

56 First-Time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 4 have been applied in preparing the financial statements for the year ended 31st March, 2018, the comparative information presented in these financial statements for the year ended 31st March, 2017 and in the preparation of an opening Ind AS balance sheet at 01st April, 2016 (Company's date of transition to IND AS). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation on how the transition from previous GAAP to Ind AS has effected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

56.1 Exemptions and Exceptions Availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

56.1.1 Ind AS Optional Exemptions

(a) Deemed Cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its Property, Plant and Equipment, Intangible assets and Investment Property as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and Investment Property at their previous GAAP carrying value.

56.1.2 Ind AS Mandatory Exceptions

(a) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 01st April, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in Equity Instruments carried at FVPL or FVOCI
- Investments in Debt Instruments carried at FVPL and;
- Impairment of Financial Asset based on Expected Credit Loss Model.

(b) Classification and Measurement of Financial Asset

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investments in debt instruments) on the basis of the facts and circumstances that exist on the date of transition to Ind AS.

Notes to the Financial Statements

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

56.2 Reconciliations between previous GAAP and Ind AS (as at 31st March, 2017 and 01st April, 2016)

56.2.1 Reconciliation of equity as at date of transition (01st April, 2016)

Sl. No.	Particulars	Notes	Previous GAAP	Adjustments	Ind AS
I	Assets				
1	Non-Current Assets				
	(a) Property, Plant and Equipment	5	7,401.62	(82.25)	7,319.37
	(b) Capital Work-in-Progress	5	-	-	-
	(c) Intangible Assets	6	-	-	-
	(b) Investment Property	7	-	82.25	82.25
	(c) Financial Assets				
	(i) Investments	8	4.11	-	4.11
	(ii) Bank Balances	9	225.17	44.87	270.04
	(iii) Other Financial Assets	10	149.47	-	149.47
	(f) Other Non-Current Assets	11	261.88	-	261.88
	Total		8,042.25	44.87	8,087.12
2	Current Assets				
	(a) Inventories	12	4,183.56	-	4,183.56
	(b) Financial Assets				
	(i) Trade Receivables	13	3,987.46	(72.97)	3,914.49
	(ii) Cash and Cash Equivalents	14	29.16	-	29.16
	(iii) Bank Balances other than (iii) above	15			
	(iii) Other Financial Assets	16	30.11	-	30.11
	(c) Other Current Assets	17	995.08	(129.05)	866.03
	(d) Current Tax Assets	18	123.89	-	123.89
	Total		9,349.26	(202.02)	9,147.24
	Total Assets		17,391.51	(157.15)	17,234.36
II	EQUITY AND LIABILITIES				
1	Equity				
	(a) Share capital	19	1.00	-	1.00
	(b) Other Equity	20	6,816.53	95.24	6,911.77
	Total		6,817.53	95.24	6,912.77
2	Liabilities				
A	Non-Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	21	2,349.13	(20.69)	2,328.44
	(b) Provision for Employee Benefits	22	129.64	-	129.64
	(c) Deferred Tax Liabilities	23	1,053.53	(231.70)	821.83
	Total		3,532.30	(252.39)	3,279.91
B	Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	24	533.93	-	533.93
	(ii) Trade Payables	25	5,259.38	-	5,259.38
	(iii) Other Financial Liabilities	26	947.45	-	947.45
	(b) Provision for Employee Benefits	22	38.02	-	38.02
	(c) Other Current Liabilities	27	262.90	-	262.90
	(d) Current Tax Liabilities	28	-	-	-
	Total		7,041.68	-	7,041.68
	Total Liabilities		10,573.98	(252.39)	10,321.59
	Total Equity And Liabilities		17,391.51	(157.15)	17,234.36

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Notes to the Financial Statements

