

# EVEREST ORGANICS LIMITED

CIN : L24230TG1993PLC015426

An ISO 9001:2015 & WHO GMP Certified Company

Corporate Office : # 1st Floor, Lakeview Plaza, Plot No.127 & 128, Amar Co-operative Society,  
Opp. Madhapur Police Station Road, Near Durgam Cheruvu, Madhapur, Hyderabad - 500 033.  
Tel : 040- 40040783

Ref: EOL/SEC/COMP/047/2023-24

To  
Department of Corporate Services  
BSE Limited  
P. J. Towers, Dalal Street,  
Mumbai – 400001  
Maharashtra, India

Date: 02.09.2023

Dear Sir,

**Sub: Submission of the Notice of 30<sup>th</sup> Annual General Meeting (AGM) and Annual Report 2022-23:**

**Ref: Regulations 34 (1) of SEBI (LODR) Regulations, 2015.**

Scrip Code: 524790

In compliance with Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the copy of Annual Report of the Company for the financial year 2022-23, together with Notice of the 30<sup>th</sup> Annual General Meeting of the Company, to be held on **Monday, September 25, 2023, at 03:00 PM (IST)** through Video Conferencing (VC) / Other Audio Visual Means (OAVM), which is simultaneously circulated to the shareholders through electronic mode whose e-mail addresses are registered with the Company / RTA / Depositories.

The Notice and Annual Report will also be hosted on the Company's website at <http://www.everestorganicsltd.com/>.

This is for your information and records.

Thanking You.

Yours sincerely,  
For Everest Organics Limited

Rekha Singh  
Company Secretary



Encl: As above.



Regd. Office & Factory : Aroor Village, Sadasivpet Mandal, Sangareddy Dist. Telangana - 502291.

Tel. : 08455 - 250186, 250113, 250115 Fax : 08455-250114

Website : [www.everestorganicsltd.com](http://www.everestorganicsltd.com)



**EVEREST ORGANICS LIMITED**

**30<sup>TH</sup>**  
**ANNUAL**  
**REPORT**  

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**2022-23**



*Honouring his vision about green initiatives.... following on his footsteps*



***Afforestation of Green Belt***



***Installation of 1 MW solar power unit***

## LETTER FROM THE MANAGING DIRECTOR

Dear Shareholders,

As we have accomplished the third decades of Everest Organics Limited, it gives me immense gratification to present to you the 30th Annual Report of your Company for the FY 2022-23. Let me start this by wishing all of you a happy and healthy future. The pandemic has clearly reinforced the message that Health is Wealth. On this note I would like to share the key highlights and the strategic roadmap going forward.



In view of the prevailing challenges subsequent to COVID-19 pandemic across the globe, FY 2022-23 was another year of significant hitches, global environment is going through considerable changes - from the terrible Russia-Ukraine war to a growing geopolitical tension, higher energy and food prices, mounting inflation rates and volatile markets and commodity price have caused slowing down of global growth and created stress in the overall economic environment. However, there seems to be light at the end of the tunnel. Things seem to be slowly improving in terms of raw material and logistics costs.

### **Performance, FY 2022-23:**

As we look back, throughout the FY 2022-23, we have registered another year of sustainable revenue in times of substantial uncertainty, we made progress, improving and optimizing our business while continuing to invest for the future and delivering on key milestones to drive sustainable growth. Importantly, we have continuously adapted to the evolving environment while advancing our strategic growth drivers.

From financial front it was a tough year with a sustainable growth in the revenue of the Company. The adverse market conditions and global supply chain disruptions as a result of the geographical conflict impacted the availability and pricing of raw materials and solvents throughout. Business conditions were and continue to be tough along with intensifying competition, further eroding profit margins of the Company. The export turnover of the Company for the current year grew decently to the tune of 28% (from 22% in the FY 2021-22). We closed the year with steady growth across all our key products as well as new products and markets.

### **Future forecast:**

As we enter FY 2023-24, I am optimistic about the great possibilities, opportunities and prospects ahead. We have also begun expanding our footprint in new geographical area. We are in the process of venturing into Contract Development and Manufacturing (CDMO) and Contract Manufacturing (CMO) Options with an intent to expand our chemistry and customer portfolio. We have filed few more Certificate of Suitability (COS) to European and Korean Markets. USDMF's for US markets, China DMF and Korean DMF in order to further widen our market horizons. As part of forward integration, Everest is also gear up to start a pellets manufacturing unit soon.

With strong execution on these growth drivers and continued focus on cost optimization, I foresee a growth in both revenues and margins generation throughout the year as well as foraying into the pellets arena to contribute to the Revenue growth.



## R&D Expansion

Everest is making a good progress in Research & Development, it has undertaken to innovate and introduce new products & services to our clientele, the goal being to typically take new products & services to market and add to Company's bottom line and stay ahead in the competition.

With this zeal since, 5 years, we have been keep adding multiple drugs to our portfolio. Our R&D space accommodates for new products as well as existing products process improvements. We have launched COVID – 19 treatment drugs and drugs like Vonoprazone and Edoxaban to our new product portfolio.

Everest endeavours to continuously spending certain amount of its revenue towards Research & Development activities every year in order for it to be competitive in the market.

As part of forward integration, Pellets R&D Centre was set up, where we are developing different products to add to our portfolio. As we move to FY 2023-24, we intend to maintain growth momentum and sage ahead. EOL intends to imbibe innovation and sail through all uncertain business environments by working on our alliances like customers and suppliers over the course of time

## Upcoming New Block

In this competitive landscape of pharmaceutical industry, flexibility & speed to market entry are few of the challenges we need to overcome. In this pursuit we have taken up construction of a new block for our new and existing API and intermediates capacity enhancement. It covers a total of 25000 sqft., and 100 tonnes per annum capacity with state of the art facility meeting the regulated market norms.

Finally, I would like to assure all of you that your Company will do the best possible to contribute towards the health and welfare of our nation. I am confident that the global pharmaceutical industry provides several opportunities, organic and inorganic for us to continue our growth trajectory. As I look ahead, nonetheless, I remain more optimistic than ever as our people are our biggest strength and the team of Everest is committed to overcome the current challenges and emerge a stronger, more innovative and efficient organisation.

I would like to express my heartfelt appreciation to the entire team of Everest for their unflinching commitments, dedication and support. I am grateful to our Board of Directors for their guidance and support. My sincere gratitude to all the Management teams, Partners, Bankers, Stakeholder Community, Customers and Society at large for their continued trust, confidence and support. I am confident that together, we will achieve great milestones and create sustainable value for all stakeholders.

My sincere plea to you all is to be careful, look after yourselves, your families, your friends and colleagues and follow the mantra of 'Health is Wealth'.

Stay safe. Stay healthy.

With best regards,

**Dr. Srikakarlapudi Sirisha**

Managing Director



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**Important Communication to Members**

The Ministry of Corporate Affairs has taken a “Green Initiative in Corporate Governance” by allowing paperless compliance by Companies through electronic mode. In accordance with circulars issued by the Ministry, Companies can now send various notices and documents including annual report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants and in respect of physical holdings with the Company.

**CORPORATE INFORMATION****BOARD OF DIRECTORS**

Mr. Ramakrishnam Raju Kounparaju	Chairman - Independent Director
Dr. Srikakarlapudi Sirisha	Managing Director
Mr. Srikakarlapudi Harikrishna	Whole-time Director
Mr. Akella Parvathisem	Technical Director
Mr. Kakarlapudi Sitarama Raju	Non-Executive Director
Mr. Sreeramakrishna Grandhi	Independent Director (till 31.07.2023)
Mr. Venkatasatyanarayana Murthy Chayaly	Independent Director

**BOARD COMMITTEES:****Audit Committee:**

Mr. Sreeramakrishna Grandhi (till 31.07.2023)  
Mr. Ramakrishnam Raju Kounparaju  
Mr. Venkatasatyanarayana Murthy Chayaly  
Mr. Akella Parvathisem

**Nomination & Remuneration Committee:**

Mr. Sreeramakrishna Grandhi (till 31.07.2023)  
Mr. Ramakrishnam Raju Kounparaju  
Mr. Venkatasatyanarayana Murthy Chayaly

**Stakeholders Relationship Committee:**

Mr. Ramakrishnam Raju Kounparaju  
Mr. Srikakarlapudi Harikrishna  
Mr. Akella Parvathisem

**Corporate Social Responsibility Committee:**

Mr. Ramakrishnam Raju Kounparaju  
Mr. Kakarlapudi Sitarama Raju  
Mr. Akella Parvathisem

**Company Secretary & Compliance Officer:**

Ms. Rekha Singh

**Chief Financial Officer:**

Mr. Ramakrishna Peruri

**Bankers:**

HDFC Bank;  
Canara Bank;  
SBI Bank;  
UCO Bank

**Listing:**

BSE Limited, Mumbai

**CIN: L24230TG1993PLC015426**

**Corporate Office Address:**

Plot No.127 & 128, 1st Floor,  
Amar Co-Op. Society,  
Opp. Madhapur Police Station Road,  
Near Durgam Cheruvu, Madhapur,  
Hyderabad - 500 033, Telangana  
Telephone: 040-40028838,  
Facsimile: 040-23115954  
Email id: e.cs@everestorganicsltd.com  
Website: www.everestorganicsltd.com

**Registered Office & Factory Address:**

Aroor Village, Sadasivpet Mandal  
Sanga Reddy (Medak) District,  
Telangana 502 291  
Telephone: 08455 -250115  
Facsimile: 08455 -250114  
Email id: e.cs@everestorganicsltd.com  
Website: www.everestorganicsltd.com

**Statutory Auditors:**

M/s. P.S.N. Ravishanker & Associates.  
Chartered Accountants, Hyderabad  
Flat No. 205, 2nd Floor, B-Block, Kushal  
Towers, D. No. 6-2-975, Khairatabad,  
Hyderabad – 500 004, Telangana

**Internal Auditors:**

M/s. Harikrishna & Associates  
Chartered Accountants, Hyderabad  
Flat No. 509, H. No. 7-1-618/EB, Everest  
Block, Aditya Enclave, Ameerpet, Hyderabad-  
500038

**Cost Auditors:**

M/s. PKR & Associates LLP  
Cost Accountants, Hyderabad  
Flat No. 101, K S Kovela Apartment,  
Plot 289 & 290, Bhagyanagar Phase III,  
Kukatpally, Hyderabad - 500085.

**Secretarial Auditors:**

D. Hanumanta Raju & Co.  
Company Secretaries,  
B-13, F-1, P.S. Nagar, Vijayanagar Colony,  
Hyderabad - 500057

**Registrar & Share Transfer Agent:**

M/s. Venture Capital and Corporate  
Investments Private Limited.  
“Aurum”, Door No. 4-50/P-II/57/4F & 5F,  
Plot No. 57, 4th & 5th Floors,  
Jayabheri Enclave Phase – II,  
Gachibowli, Hyderabad – 500 032.  
Telephone: 040-23818475, 657  
Facsimile: 040-23868024  
Email id: [info@vccipl.com](mailto:info@vccipl.com)

**NOTICE****NOTICE**

Notice is hereby given that the 30th Annual General Meeting (AGM) of the members of **Everest Organics Limited** (CIN: L24230TG1993PLC015426) will be held on Monday, September 25, 2023 at 03:00 PM (IST) through Video Conferencing (VC) / Other Audio-Visual Means (OAVM), to transact the following businesses. The venue of the meeting shall be deemed to be the registered office of the Company located at Aroor Village, Sadasivpet Mandal, Sangareddy (Medak) District, Telangana-502 291, India:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company including Balance Sheet as at March 31, 2023, Statement of Profit and Loss for the year ended on that date along with Cash Flow Statement and notes forming part of accounts, together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kakarlapudi Sitarama Raju (DIN: 02955723), who retires by rotation, and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:**

3. **Appointment of Mr. Prasad Venkata Satya Sundara Srikakolapu (DIN: 08304477) as an Independent Director 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 Sections 149, 150, 152, 161 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 and as per applicable Regulations and Schedules of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors for appointment of Mr. Prasad Venkata Satya Sundara Srikakolapu (DIN: 08304477) as an Additional Director in the capacity of an Independent Director of the Company, w.e.f. September 01, 2023, who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and is eligible for appointment, and in respect of whom the Company has received a notice in writing in terms of Section 160(1) of the Act and who holds office as such up to the date of the ensuing Annual General Meeting, be and is hereby, appointed as a Non-Executive Independent Director of the Company for a term of five (5) consecutive years w.e.f. September 01, 2023, not liable to retire by rotation”.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to file necessary forms with the Registrar of Companies and to do all such acts, deeds, matters and things, and take all such steps as may be considered necessary, proper or expedient to give effect to the aforesaid resolution.”

4. **Ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2024:**

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, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and as recommended by the Audit Committee and duly approved by the Board of Directors, the



**NOTICE**

remuneration payable to M/s. PKR & Associates, LLP, Cost Accountants (Firm Registration Number AAB7156), Hyderabad to conduct the audit of Cost Records of the Company, for the financial year ending March 31, 2024 amounting to Rs. 3,00,000/- (Rupees Three Lakhs only) plus applicable taxes and out-of-pocket expenses at actuals, in connection with the aforesaid audit, be and is hereby ratified.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution.”

**Date: 12.08.2023**  
**Place: Hyderabad**

**BY ORDER OF THE BOARD**  
**FOR EVEREST ORGANICS LIMITED**

**Sd/-**  
**Rekha Singh**  
**Company Secretary**

**NOTES FOR MEMBERS:**

1. The Ministry of Corporate Affairs (MCA) vide General Circular No. 14/2020 (dated April 08, 2020); General Circular No. 17/2020 (dated April 13, 2020); General Circular No. 20/2020 (dated May 05, 2020); General Circular No. 02/2021 (dated January 13, 2021); General Circular No. 02/2022 (dated May 05, 2022) and General Circular No. 10/2022 (dated December 28, 2022) (collectively “MCA Circulars”) and Securities and Exchange Board of India (SEBI) vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 (dated May 12, 2020) read with Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 (dated January 15, 2021); Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 (dated May 13, 2022) and Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 (dated January 05, 2023) (hereinafter collectively referred to as “the Circulars”), the Companies are permitted to hold the Annual General Meeting (AGM) of the Company through Video Conferencing (VC) / Other Audio-Visual Means (OAVM), on or before September 30, 2023, without the physical presence of the Members at a common venue. Accordingly, the 30th Annual General Meeting of the Company will be convened through VC / OAVM in compliance with the provisions of the Act and Rules made thereunder, the SEBI Listing Regulations read with the aforesaid Circulars. **The registered office of the Company shall be deemed to be the venue for the 30th Annual General Meeting.**
2. As the AGM shall be conducted through VC/OAVM as per aforesaid circulars, the facility for appointment of Proxy by Members is not available and hence, the Proxy Form, Attendance Slip and Route Map of the AGM are not annexed to this Notice.
3. Corporate Members intending to authorize their representatives to participate and vote at the meeting are requested to send a scanned copy (PDF/JPEG format) of the certified copy of Board Resolution authorising their representative(s) to attend the 30th AGM through VC / OAVM and cast their vote through e-Voting. Such documents can be sent to [e.cs@everestorganicsltd.com](mailto:e.cs@everestorganicsltd.com) with a copy marked to [www.evotingindia.com](http://www.evotingindia.com).
4. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, and Rules made thereunder, Secretarial Standard on General Meetings (SS-2) and SEBI (LODR) Regulations, 2015 wherever applicable, in respect of the items of Special Business set out in the notice, is annexed hereto and forms part of the Notice.
5. The Company has notified that the Register of Members and Share Transfer Books of the Company will remain closed from September 20, 2023 to September 25, 2023 (both days inclusive) for the purpose of Annual General Meeting.

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6. Members wishing to claim dividends that remain unclaimed, are requested to correspond with the Registrar and Share Transfer Agent (RTA) or with the Company Secretary, at the Company's corporate office or at [e.cs@everestorganicsltd.com](mailto:e.cs@everestorganicsltd.com) without any further delay. We further request to opt. for Electronic Clearing Service for future reference, so that dividends paid by the Company shall be credited to the Members' account on time.
7. In terms of Schedule I of the SEBI Listing Regulations, Listed Companies are required to use the Reserve Bank of India's approved electronic mode of payment such as Electronic Clearance Service (ECS), LECS (Local ECS) / RECS (Regional ECS) / NECS (National ECS), Direct Credit, Real Time Gross Settlement (RTGS), National Electronic Fund Transfer (NEFT), etc. for making payments like dividend etc. to the members.

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

Members are requested to note that dividends if not claimed / encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) as per Section 124 of the Act, read with applicable IEPF rules. The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, members are requested to claim their shares / dividends from the Company, within the stipulated timeline. The members, whose unclaimed shares / dividends have been transferred to IEPF may claim the same by making an online application to the IEPF Authority in web form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in).

8. Pursuant to the Income Tax Act, 1961 as amended by the Finance Act, 2020, dividend income will be taxable in the hands of shareholders and the Company is required to deduct tax at source (TDS) at the time of making the payment of dividend to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company / RTA, M/s. Venture Capital and Corporate Investments Private Limited (in case of shares held in physical mode) and depositories (in case of shares held in demat mode)
  - a. A Resident Individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G / 15H, to avail the benefit of non-deduction of tax at source by e-mail to [investor.relations@vccipl.com](mailto:investor.relations@vccipl.com) latest by September 18, 2023 5:00 p.m. IST. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.
  - b. Non-resident shareholders [including Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an e-mail to [investor.relations@vccipl.com](mailto:investor.relations@vccipl.com).
9. Pursuant to Regulation 40 of the Listing Regulations, as amended, mandates that transfer, transmission and transposition of securities of Listed Companies held in physical form shall be effected only in demat mode. Further, SEBI vide its circulars no. SEBI/HO/MIRSD/RTAMB/CIR/P/2022/8 dated January 25, 2022 has clarified that Listed Companies with immediate effect, shall issue the securities only in demat mode while processing investor service

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requests pertaining to issuance of duplicate shares, exchange of shares, endorsement, sub-division / consolidation of share certificates etc. In view of this and also to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrar and Share Transfer Agent, M/s. Venture Capital and Corporate Investments Private Limited for assistance in this regard.

**Dispatch of Notice and Annual Report through electronic mode:**

10. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the 30th AGM along with the Annual Report 2022-23 are being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories. Members may note that the Notice of 30th AGM and Annual Report 2022-23 will also be available on the Company's website ([www.everestorganicsltd.com](http://www.everestorganicsltd.com)), website of CDSL ([www.evotingindia.com](http://www.evotingindia.com)) and on the websites of the Stock Exchanges, i.e., BSE Limited ([www.bseindia.com](http://www.bseindia.com)) respectively.
11. We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through e-mail. In accordance with the circulars, all communication (including Annual Report) shall be sent from the Company electronically:
  - a) Members holding shares in physical mode and who have not registered / updated their e-mail addresses with the Company are requested to register / update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card to the Company's Registrar and Share Transfer Agent (RTA), M/s. Venture Capital and Corporate Investments Private Limited, at "Aurum", Door No. 4-50/P-II/57/4F & 5F, Plot No. 57, 4th & 5th Floors, Jayabheri Enclave Phase – II, Gachibowli, Hyderabad – 500 032, Telangana, India Tele: 040-23818475, 8476, Fax: 040-23868024, e-mail ID: [info@vccipl.com](mailto:info@vccipl.com) and / or [investor.relations@vccipl.com](mailto:investor.relations@vccipl.com).
  - b) Members holding shares in dematerialised mode are requested to register / update their e-mail addresses with the relevant Depository Participant.
12. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone / mobile numbers, Permanent Account Number (PAN), mandates, nomination, power of attorney, bank details such as, name of bank and branch details, bank account number, MICR code, IFSC code etc.