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

56.2.2 Reconciliation of Equity as at 31st March, 2017

Sl. No.	Particulars	Notes	Previous GAAP	Adjustments	Ind AS
I	Assets				
1	Non-Current Assets				
	(a) Property, Plant and Equipment	5	7,348.88	(81.22)	7,267.66
	(b) Capital Work-in-Progress	5	16.67	-	16.67
	(c) Investment Property	7	-	81.22	81.22
	(e) Financial Assets				-
	(i) Investments	8	4.11	-	4.11
	(ii) Bank Balances	9	283.13	9.28	292.42
	(iii) Other Financial Assets	10	208.17	-	208.17
	(f) Other Non-Current Assets	11	263.93	-	263.93
	Total		8,124.90	9.28	8,134.18
2	Current Assets				
	(a) Inventories	12	4,379.45	-	4,379.45
	(b) Financial Assets				-
	(i) Trade Receivables	13	3,975.39	(72.75)	3,902.64
	(ii) Cash and Cash Equivalents	14	7.73	-	7.73
	(iii) Bank Balances	15	-	-	-
	(iv) Other Financial Assets	16	12.68	-	12.68
	(c) Other Current Assets	17	1,180.74	(93.47)	1,087.27
	Total		9,555.98	(166.22)	9,389.77
	Total Assets		17,680.88	(156.93)	17,523.95
II	EQUITY AND LIABILITIES				
1	Equity				
	(a) Share Capital	19	1.00	-	1.00
	(b) Other Equity	20	8,082.36	100.51	8,182.87
	Total		8,083.36	100.51	8,183.87
2	Liabilities				
A	Non-Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	21	1,612.55	(16.10)	1,596.45
	(b) Provision for Employee Benefits	22	183.23	-	183.23
	(c) Deferred Tax Liabilities	23	1,002.19	(241.34)	760.85
	Total		2,797.97	(257.44)	2,540.53
B	Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	24	403.83	-	403.83
	(ii) Trade Payables	25	5,540.31	-	5,540.31
	(iii) Other Financial Liabilities	26	628.12	-	628.12
	(b) Provision for Employee Benefits	22	47.12	-	47.12
	(c) Other Current Liabilities	27	138.40	-	138.40
	(d) Current Tax Liabilities	28	41.77	-	41.77
	Total		6,799.55	-	6,799.55
	Total Liabilities		9,597.52	(257.44)	9,340.08
	Total Equity and Liabilities		17,680.88	(156.93)	17,523.95

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Notes to the Financial Statements

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

56.2.3 Reconciliation of Total Comprehensive Income for the Year Ended 31st March, 2017

Sl. No.	Particulars	Notes	Previous GAAP	Adjustments	Ind AS
1	Income				
	Revenue from Operations	29	21,590.30	1,201.62	22,791.92
	Other Income	30	172.36	0.22	172.58
	Total Income		21,762.66	1,201.84	22,964.50
2	Expenses				
	Cost of Materials Consumed	31	12,367.95	-	12,367.95
	Changes in Inventories	32	(360.67)	-	(360.67)
	Excise Duty		-	1,202.54	1,202.54
	Manufacturing Expenditure	33	4,200.79	-	4,200.79
	Employee Benefit Expense	34	1,725.78	(37.19)	1,688.59
	Finance Costs	35	611.88	4.59	616.47
	Depreciation and Amortization Expense	36	555.45	-	555.45
	Other Expenses	37	848.09	(0.92)	847.17
	Total Expenses		19,949.27	1,169.02	21,118.29
3	Profit Before Tax		1,813.39	32.82	1,846.21
4	Income Tax Expense				
	(a) Current Tax	38	600.00	-	600.00
	(b) Deferred Tax	0	(51.34)	3.23	(48.11)
	Total Taxes		548.66	3.23	551.89
5	Profit After Tax		1,264.73	29.59	1,294.32
	Other Comprehensive Income / (Loss)				
6	Remeasurements of gain / loss of the defined Benefit Obligations	39	-	(37.19)	(37.19)
7	Income Tax effect on the above		-	(12.87)	(12.87)
8	Other Comprehensive Income / (Loss) for the Year (6-7)		-	(24.32)	(24.32)
9	Total Comprehensive Income / (Loss) for the Year (5+8)		1,264.73	5.27	1,270.00