For the shares held in electronic form: SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts.

For the shares held in physical form: SEBI vide its Circular dated November 03, 2021 and December 15, 2021 has mandated registration of PAN, KYC details and Nomination, by holders of physical securities. Members holding shares in physical form can submit their PAN, KYC details (i.e. postal address with pin code, e-mail address, mobile number, bank details) and Nomination details by holders through duly filled and signed Form ISR-1 to the Company / Company's Registrar and Share Transfer Agent (RTA), M/s. Venture Capital and Corporate Investments Private Limited, at "Aurum", Door No. 4-50/P-II/57/4F & 5F, Plot No. 57, 4th & 5th Floors, Jayabheri Enclave Phase – II, Gachibowli, Hyderabad – 500 032, Telangana, India or by e-mail to [info@vccipl.com](mailto:info@vccipl.com) from their registered e-mail id. It may be noted that any service request or complaint can be processed only after the folio is KYC compliant.

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13. Pursuant to Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members holding shares in physical mode desirous of making nomination are advised to submit Nomination Form (SH-13) to the Company / RTA in respect of their shareholding in the Company and those Members holding shares in electronic mode may contact their respective depository participants.
14. Members holding shares in physical form, in identical order of names in more than one folio are requested to write to the Company / RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes. In case of joint holders attending the Meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
15. The relevant details, pursuant to Regulations 26(4) and 36(3) of SEBI Listing Regulations and Secretarial Standard on General Meeting issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment and reappointment at the ensuing AGM is provided as an **Annexure** to this Notice and also in the Corporate Governance Report forming part of the Annual Report.
16. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, the Register of Contracts or Agreements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the Annual General Meeting.

Members may also note that the Notice of the 30th Annual General Meeting is available on the website of the Company [www.everestorganicsltd.com](http://www.everestorganicsltd.com). All the relevant documents referred to in the Notice will be available electronically for inspection by the members during the Annual General Meeting. Members who wish to inspect such documents are requested to write to the Company by sending an e-mail to [e.cs@everestorganicsltd.com](mailto:e.cs@everestorganicsltd.com) and the Company shall respond suitably.
17. Members seeking any information or clarification relating to the financials and operations of the Company from the management or the statutory auditors, are requested to write to the Company, at least one week before the date of the meeting through e-mail at [e.cs@everestorganicsltd.com](mailto:e.cs@everestorganicsltd.com). The same will be replied by the Company suitably.
18. **Instruction for Members for Attending the AGM through electronic means VC / OAVM:**
  1. The general meetings of the Companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020; Circular No.17/2020 dated April 13, 2020; Circular No. 22/2020 dated June 15, 2020; Circular No. 33/2020 dated September 28, 2020; Circular No. 39/2020 dated December 31, 2020; Circular No. 10/2021 dated June 23, 2021; Circular No. 20/2021 dated December 08, 2021; Circular No. 03/2022 dated May 05, 2022 and Circular No. 10/2022 dated December 28, 2022. The forthcoming AGM will thus be held through video conferencing (VC) or other audio-visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC / OAVM.
  2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the 30th

**NOTICE**

Annual General Meeting. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting agency. The facility of casting votes by a member using remote e-Voting as well as the e-Voting system on the date of the AGM will be provided by CDSL.

3. The Members can join the AGM in the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc., who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC / OAVM and cast their votes through e-Voting.
6. In line with the aforesaid MCA Circulars, the Notice calling the AGM has been uploaded on the website of the Company at [www.everestorganicsltd.com](http://www.everestorganicsltd.com). The Notice can also be accessed from the website of the Stock Exchange i.e., BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-Voting system during the AGM) i.e., [www.evotingindia.com](http://www.evotingindia.com).
7. The AGM has been convened through VC / OAVM in compliance with applicable provisions of the Companies Act, 2013 read with aforesaid MCA Circulars.
8. In continuation of the aforesaid circulars and after due examination, it has been decided to allow Companies whose AGMs were due to be held in the year 2023, or become due in the year 2023, to conduct their AGMs on or before September 30, 2023, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA Circular No. 02/2021 dated January 13, 2021 and Circular No. 10/2022 dated December 28, 2022.

**THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:**

- (i) The e-Voting period begins on Friday, September 22, 2023 at 09:00 hrs and ends on Sunday, September 24, 2023 at 17:00 hrs. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Tuesday, September 19, 2023 may cast their vote electronically. The e-Voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure



**NOTICE**

Requirements) Regulations, 2015 listed entities are required to provide remote e-Voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders / retail shareholders is at a negligible level.

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

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

**Step 1: Access through Depositories CDSL / NSDL e-Voting system in case of individual shareholders holding shares in demat mode.**

(iv) In terms of **SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and e-mail Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual Shareholders holding securities in Demat mode CDSL / NSDL** is given below:

Type of Shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible Companies where the e-Voting is in progress as per the information provided by Company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi / Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a>. To login click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; e-mail as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>

**NOTICE**

<p>Individual Shareholders holding securities in demat mode with <b>NSDL</b></p>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nSDL.com">https://eservices.nSDL.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nSDL.com">https://eservices.nSDL.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp</a>.</li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nSDL.com/">https://www.evoting.nSDL.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder / Member’ section. A new screen will open. You will have to enter your User ID (i.e., your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>
<p>Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b></p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>
<p><b>Important Note:</b> Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at above mentioned website.</p>	
<p><b>Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., CDSL and NSDL is given below:</b></p>	
<p><b>Login type</b></p>	<p><b>Helpdesk details</b></p>
<p>Individual Shareholders holding securities in Demat mode with <b>CDSL</b></p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33.</p>
<p>Individual Shareholders holding securities in Demat mode with <b>NSDL</b></p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nSDL.co.in">evoting@nSDL.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>

**NOTICE****Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.****(v) Login method for e-Voting and joining virtual meeting for Physical Shareholders and Shareholders other than individual holding in Demat form.**

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

**For Physical Shareholders and other than individual shareholders holding shares in Demat.**

PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number sent by Company / RTA or contact Company / RTA.
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in DD/MM/YYYY format) as recorded in your demat account or in the Company records in order to login. • 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.

- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For Shareholders holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (x) 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.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire resolutions details.
- (xii) 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.



**NOTICE**

- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If 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.
- (xvi) There is also an optional provision to upload Board Resolution / Power of Attorney if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) **Additional Facility for Non – Individual Shareholders and Custodians – For Remote Voting only:**
- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to [helpdesk.evoting@cdslindia.com](mailto: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 will be mapped automatically & can be delink in case of any wrong mapping.
  - It is Mandatory that, 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.
  - Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution / Authority Letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the e-mail address viz; [e.cs@everestorganicsltd.com](mailto:e.cs@everestorganicsltd.com), if they have voted from individual tab & have not uploaded same in the CDSL e-Voting system for the Scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC / OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-Voting.
2. The link for VC / OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-Voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads or similar devices for better experience.
5. Further Shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop



## NOTICE

connecting via Mobile Hotspot may experience Audio / Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

7. Shareholders who would like to express their views / ask questions during the meeting may register themselves as a speaker by sending their request in advance to the Company on or before September 18, 2023 mentioning their name, demat account number / folio number, e-mail id, mobile number at [e.cs@everestorganicsltd.com](mailto:e.cs@everestorganicsltd.com). The Shareholders who do not wish to speak during the AGM but have queries may send their queries in advance to the Company on or before September 18, 2023 mentioning their name, demat account number / folio number, e-mail id, mobile number at [e.cs@everestorganicsltd.com](mailto:e.cs@everestorganicsltd.com). These queries will be replied to by the Company suitably by e-mail.
8. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting.
9. Only those Shareholders, who are present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the Shareholders through the e-Voting available during the AGM and if the same Shareholders have not participated in the meeting through VC / OAVM facility, then the votes cast by such Shareholders shall be considered invalid as the facility of e-Voting during the meeting is available only to the Shareholders attending the meeting.

### **PROCESS FOR THOSE SHAREHOLDERS WHOSE E-MAIL / MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY / DEPOSITORIES.**

1. For Physical Shareholders – please provide necessary details like Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by e-mail to Company / RTA, e-mail id [info@vccipl.com](mailto:info@vccipl.com) respectively.
2. For Demat Shareholders – Please update your e-mail id & mobile no. with your respective Depository Participant (DP).
3. For Individual Demat Shareholders – Please update your e-mail id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call at toll free no. 1800 22 55 33.

### **General Instructions:**

- i. The Members whose names appear in the Register of Members / List of Beneficial Owners of the Company as on September 19, 2023 (cut-off date) are entitled to vote on the resolutions set forth in this Notice. The voting rights of shareholders shall be in proportion to the shares held by them of the paid-up equity share capital of the Company as on the cut-off date (record date).



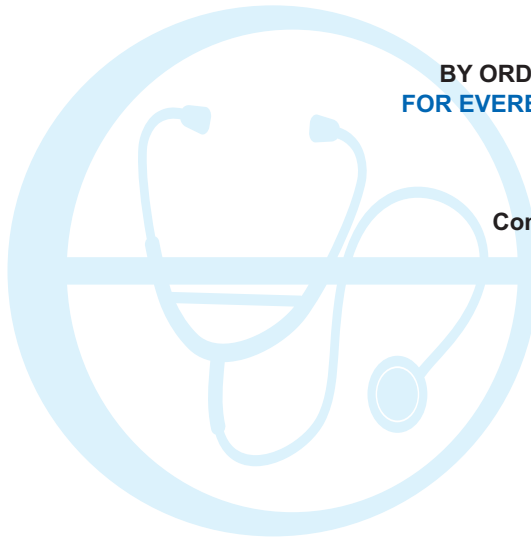
**NOTICE**

- ii. The Board of Directors has appointed Ms. D. Renuka, Practicing Company Secretary, to act as Scrutinizer to conduct and scrutinize the electronic voting process in connection with the ensuing Annual General Meeting in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure on e-Voting given above.
- iii. The Scrutinizer, after scrutinizing the votes cast at the meeting through remote e-Voting and voting during AGM will, not later than 2 working days from the conclusion of the Meeting, make a consolidated Scrutinizer's Report and submit the same to the Chairman. The results declared along with the consolidated Scrutinizer's Report shall be placed on the website of the Company [www.everestorganicsltd.com](http://www.everestorganicsltd.com) and on the website of CDSL [www.cdslindia.com](http://www.cdslindia.com). The results shall simultaneously be communicated to the Stock Exchanges.
- iv. The voting result will be announced by the Chairman or any other person authorized by him within two days of the AGM.

**Date: 12.08.2023**  
**Place: Hyderabad**

**BY ORDER OF THE BOARDS  
FOR EVEREST ORGANICS LIMITED**

**Sd/-  
Rekha Singh  
Company Secretary**





## NOTICE

## EXPLANATORY STATEMENT

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

## Item No. 3

Mr. Prasad Venkata Satya Sundara Srikakolapu (DIN: 08304477), on the recommendation of the Nomination and Remuneration Committee was appointed as an Additional Director in the capacity of a Non-Executive Independent Director with effect from September 01, 2023, by the Board of Directors in accordance with Articles of Association and Section 149 (6), 161 and Schedule IV of the Companies Act, 2013 (Act).

As per Section 161 of the Act, Mr. Prasad Venkata Satya Sundara Srikakolapu holds office upto the date of the ensuing AGM. The Company has received, inter alia, (i) requisite consent from Mr. Prasad Venkata Satya Sundara Srikakolapu to act as an Independent Director, (ii) declaration to the effect that he is not disqualified in accordance with Section 164 of the Act, (iii) declaration that he meets the criteria of Independence as provided in Section 149 of the Act and in the SEBI Listing Regulations and (iv) a declaration that he is not debarred or restrained from acting as a Director by any SEBI order or any other such authority. The Company has also received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Prasad Venkata Satya Sundara Srikakolapu to be appointed as a Non-Executive Independent Director of the Company at the ensuing AGM, not liable to retire by rotation. Mr. Prasad Venkata Satya Sundara Srikakolapu possesses requisite knowledge, experience and skill for the position of Independent Director as per required criteria under the Act and rules and regulations made thereunder.

Pursuant to Regulation 17(1C) of the SEBI Listing Regulations, approval of shareholders for appointment of a person on the Board of Directors is required to be taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier. Further in terms of Regulation 25(2A) of the SEBI Listing Regulations, the appointment, reappointment or removal of an Independent Director shall be subject to the approval of shareholders by way of a special resolution. Accordingly, the appointment of Mr. Prasad Venkata Satya Sundara Srikakolapu requires the approval of the members by way of a special resolution.

Based on the recommendation received from the Nomination and Remuneration Committee and in view of his knowledge, skill and invaluable expertise related to the industry of the Company, it is proposed to appoint Mr. Prasad Venkata Satya Sundara Srikakolapu as a Non-Executive Independent Director of the Company in terms of Section 149 read with Section 152 of the Companies Act, 2013. In terms of Section 149 and 152 of the Companies Act, 2013, Mr. Prasad Venkata Satya Sundara Srikakolapu is not liable to retire by rotation. Mr. Prasad Venkata Satya Sundara Srikakolapu, if appointed, will hold office for a consecutive term of 5 (five) years commencing from September 01, 2023.

The terms and conditions of appointment of Mr. Prasad Venkata Satya Sundara Srikakolapu as a Non-Executive Independent Director is available for inspection by members at the Registered Office of the Company on any working day during working hours.

The details of Mr. Prasad Venkata Satya Sundara Srikakolapu, as required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Secretarial Standard on General Meetings issued by ICSI and other applicable provisions are provided in **Annexure** forming part of this Notice.

The Board recommends the Special resolution set forth in Item No. 3 of the Notice for approval of members.

Except Mr. Prasad Venkata Satya Sundara Srikakolapu, no other Directors, Key Managerial Personnel and their relatives thereof are interested or concerned financial or otherwise in the proposed resolution.

**NOTICE****EXPLANATORY STATEMENT****Item No. 4**

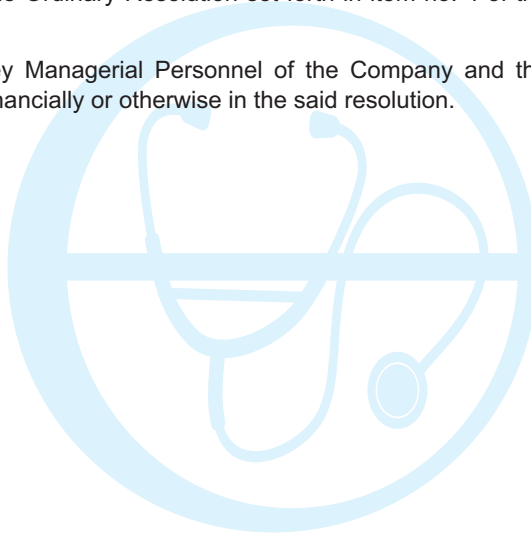
The Board, on the recommendation of the Audit Committee, has approved the re-appointment of "PKR & Associates, LLP", Cost Accountants (FRN: AAB7156), as Cost Auditors at a remuneration of Rs. 3,00,000/- (Rupees Three Lakhs only) per annum plus out of pocket expenses and applicable taxes, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2024.

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

Accordingly, the consent of the members is sought for passing an ordinary resolution as set out at item no. 4 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending March 31, 2024.

The Board recommends the Ordinary Resolution set forth in item no. 4 of the Notice for approval of the members.

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





## NOTICE

## ANNEXURE

**Details of Directors Seeking appointment / re-appointment at the 30th Annual General Meeting (Pursuant to Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and as per Secretarial Standards on General Meetings are as under:**

Name of the Director(s)	Kakarlapudi Sitarama Raju	Prasad Venkata Satya Sundara Srikakolapu
Designation	Non-Executive Director	Non-Executive Independent Director
<b>Brief Profile</b>		
Date of Birth (Age)	04-07-1946 (77 Years)	30-08-1962 (61 Years)
Qualification	B.Tech., M. Tech. in Chemical Engineering	M.Com., DBM, CAIIB
DIN	02955723	08304477
Date of Appointment /Reappointment on the Board of the Company	25.09.2023 (Original Appointment Date 19-04-1995)	01.09.2023
Nature of expertise in specific functional areas	Environmental Management, General Management	Banking Sector
Inter-se relationship between Directors and other Key Managerial Personnel	Being relative of Dr. Srikakarlapudi Sirisha, Managing Director, and Mr. SriKakarlapudi Harikrishna, Whole-time Director.	He is not related with any Director and Key Managerial Personnel of the Company
Terms and Conditions along with details of remuneration sought to be paid	--	As mentioned in the Resolution read with Explanatory Statement
Name(s) of other Companies in which Directorships held	Nil	Nil
Chairman /Member of the Committee till date	Nil	Nil
Audit Committee	Nil	Nil
Stakeholders' Relationship Committee	Nil	Nil
Nomination & Remuneration Committee	Nil	Nil
Other Committees	Nil	Nil
No. of Shares held	11 3608	0
Details of remuneration last drawn	Nil (Draws Rs. 45000/- as sitting fees)	Nil
No. of Board Meeting attended during the year	3/4	0/0

**BOARD'S REPORT****BOARD'S REPORT**

**Dear Shareholders,**

Your Directors are pleased to present the 30<sup>th</sup> Annual Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended March 31, 2023.

**1. FINANCIAL RESULTS AND OPERATIONS:**

**i. Financial Results:**

The Financial performance of your Company for the year ended March 31, 2023 as compared with the previous year is summarized below:

(Rs. in Lakhs)

S. No.	Particulars	2022-23	2021-22
I	Total Revenue	18,999.20	20,225.78
II	Profit before Financial Cost, Depreciation, and Tax	787.34	863.88
III	Less: Financial Cost	330.95	310.28
IV	Less: Depreciation	447.40	379.67
V	Profit Before Tax	8.99	173.93
VI	Less: Provision for Income Tax	1.50	29.00
VII	Less: Deferred Tax	25.71	30.56
VIII	Profit After Tax	(18.22)	114.37
IX	Other Comprehensive Income	-	-
X	Total Comprehensive Income for the period	(18.22)	114.37
XI	Add: Brought forward from Previous Year	3,880.00	3,858.00
XII	Closing Balance of Reserves & Surplus	3,821.49	3,880.00

**ii. Operations:**

During the year under review, your Company has registered a total revenue of Rs. 18,999.20 Lakhs as against Rs. 20,225.78 Lakhs for the previous corresponding year.

Whereas the Net Loss of the Company was Rs. (18.22) Lakhs as against Net Profit of Rs. 114.37 Lakhs for the previous year. Earnings per share for the year was Rs. (0.23)/-.

**2. DIVIDEND:**

In view of the losses incurred during the year, your Directors did not recommend any dividend for the FY 2022-23.

**3. TRANSFER TO RESERVES:**

The Company has not transferred any amount to the general reserves during the financial year ending March 31, 2023.

**4. SHARE CAPITAL:**

There was no change in the Share Capital of the Company, during the year 2022-23. The paid-up

**BOARD'S REPORT**

Equity Share Capital as on March 31, 2023 was Rs. 80,000,000/- (Rupees Eight Crores only).

**5. DEPOSITS FROM PUBLIC:**

During the year under review, your Company has not accepted any deposits from public pursuant to the provision of Section 73 and 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

**6. CHANGE IN THE NATURE OF BUSINESS, IF ANY:**

During the year under review, there has been no change in the nature of the business of the Company.