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Notes to the Financial Statements

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

56.2.4 Statement of Cash Flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

56.2.5 Reconciliation of Total Equity as at 31st March, 2017 and 01st April, 2016

Particulars	31 st March 2017	1 st April 2016
Total Equity (Shareholder's Funds) as per previous GAAP	8,083.36	6,817.53
Adjustments:		
Deferred Tax Asset on Indexation Benefit on Land	137.55	129.43
Borrowings at Amortised Cost	16.10	20.69
Deferred Tax on Borrowings	(5.57)	(7.16)
Expected Credit Loss on Trade Receivables	(72.75)	(72.97)
Deferred Tax on Expected Credit Loss	25.18	25.25
Total adjustments	100.51	95.24
Total Equity as per Ind AS	8,183.87	6,912.77

56.2.6 Reconciliation of Total Comprehensive Income for the Year Ended 31st March, 2017

Particulars	31 st March, 2017
Profit after Tax as per Previous GAAP	1,264.73
Adjustments:	
Deferred tax asset on indexation benefit on land	8.13
Remeasurement of post employment benefit	(12.83)
Tax effect of adjustments	
Others	
Borrowings at Amortised Cost	(4.59)
Deferred Tax on Borrowings	1.59
Expected Credit loss on Trade Receivables	0.22
Deferred Tax on Expected Credit Loss	(0.08)
Total Adjustments	(7.56)
Profit after Tax as per Ind AS	1,257.17
Other Comprehensive Income	12.83
Total Comprehensive Income as per Ind AS	1,270.00

Notes to the Financial Statements

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

56.2.7 Impact of Ind AS adoption on the Cash Flow Statements for the Year Ended 31st March, 2017

Particulars	Previous GAAP	Adjustments	Ind AS
Net Cash Flow from Operating Activities	2,026.00	(60.15)	1,965.85
Net Cash Flow from Investing Activities	(812.97)	60.15	(752.82)
Net Cash Flow from Financing Activities	(1,234.46)	-	(1,234.46)
Net Increase/(Decrease) in Cash and Cash Equivalents	(21.43)	-	(21.43)
Cash and Cash Equivalents as at 1 April 2016	29.16		29.16
Effects of exchange rate changes on Cash and Cash Equivalents			
Cash and Cash Equivalents as at 31 March 2017	7.73	-	7.73

56.2.8 Analysis of changes in Cash and Cash Equivalents for the purpose of Cash Flows under Ind AS:

Particulars	31 st March, 2017	1 st April, 2016
Cash and Cash Equivalents as per the previous GAAP	29.16	29.16
Bank over drafts	-	-
Cash and Cash Equivalents as per IND AS	29.16	29.16

56.3 Notes to First-Time Adoption:

56.3.1 MAT Credit Entitlement

MAT credit entitlement is to be presented under loans and advance in accordance with Guidance Note on "Accounting for Credit available in respect of MAT under the Income Tax Act, 1961" issued by ICAI. However, as per Ind AS, MAT credit entitlement is generally recognized as a deferred tax asset with a corresponding deferred tax benefit in the statement of profit and loss. Accordingly, the Company has reclassified the MAT credit entitlement from loans and advances to deferred tax assets as at 31st March, 2017, Rs. 84.18 Lakhs (01st April, 2016: Rs. 84.18 Lakhs).

56.3.2 Trade Receivables

As per Ind AS 109, the Company is required to apply Expected Credit Loss Model for recognising the allowance for doubtful debts.

56.3.3 Revenue Recognition and Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31st March, 2017 by Rs. 1,201.62 Lakhs. There is no impact on the total equity and profit.

Notes to the Financial Statements

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

56.3.4 Remeasurements of Post-Employment Benefit Obligations

Under Ind AS, remeasurements i.e. Actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31st March, 2017 increased by Rs. 37.19 Lakhs. There is no impact on the total equity as at March 3,1 2017.