**7. SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANIES:**

The Company does not have any subsidiary / joint venture / associate companies during the year under review.

**8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

The detailed report on the Management Discussion and Analysis for the year under review as stipulated under Regulation 34 (3) read with Schedule V (B) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section and forms part of this Annual Report.

**9. CORPORATE GOVERNANCE REPORT:**

Your Directors reaffirm their continued commitment to adhere to the highest standards of Corporate Governance. In compliance with the Regulation 34 (3) read with Schedule V (C) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013, the Corporate Governance Report as on March 31, 2023 as stipulated under the Listing Regulations forms part of this Annual Report. The requisite certificate from the Secretarial Auditors of the Company confirming compliance with the conditions of Corporate Governance is annexed to the Corporate Governance Report and forms part of this Annual Report.

**10. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

The Board of Directors of the Company has an optimum combination of Executive, Non-Executive and Independent Directors. Relevant information on composition of the Board and number of meetings is provided in 'Board of Directors' section of Corporate Governance Report which forms part of this Annual Report.

**a) Statement of Declaration given by Independent Directors:**

In compliance with the provisions of Section 149 (7) of the Companies Act, 2013 and Regulation 25 (8) of the Listing Regulations, all the Independent Directors have submitted the Declaration of Independence, stating that they meet the criteria of Independence as laid down in Section 149(6) of the Act and Regulation 16(1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

**b) Directors Retiring by Rotation:**

In compliance with the requirements of the Companies Act, 2013 and Article of Association of the Company Mr. Kakarlapudi Sitarama Raju, Non-Executive Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offered himself for re-appointment. Your Board of Directors recommends his re-appointment. His brief profile has been provided in the notice and forms part of this Annual Report.



**BOARD'S REPORT****c) Appointment and Cessation of Directors:**

Pursuant to the provisions of the Companies Act, 2013, with the demise of a person, he immediately ceases to be the director of the companies wherever he was holding the directorship. The sudden demise of Late Mr. Sreeramakrishna Grandhi, Non-Executive Independent Director of the Company was reported on July 31, 2023 and the cessation of his directorship was noted by the Company at its Board Meeting held on August 12, 2023.

Pursuant to the sad demise of Late Mr. Sreeramakrishna Grandhi, Non-Executive Independent Director of the Company dated July 31, 2023, Mr. Prasad Venkata Satya Sundara Srikakolapu was appointed as an Additional Director (Non-Executive Independent Director) w.e.f. September 01, 2023 at the Board Meeting of the Company held on August 12, 2023. The Board recommends the appointment of Mr. Prasad Venkata Satya Sundara Srikakolapu as a Non-Executive Independent Director under section 149 of the Companies Act, 2013 for a term of five years for approval of the members at the ensuing Annual General Meeting. In accordance with Section 149(7) of the Companies Act, 2013, Mr. Prasad Venkata Satya Sundara Srikakolapu has confirmed that he meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

**d) Key Managerial Personnel:**

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, there were following changes in the Key Managerial Personnel of the Company during the year under review:

- (i) Cessation of Dr. Srikakarlapudi Srihari Raju as Managing Director of the Company due to his demise w.e.f. April 25, 2022.
- (ii) Change in designation of Dr. Srikakarlapudi Sirisha as Managing Director of the Company w.e.f. August 09, 2022.
- (iii) Re-appointment of Mr. Ramakrishna Peruri as the Chief Financial Officer of the Company w.e.f. August 12, 2023.

As on the date of this report, the Company has the following Key Managerial Personnel:

S. NO.	NAME OF KMP		DESIGNATION
1	Dr. Srikakarlapudi Sirisha	:	Managing Director & Chief Executive Officer
2	Mr. Ramakrishna Peruri	:	Chief Financial Officer
3	Ms. Rekha Singh	:	Company Secretary & Compliance Officer

Remuneration and other matters provided in Section 178(3) of the Act have been disclosed in the Corporate Governance Report, which forms part of this Annual report.

**e) Meetings of the Board:**

During the year under review, four (4) meetings of the Board of Directors were convened and held. The intervening gap between the meetings was within the period prescribed under the Act and the SEBI Listing Regulations. For details of Board meetings, please refer the Corporate Governance Report, forming part of this Annual Report.

**f) Committee of Board and details of meetings:**

The various Board constituted Committees as stipulated under the Companies Act and Listing Regulations are as follows:

- (i) Audit Committee;

**BOARD'S REPORT**

- (ii) Nomination and Remuneration Committee;
- (iii) Stakeholders Relationship Committee; and
- (iv) Corporate Social Responsibility (CSR) Committee.

All the recommendations made by the Committees of Board including the Audit Committee were accepted and approved by the Board.

During the year under review, four (4) meetings of the Audit Committee, one (1) meeting of Nomination and Remuneration Committee, twelve (12) meetings of Stakeholders Relationship Committee and one (1) meeting of Corporate Social Responsibility (CSR) Committee were convened and held. Brief details pertaining to composition, terms of reference, meetings held and attendance thereat of these Committees during the year has been enumerated in the Corporate Governance Report, which forms part of this Annual Report.

**g) Board Evaluation:**

In compliance with the provisions of Section 134 (3) (p) of the Companies Act, 2013 read with Rule 8(4) of the Companies (Accounts) Rules, 2014 and Regulation 17 (10) of the Listing Regulations, an evaluation of the performance of the Board, its committees and members were undertaken. For details, please refer to the Corporate Governance Report, forming part of this Annual Report.

**h) Appointment of Directors and Remuneration Policy:**

The assessment and appointment of members to the Board are based on a combination of criterion that includes ethics, personal and professional stature, domain expertise, gender diversity and specific qualification required for the position. The potential independent Board member is also assessed on the basis of independence criteria defined in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Listing Regulations.

In accordance with Section 178(3) of the Companies Act, 2013, and on recommendations of Nomination and Remuneration Committee, the Board has formulated and adopted a remuneration policy for Directors, Key Management Personnel (KMPs) and Senior Management that outlines the guidelines related to performance evaluation of Directors, remuneration principles and Board diversity, the policy is available on the website of the Company; [http://www.everestorganicsltd.com/investors/Corporate%20Governance/Policies/Policy%20on%20Nomination%20\\_%20Remuneration.pdf](http://www.everestorganicsltd.com/investors/Corporate%20Governance/Policies/Policy%20on%20Nomination%20_%20Remuneration.pdf).

**i) Compliance with Secretarial Standards:**

During the year under review, the Company continues to comply with the various provisions of all Secretarial Standards, including amendments thereto, as issued by the Institute of Company Secretaries of India ('ICSI').

**11. ADEQUACY OF INTERNAL FINANCIAL CONTROL SYSTEMS:**

The Company has in place proper and adequate Internal Financial Control systems commensurate with the nature of its business, size and complexity of its operations with reference to financial statements. Internal control systems comprising of policies and procedures designed to ensure reliability of financial reporting timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations, and that all assets and resources as acquired are used economically.

**BOARD'S REPORT****12. DIRECTOR'S RESPONSIBILITY STATEMENT:**

In compliance with the provisions of Section 134(3)(C) read with Section 134(5) of the Companies Act, 2013, to the best of their knowledge and belief your Directors state that:

- a. In the preparation of the annual accounts for the financial year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. They had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 of the Company for the year under review;
- c. They had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. They had prepared the annual accounts for the financial year ended March, 31, 2023 on a 'going concern basis';
- e. They had laid down proper internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. They had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory auditors and external consultants and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's Internal Financial Controls were adequate and effective during the financial year 2022-23.

**13. RELATED PARTY TRANSACTIONS:**

All Related Party Transactions are in compliance of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc., which may have potential conflict with the interest of the Company at large.

All Related Party Transactions entered into by the Company were in the Ordinary Course of Business and at an Arm's Length basis and were reviewed and approved by the Audit Committee and the Board. Omnibus approval is obtained for transactions which are foreseeable and repetitive in nature. A statement of all Related Party Transactions is presented before the Audit Committee on quarterly basis, specifying the nature, value and terms and conditions of the transactions. Complete details of Related Party Transactions are given in the Notes to Financial Statements forming part of this Annual Report.

The Policy on Materiality of Related Party Transactions and on dealing with Related Party Transaction as approved by the Board may be accessed on the Company's website: <http://www.everestorganicsltd.com/investors/Corporate%20Governance/Policies/Policy%20on%20Related%20Party%20Transaction.pdf>.

Information on transactions with Related Parties pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, are given in Form AOC-2 and is attached as "**BR\_Annexure - I**" to this Annual Report.

**BOARD'S REPORT****14. VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

The Company believes in upholding professional integrity and ethical behaviour in the conduct of its business. To uphold and promote these standards, the Company has a Vigil Mechanism / Whistle Blower Policy which serves as a mechanism for its Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct without fear of reprisal. The policy also provides access to the Chairperson of the Audit Committee under certain circumstances. The details of establishment of such mechanism are available on the website of the Company [http://www.everestorganicsltd.com/investors/Corporate%20Governance/Policies/Vigil%20Mechanism\\_Whistle%20Blower%20Policy.pdf](http://www.everestorganicsltd.com/investors/Corporate%20Governance/Policies/Vigil%20Mechanism_Whistle%20Blower%20Policy.pdf).

Whistle Blower Policy and affirmation that none of the personnel have been denied access to the Audit Committee. The Company has in place a Whistle Blower Policy for Vigil mechanism for Directors and employees to report to the management about the unethical behavior, fraud, violation of Company's Code of Conduct.

**15. AUDITORS AND AUDIT REPORT:****a) Statutory Auditors:**

Pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, M/s. P.S.N. Ravishanker & Associates, Chartered Accountants, Hyderabad (Firm Registration No. 003228S) were appointed as the Statutory Auditors of the Company for a term of five consecutive years from the conclusion of the 29th Annual General Meeting held on September 24, 2022 till the conclusion of the 34th Annual General Meeting.