56.3.5 Retained Earnings

Retained earnings as at 01st April, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

56.3.6 Deferred Tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on difference between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of the asset or liability in the balance sheet and its tax base.

As per Ind AS-12, the Company has recognised deferred tax asset on the indexation benefit available on free hold land as it has no plans to sell the business on a slump sale thereby increasing the retained earnings by Rs. 137.55 Lakhs as at 31st March, 2017 (01st April, 2016: INR 129.43 Lakhs).

Other Deferred tax adjustments amounting to (INR (30.61) Lakhs/-) as at 31st March, 2017 (01st April, 2016: INR (18.09) Lakhs) include deferred tax impact on account of differences between previous GAAP and Ind AS. The profit for the year ended i.e. 31st March, 2017 increased by INR 3.27 Lakhs due to the deferred tax adjustments made.

56.3.7 Other Comprehensive Income

Under Ind AS, all items of income and expense recognized in a period should be included in the profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit or loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of 'other comprehensive income' did not exist under previous GAAP.

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

As per our report of even date

for RAMBABU & CO.,
Chartered Accountants
FRN : 002976S
RAVI RAMBABU
Partner
M.No.18541
Place : Hyderabad
Date : 28.05.2018

for and on behalf of the Board

T V V S N MURTHY
Managing Director
DIN: 00465198
PAVAN PISE
Company Secretary

RAMESH BABU POTLURI
Director
DIN: 00166381
N. RAJENDRA PRASAD
Chief Financial Officer

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ATTENDANCE SLIP

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

SMS LIFESCIENCES INDIA LIMITED

CIN: L74930TG2006PLC050223

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

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

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

ATTENDANCE SLIP

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

I hereby record my presence at the 12th Annual General Meeting of the Company at "Jubilee Hills International Centre (Jubilee Hills Club), Jubilee Hills, Hyderabad -500 033 on the 20th day of September, 2018 at 4.00 p.m.

Signature of the Member(s) / Proxy

Notes:

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



SMS LIFESCIENCES INDIA LIMITED

CIN: L74930TG2006PLC050223

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

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

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

PROXY FORM

Name of the Member (s): _____

Registered Address: _____

Email-Id: _____

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

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

1. Name:
Address:.....
..... E-mail Id:

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

2. Name:
Address:.....
..... E-mail Id:

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

3. Name:
Address:.....
..... E-mail Id:

Signature:.....





as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 12th Annual General Meeting, SMS Lifesciences India Limited to be held on the 20th day of September, 2018 At 4.00 p.m. at "Jubilee Hills International Centre (Jubilee Hills Club), Jubilee Hills, Hyderabad -500 033 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Vote for	Vote against
Ordinary Business			
01.	To receive, consider and adopt the Audited Balance Sheet as at 31 st March 2018, the Statement of Profit & Loss Account for the year ended on that date together with the Reports of the Directors & Auditors thereon		
02.	To re-appoint Sri TVVSN Murthy (DIN : 00465198) who retires by rotation, and being eligible, offers himself for re-appointment		
Special Business			
03.	Appointment of Mr. Shraavan Kudaravalli as Independent Director		
04.	Ratification of Remuneration Payable to the Cost Auditor for the Financial Year Ending on 31 st March, 2019.		
05.	To Ratify / Approve The Related Party Contracts/Arrangements/Transactions of The Company.		

Signed this..... day of..... 2018.

Please Affix
Re. 1/-
Revenue
Stamp

Signature of shareholder(s)

Signature of Proxy holder(s)

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. Please complete all details including details of member(s) before submission. (To be handed over at the entrance of the Meeting Hall).



Book Post

If Undelivered Please return to



SMS Lifesciences India Limited

Registered & Corporate Office :

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

Opp. Bharatiya Vidya Bhavan Public School,

Jubilee Hills, Hyderabad - 500 096, Telangana, INDIA.

Tel : +91-040-6628 8888, Fax : +91-40-2355 1401

CIN : L74930TG2006PLC050223

Email : cs@smslife.in, www.smslife.in