Pursuant to the provisions of Section 141 of the Act, the auditors have confirmed that their appointment is in compliance with the conditions prescribed by the said section and hold valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India and are eligible to continue to hold the office for rest of their tenure.

**b) Board's response on Auditors' Qualifications, Reservations or Adverse Remarks:**

The qualifications made by the Statutory Auditors in the Independent Auditors' Report for the financial year ended March 31, 2023 read with explanatory notes therein are self-explanatory and therefore do not call for any further explanation or comments from the Board under Section 134 (3) of the Companies Act, 2013, other than those mentioned below:

- i. The revocation order of Telangana State Pollution Control Board (TSPCB) dated 4th February 2022 in connection with the closure order dated 22nd Dec 2020, stipulates that, the Company cannot exceed its production capacity indicated in its order No. TSPCB/RCP/SRD/CFO&HWA/HO/2017-2714, Dt. 22-11-2017. However, the Company is operating at a substantially enhanced level of actual production without necessary approvals from TSPCB in the form of Consent for Establishment (CFE) for starting the establishment, followed by the consequent Consent for Operation (CFO). Such non-compliance could impact the going concern status of the Company in the form of Closure Order from TSPCB.

*Directors' Comments: During the year under review, the Management is in process of receiving approvals for such enhanced capacity of production. The Company has made application for necessary approvals and upon payment of appropriate fees the approvals will be granted. Hence effect on the Company as a going concern would not arise.*

- ii. During the period under report, certain sales are made by the Company on or before 31st March, 2023 for which control over the goods have not been passed on to the respective

**BOARD'S REPORT**

customers though dispatches were made on or before the aforesaid date and the same is not in accordance with IND-AS 115 on Income Recognition. Considering the corresponding effect of the earlier period i.e., 2021-22, the impact on Net Profit after tax for the year ended 31.03.2023 and reserves and surplus under Balance Sheet have been overstated by Rs. 70.65 Lakhs and the net turnover for the year ended 31.03.2022 have been overstated by Rs. 394.76 Lakhs.

*Directors' Comments: During the year under review, the sales made at the year end were subsequently shipped and control over goods has been transferred to the respective customers. Management is of the opinion that, as the control has been transferred and sale is completed. Accordingly, the revenue and profitability are certain of realisation and do not have any impact of revenue and profit of the Company.*

- iii. During the year, the Company has received Keyman Insurance claim on demise of Mr. SK Srihari Raju, Ex-CMD, amounting to Rs. 500 lakhs which was shown under Other Income instead of Exceptional items in Statement of Profit & Loss Account in the yearly results for FY 2022-23. Accordingly, the impact on Operational Profit (Earnings Before Interest & Tax) for FY 2022-23 was overstated by Rs. 500 lakhs resulting in the present Operational Profit (Earnings Before Interest & Tax) of Rs.496.12 lakhs instead of operating loss of Rs. 3.88 lakhs, there being no impact on the overall Net Profit of the Company for FY 2022-23.

*Directors' Comments: During the year under review, Earlier the Keyman Insurance premium paid was charged to P&L as normal business expenditure. Hence the Management is of the opinion that the compensation received there to shall also be treated as normal business income and accordingly treated as normal income.*

- iv. During the quarter under report, the Company has not revised the provision for the Liability on account of Gratuity payable which was made in earlier period based on the Management's own assessment. The Company has not been following the making of provision for such liability basing on Actuarial Assessment. Further, the Company has not obtained any confirmation of liability from the Life Insurance Corporation of India in this regard during the past one year. Hence the impact on the profit for the year and the consequential impact on the Reserves and Surplus of the Company as on the balance Sheet date are not ascertainable.

*Directors' Comments: During the year under review, the Company has made adequate provision for the gratuity liability. However, the management will take up the actuarial valuation soon and will review there on.*

- v. The Company has made turnover of Rs.18,304.84 Lakhs for the year ended 31st March 2023. The Sundry Debtors as at 31st March, 2023 stood at Rs. 7795.71 Lakhs. Against this outstanding balance of Sundry Debtors confirmations were received only for Rs. 3612.13 lakhs by this date.

*Directors' Comments: During the year under review, the Company has priorly communicated to all the receivable parties for confirmation of balances and have received confirmations from significant number of parties and are still receiving them on a continuous basis and expect the rest of the confirmations also soon.*

- vi. The Debtors balance outstanding for more than 3 years for which provision for doubtful debts was not made is amounting to Rs. 58.62 lakhs as at 31st March 2023. As there were no active business transactions with those parties, provision should be made for entire amount of Rs. 58.62 lakhs for 2022-23. The impact on Net Profit after tax for the year ended

**BOARD'S REPORT**

31.03.2023 and Reserves and Surplus under Balance Sheet have been overstated by Rs. 43.87 lakhs (Rs 58.62 lakhs Less Rs. 58.62 lakhs x 25.168%).

*Directors' Comments: During the year under review, although the receivables are more than 3 years old, we are making recoveries on a continuous basis and we hope to receive them in the near future. For this reason, we have not made any provision for doubtful debts.*

- vii. During the year, the Company has capitalised expenditure incurred on R&D to the extent of Rs. 209.65 lakhs under the head Intangible Assets-Products under Development instead of treating it as revenue expenditure and charging it in the Statement of Profit & Loss Account. The nature of such expenditure shall be substantiated with tangible basis for certainty of corresponding future revenues against the same. The expenditure shall also be identified and ascertained against each product under development. As the same was not furnished to us, we are of the opinion that the treatment of such expenditure as capital in nature is not in accordance with IND-AS 1 on Presentation of Financial Statements. Accordingly, the Profit before tax for the year ended 31.03.2023 have been overstated by Rs 209.65 lakhs.

*Directors' Comments: During the year under review, the Company has been incurring expenditure on development of various new products which take a time period of 3 to 5 years gestation for realising commercial benefits there from. The future economic returns of this product development activity at large are expected to outweigh the expenditure for such development. To match the future revenues with corresponding development cost the present expenditure for the product development is capitalised under the category of "Intangible Asset".*

- viii. The Company has adopted cash basis of accounting, as regards sales Commission payable to the sales agents. Hence the impact on the profit for the year and the consequential impact on the Reserves and Surplus of the Company as on the Balance Sheet date are not ascertainable.

*Directors' Comments: During the year under review, the liability for sales commission arises only after realisation of amount from sales made and on receipt of the bill from the agent. Sales made through agents are very less. In the view of the management there are no bills which are pending for accounting the liability thereon.*

**c) Report:**

Pursuant to the provisions of Section 143(12) of the Companies Act, 2013 as amended from time to time, the Statutory Auditors have not reported any incident of fraud to the Audit Committee during the year under review.

**d) Internal Auditors:**

The Board of Directors based on the recommendation of the Audit Committee has re-appointed M/s. Harikrishna & Associates, Chartered Accountants, as an Internal Auditors of your Company pursuant to the provisions of Section 138 of the Companies Act, 2013 for the FY 2023-24. M/s. Harikrishna & Associates have confirmed their willingness to be re-appointed as an Internal Auditors of the Company and are submitting their reports on quarterly basis.

**e) Cost Auditors:**

The Board of Directors based on the recommendation of Audit Committee has re-appointed M/s. PKR & Associates, LLP, Cost Accountants, Hyderabad as the Cost Auditors of the Company pursuant to the provisions of Section 148 of the Companies Act, 2013 for the FY 2023-24. The provisions also require that the remuneration of the cost auditors be ratified by the shareholders

**BOARD'S REPORT**

and accordingly the same is put forward to the shareholders in the notice convening 30th Annual General Meeting for their ratification.

**f) Cost Audit Report for the year ended March 31, 2023:**

The Cost Audit Report for the financial year 2022-23 issued by M/s. PKR & Associates, LLP, Cost Accountants, are self-explanatory and therefore do not call for any further explanation or comments from the Board. The same will be filed with the Central Government within the stipulated timeline.

**g) Maintenance of Cost Records:**

The provisions of Cost Records are applicable to the Company and the Company has made and maintained the cost records as specified by the Central Government under sub-section (1) Section 148 of the Companies Act, 2013.

**h) Secretarial Auditors:**

In compliance with the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. D. Hanumanta Raju & Co., Practicing Company Secretaries, were re-appointed as the Secretarial Auditors of the Company to carry out the Secretarial Audit for the year ending March 31, 2024.

**i) Annual Secretarial Audit Report:**

In terms of Section 204 of the Companies Act, 2013 and Regulation 24A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, a Secretarial Audit Report given by the Secretarial Auditors in form no. MR-3 is annexed as "**BR\_Annexure - II**" to this Annual Report.

**j) Annual Secretarial Compliance Report:**

An Annual Secretarial Compliance Report for the financial year ended March 31, 2023 on compliance of all applicable SEBI Regulations and circulars / guidelines issued thereunder, was obtained from M/s. D. Hanumanta Raju & Co., Secretarial Auditors and submitted to the stock exchange.

**16. RISK MANAGEMENT POLICY:**

The Company has instituted a proper mechanism for identifying and establishing controls to effectively manage different kinds of risks. At present the threats, risks and concerns being felt are stiff competition in the market, consolidation of manufacturers, who have branded products, fluctuations in prices as well as availability of raw materials, decline in sales volume and the huge increase in logistics prices.

**17. DECLARATION ABOUT COMPLIANCE WITH CODE OF CONDUCT BY MEMBERS OF THE BOARD AND SENIOR MANAGEMENT PERSONNEL:**

The Company has a comprehensive Code of Conduct (the Code) in place pursuant to Regulation 17 (5) of Listing Regulations, applicable to all the senior management personnel and Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. Declaration on compliance with Code of Conduct by the Managing Director is annexed as "**BR\_Annexure – III**" and forms part of this Annual Report.

**BOARD'S REPORT****18. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has always believed in providing a safe and harassment free workplace for every individual working in its premises through various policies and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has adopted a policy on Prevention of Sexual Harassment at Workplace which aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behaviour. An Internal Complaints Committee ("ICC") has been constituted and re-constituted by the senior management (with women employees constituting the majority). The ICC is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the Policy.

During the year ended March 31, 2023, no complaints pertaining to sexual harassment have been reported.

**19. OTHER DISCLOSURES:****a) Annual Return:**

Pursuant to the provisions of Sections 92(3) and 134(3)(a) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rule, 2014, the Annual Return of the Company for the year ended March 31, 2023, has been hosted on the Company's website, which can be accessed at [http://www.everestorganicsltd.com/investors/Financial%20Info/Annual%20Reports/Annual%20Returns/Annual%20Return\\_2022-23.pdf](http://www.everestorganicsltd.com/investors/Financial%20Info/Annual%20Reports/Annual%20Returns/Annual%20Return_2022-23.pdf)

**b) Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo:**

Particulars pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo, pursuant to the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, as amended from time to time are annexed as "BR\_Annexure - IV" to this Annual Report.

**c) Loans/ Guarantees/ Investments under Section 186 of the Companies Act, 2013:**

Pursuant to the provisions of Section 186 (3) and all other applicable provisions of the Companies Act, 2013, the Company has taken Boards' and Members approval at their meetings held on July 31, 2020 and September 08, 2020 respectively for an amount not exceeding Rs. 25 Crores in excess of the limits prescribed under the given Act. But the Company has not granted any Loans and Guarantees or made any Investments and Securities provided during the year under review.

**d) Disclosure regarding Employee Stock Option Scheme:**

Pursuant to the provision of Sections 62 (1) (b) of the Companies Act, 2013 read with Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014, the Company has not issued any equity shares under Employee Stock Option Scheme, during the year under review.

The Board of Directors at their meeting held on August 09, 2017 have proposed to approve Employee Stock Option Scheme, which was later approved by the members at the 24th Annual General Meeting of the Company held on September 27, 2017 as the ESOP Scheme 2017.

The Company has further made an application for seeking "In-principal approval" prior to issue and allotment of 500000 Equity Shares consisting of 500000 Employee Stock under "Everest



**BOARD'S REPORT**

Employee Stock Option Plan 2017” in compliance with Regulation 12(3) of SEBI (Share Based Employee Benefits) Regulations, 2014, which was approved by the BSE Limited via its letter dated January 12, 2021. The Company shall proceed with the said approval soon.

**e) Details of Nodal Officer:**

The Company has designated Ms. Rekha Singh, Company Secretary and Compliance Officer as a Nodal Officer for the purpose of IEPF.

**f) Disclosure regarding Unclaimed Shares:**

Pursuant to the provisions of SEBI (LODR) Regulations 2015, the Company had transferred 207792 (Two Lakh Seven Thousand Seven Hundred Ninety-Two) unclaimed Equity Shares to the Everest Organics Limited – Unclaimed Suspense Account. 181406 (One Lakh Eighty-One Thousand Four Hundred and Six) Equity Shares i.e. 2.27% were still lying under “Everest Organics Limited – Unclaimed Suspense Account” as on March 31, 2023.

**20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS:**

No significant and / or material orders, passed by any Court or Regulator or Tribunal, which may impact the going concern status or the Company's operations in future.

**21. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY AFTER THE CLOSE OF THE YEAR TILL THE DATE OF THIS REPORT:**

The material events that have occurred after the close of the financial year till the date of this report are as follows:

1. Rabeprazole API has been applied for Korean market;
2. For Bilastine API we have applied for Certificate of Suitability (COS);
3. Vonoprazole API has been developed in the R&D;
4. Pemetrexed intermediates has been commercialised.

Demise of Late Mr. Sreeramakrishna Grandhi, Non-Executive Independent Director of the Company was reported on July 31, 2023.

No other material changes and commitments have occurred which may affect the financial position of the Company after the close of the Financial Year till the date of this report.

**22. CORPORATE SOCIAL RESPONSIBILITY:**

The Corporate Social Responsibility (CSR) Committee of the Company is in compliance with the provisions of Section 135 of the Companies Act, 2013 which consists of three directors including one executive director, one non-executive director and one non-executive independent director. The Chairman of the committee is an Non-Executive Independent Director. The CSR Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, as approved by the Board.

The details of the CSR Policy of the Company, its development and initiatives taken by the Company on CSR during the year pursuant to Section 135 of the Companies Act, 2013 was presented as “the Annual Report on Corporate Social Responsibility activities”, annexed herewith as “**BR\_Annexure - V**” and forms part of this Annual Report. The above said Policy is available on the website of the Company <http://www.everestorganicsltd.com/investors/Corporate%20Governance/Policies/Corporate%20Social%20Responsibility%20Policy.pdf>.

**BOARD'S REPORT****23. PARTICULARS OF EMPLOYEES AND REMUNERATION:**

In compliance with the requirement of Section 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement containing the remuneration details of Directors and employees are annexed herewith as “BR\_Annexure - VI” and forms part of this Annual Report.

**24. HUMAN RESOURCE:**

Your Company considers its Human Resources as the key to achieve its objectives. Keeping this in view, your Company takes utmost care to attract and retain quality employees. The employees are sufficiently empowered and such work environment propels them to achieve higher levels of performance. The unflinching commitment of employees is the driving force behind the Company's vision. Your Company appreciates the spirit of its dedicated employees.

**25. ACKNOWLEDGMENT:**

Your Directors place on record their sincere appreciation for the significant contribution made by its employees through their dedication, hard work and commitment at all levels. The board of directors also acknowledge the support extended by the analysts, bankers, government agencies, media, customers, suppliers, shareholders and investors at large. The Board look forward to your continued support in the Future.

**For and on behalf of the Board of Directors**

**Date: 12.08.2023**  
**Place: Hyderabad**

**Sd/-**  
**Ramakrishnam Raju Kounparaju**  
**Chairman**  
**DIN: 01735481**

**Sd/-**  
**Sri Kakarlapudi Sirisha**  
**Managing Director**  
**DIN: 06921012**

**Form No. AOC-2**

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contracts or arrangement or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts /arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
Virat & Co. One of the Partners of the Firm is the spouse of Executive Director	Sales/ Purchases	N/A	General Terms and Conditions	29.05.2017	N/A
Dr. S.K Srihari Raju former Managing Director of the Company	Unsecured Loan Received	N/A	General Terms and Conditions	-	N/A
S.K.Seetharama Raju Director of the Company	Office Rent & Maintenance paid by the Company	N/A	General Terms and Conditions	-	N/A
S.K. Hari Krishna Whole-time Director of the Company	Unsecured Loan Received	N/A	General Terms and Conditions	-	N/A
Veerat Finance & Investment Ltd. One of the Director of the Company is the relative of Managing Director	Unsecured Loan Received	N/A	General Terms and Conditions	29.05.2017	N/A
A. Parvathisem Technical Director of the Company	Unsecured Loan Received	N/A	General Terms and Conditions	-	N/A
S.K. Gowri Parvathi mother of Whole-time Director of the Company	Unsecured Loan Received	N/A	General Terms and Conditions	-	N/A
Dr. Srikakrapudi Sirisha Managing Director of the Company	Remuneration	N/A	General Terms and Conditions	09.08.2022	N/A
A. Parvathisem Technical Director of the Company	Remuneration	N/A	General Terms and Conditions	05.08.2021	N/A
S.K. HariKrishna Whole-time Director of the Company	Remuneration	N/A	General Terms and Conditions	09.08.2022	N/A
Non-Executive Directors	Sitting Fees	N/A	General Terms and Conditions	30.07.2019	N/A

**For and on behalf of the Board of Directors**

Date: 12.08.2023  
Place: Hyderabad

Sd/-  
**Ramakrishnam Raju Kounparaju**  
Chairman  
DIN:01735481

Sd/-  
**Srikakrapudi Sirisha**  
Managing Director  
DIN: 06921012



## Form No. MR-3

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2023**

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

To,

**The Members,**

**EVEREST ORGANICS LIMITED**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **EVEREST ORGANICS LIMITED** having CIN: **L24230TG1993PLC015426**, having registered office at Aroor Village, Sadasivapet Mandal, Medak, Telangana - 502 291 and having corporate office at 1st Floor, Lakeview Plaza, Plot No.127 & 128, Amar Co-operative Society, Opp. Madhapur Police Station Road, Near Durgam Cheruvu, Madhapur, Hyderabad - 500 033 (hereinafter called the "**Company**"). Secretarial Audit was conducted in accordance with the guidance note issued by the Institute of Company Secretaries of India and 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, confirmations, clarifications 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, 2023, 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 March 31, 2023 according to the provisions of:

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



Regulations, 2018 - **(Not applicable to the Company during the period of audit);**

- (d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021- **(Not applicable to the Company during the period of audit);**
  - (e) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (f) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - **(Not applicable to the Company during the period of audit);**
  - (g) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **(Not applicable to the Company during the period of audit);**
  - (h) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (i) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021- **(Not applicable to the Company during the period of audit);** and
  - (j) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- (vi) Other laws **specifically** applicable to the company are as follows:
- a. Drugs and Cosmetics Act, 1940;
  - b. Petroleum Act, 1934 read with Petroleum Rules 2002;
  - c. Air (Prevention and Control of Pollution) Act, 1981 and rules made thereunder;
  - d. Environment (Protection) Act, 1986 and rules made thereunder;
  - e. Water (Prevention and Control of Pollution) Act, 1974;
  - f. Explosives Act, 1884 read with Gas Cylinder Rules, 2016;

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 notified under the Companies Act, 2013;
- (ii) The Listing Agreements entered into by the Company with BSE Limited.

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

**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 in advance to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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.



Majority decisions are carried through while the dissenting member's views, if any, are captured and recorded as part of 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,** Company has received revocation order from Telangana State Pollution Control Board (TSPCB) dated 4th February 2022 with respect to the closure order dated 22nd Dec 2020. The Revocation Order stipulates that, the Company cannot exceed its production capacity indicated in letter dated 22.11.2017 vide No. TSPCB/RCP/SRD/CFO&HWA/HO/2017-2714. However, the Company is operating at a substantially enhanced level of actual production without necessary approvals from TSPCB in the form of Consent for Establishment (CFE) for starting the establishment, followed by the consequent Consent for Operation (CFO). Such non-compliance could impact the going concern status of the Company in the form of Closure Order from TSPCB.

As informed by the management, during the period under review the company has made necessary application to TSPCB for Consent for Operations (CFO) for enhancing limits and necessary approvals for the enhancement of production capacity of the Company and the same is expected to be received shortly.

**Place: Hyderabad**

**Date: 12.08.2023**

**For D.HANUMANTA RAJU & CO  
COMPANY SECRETARIES**

**Sd/-  
CS MOHIT KUMAR GOYAL  
PARTNER  
FCS: 9967, CP NO: 12751  
UDIN: F009967E000795037  
PR NO: 699/2020**

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**Annexure A'**

**To,  
The Members,  
EVEREST ORGANICS LIMITED**

Our report of even Date is to be read along with this letter.

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 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. Where ever 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 management. Our examination was limited to the verification of procedures on 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.

**Place: Hyderabad  
Date: 12.08.2023**

**For D.HANUMANTA RAJU & CO  
COMPANY SECRETARIES**

**Sd/-  
CS MOHIT KUMAR GOYAL  
PARTNER  
FCS: 9967, CP NO: 12751  
UDIN: F009967E000795037  
PR NO: 699/2020**



**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND  
SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

As required under Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that the Company has adopted the Code of Conduct for all Board Members and Senior Management Personnel and the same has been placed on the website of the Company.

The Members of the Board and Senior Management Personnel have affirmed compliance with the respective Code of Conduct, as applicable to them for the financial year ended March 31, 2023.

**Place: Hyderabad**

**Date: 12.08.2023**

**For Everest Organics Limited**

**Sd/-**

**Dr. Sri Kakarlapudi Sirisha**

**Managing Director**

**DIN: 06921012**





**DISCLOSURE PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT 2013 READ WITH  
RULE 8 OF THE COMPANIES (ACCOUNTS), RULES 2014**

**(A) Conservation of energy:**

Steps taken or impact on conservation of energy	Commissioned the Husk usage requirements to the boiler and to start the usage of Husk in the boiler.
Steps taken by the company for utilizing alternate sources of energy	1 MW solar power unit already commercialized and is usage.
Capital investment on energy conservation equipments	We have replaced cooling towers by evaporative condensation system for the chilling plants by investing Rs. 30 Lakhs, thereby saving power 10000 units in a month

**(B) Technology absorption:**

Efforts made towards technology absorption. Benefits derived like product improvement, cost reduction, product development or import substitution	<ol style="list-style-type: none"> <li>1. Consistent efforts are going on to increase the product Basket. We have commercialized 3 new products in the last year.</li> <li>2. Process development for the existing products is in progress.</li> <li>3. Identified 5 more new molecules and development is in progress for the next year.</li> <li>4. We have filed DMF for 5 molecules and 3 more DMF's are ready for filing.</li> </ol>
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):	
Details of technology imported	
Year of import	
Whether the technology has been fully absorbed	
If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	
Expenditure incurred on Research and Development	

**(C) Foreign Exchange Earnings and Outgo:**

Amount in Rs. Lakhs

	1 <sup>st</sup> April, 2022 to 31 <sup>st</sup> March, 2023 [Current FY]	1 <sup>st</sup> April, 2021 to 31 <sup>st</sup> March, 2022 [Previous FY]
Actual Foreign Exchange earnings	5,043.44	4,287.96
Actual Foreign Exchange outgo	2,195.65	2,344.08

For and on behalf of the Board of Directors

Date: 12.08.2023  
Place: Hyderabad

Sd/-  
**Ramakrishnam Raju Kounparaju**  
Chairman  
DIN: 01735481

Sd/-  
**Srikarlapudi Sirisha**  
Managing Director  
DIN: 06921012

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

(Pursuant to Section 135 of the Companies Act, 2013 read with Companies [Corporate Social Responsibility Policy] Rule, 2014, as amended)

**1) Brief outline of the Corporate Social Responsibility (CSR) Policy of the Company:**

EOL believes that all are born with equal potential but not equal opportunity and CSR plays a vital role in an organisation's existence and sustained evolution. In line with this EOL endeavours to reach out to the underprivileged, underdeveloped and underserved communities and area to address fundamental challenges of our society. Based on our deep respect for the people and the planet, we focus on our social and environmental responsibilities to fulfil the needs and expectations of the communities around us. Our contribution to societal change embodies our values and our CSR Policy aims to provide a dedicated approach that is beneficial to the sustainable community development and environment at large.

**2) Composition of CSR Committee:**

The CSR Committee of the Board is responsible for overseeing the execution of the Company's CSR Policy. The CSR Committee comprises of one Non-Executive Independent Director, one Executive Technical Director and one Non-Executive Non-Independent Director as at the end of fiscal year 2023.

S. No.	Name of Members	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Ramakrishnam Raju Kounparaju	Chairman, Non-Executive Independent Director	1	1
2.	Mr. Akella Parvathisem	Member, Executive Technical Director	1	1
3.	Mr. Kakarlapudi Sitarama Raju	Member, Non-Executive Non-Independent Director	1	1

**3) Web-links where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the Company.**

Composition of the CSR Committee shared above and is available on the Company's website at [www.everestorganicsltd.com](http://www.everestorganicsltd.com).

CSR Policy – <http://www.everestorganicsltd.com/Policies.html>.

CSR Projects – [www.everestorganicsltd.com](http://www.everestorganicsltd.com).

**4) Impact Assessment of CSR project carried out in pursuance of sub-rule (3) of Rule 8, if applicable:** NotApplicable.



## BOARD'S REPORT

## BR-ANNEXURE V

- 5) (a) Average Net Profit of the Company as per Section 135 (5) of the Act. : Rs. 11,03,51,943/-
- (b) Two per cent of the Average Net Profit of the Company as per Section 135 (5) of the Act. : Rs. 22,07,039/-
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. : NA
- (d) Amount required to be set-off for the financial year, if any. : Rs. 13,902/-
- (e) Total CSR obligation for the financial year [(b)+(c)-(d)] : Rs. 21,93,137/-
- 6) (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).

1	2	3	4	5		6	7	8	9	10	11	
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current FY (in Rs.)	Amount transferred to Unspent CSR account for the project as per Section 135(6) (in Rs.)	Mode of Implementation Direct (Yes/No)	Mode of Implementation through Implementing Agency	
				State	District						Name	CSR Registration number
1	Education Development	Education	Yes	Telangana	Sangareddy	--	115000	115000	NIL	Yes	--	--
2	Education Development	Education	Yes	Telangana	Sangareddy	--	1550000	1550000	NIL	No	District Collector (PLG)	--
3	Providing RO Water Plant	Ruler Development Activities	Yes	Telangana	Sangareddy	--	559058	559058	NIL	Yes	--	--
<b>TOTAL</b>							<b>2224058</b>	<b>2224058</b>	<b>NIL</b>			



- (b) Amount spent in Administrative Overheads : Not Applicable  
(c) Amount spent on Impact Assessment, if applicable : Not Applicable  
(d) Total amount spent for the Financial Year [(a)+(b) +(c)] : 22,24,058/-  
(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Rs. 22,24,058/-	NA				

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

S. No	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the Company as per Section 135(5)	22,07,039/-
(ii)	Total amount spent for the Financial Year	22,24,058/-
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	17,019/-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Year, if any.	NIL
(v)	Amount available for set off in succeeding Financial Year	30,921/-*

\*[Calculations: Required Rs. 2207039/-; Spent Rs. 2237960/- {Rs. 2224058 + Rs. 13902}; Rs. 30921/- excess amounts spent for the FY 2022-23]

- 7) Details of Unspent CSR amount for the preceding three Financial Years: **Not Applicable.**  
8) Whether any capital assets have been created or acquired through CSR amount spent in the Financial Year: **No.**

If yes, enter the number of Capital assets created/acquired: **Not Applicable.**

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

**Responsibility Statement:** The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR policy is in compliance with CSR objective and policy of the Company.

For Everest Organics Limited

Place: Hyderabad

Date: 12.08.2023

Sd/-  
**Ramakrishnam Raju Kounparaju**  
Chairman CSR Committee  
DIN: 01735481

Sd/-  
**Dr. Sri Kakarlapudi Sirisha**  
Managing Director  
DIN: 06921012

**DISCLOSURE FOR THE RATIO OF REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF THE EMPLOYEES FOR THE FINANCIAL YEAR:**

The information required pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) (i) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of ratio of the remuneration paid of each director to the median remuneration of the employees of the Company for the Financial Year are as follows:

S.No.	Name of Directors	Remuneration Per Annum	Median Remuneration Per Annum	Ratio
1.	Dr. Srikakarlalapati Sirisha	Rs. 24,00,000/-	Rs. 2,66,700/-	8.99
2.	Akella Parvathisem	Rs. 50,00,000/-	Rs. 2,66,700/-	18.75
3.	Sri Kakarlalapati Harikrishna	Rs. 15,00,000/-	Rs. 2,66,700/-	5.62

The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the FY 2022-23:

Name	Designation	Percentage increase in remuneration
Dr. Sri Kakarlalapati Sirisha	Managing Director & Chief Executive Officer	33.33%
Mr. Sri Kakarlalapati Harikrishna	Whole-time Director	--
Mr. Akella Parvathisem	Technical Director	--
Mr. Peruri Ramakrishna	Chief Financial Officer	--
Ms. Rekha Singh	Company Secretary	--

The percentage increase in the median remuneration of Employees for the financial year increased by 7.31%.

**Note:**

- a) The Non-Executive Directors of the Company are not entitled for remuneration and are paid only sitting fees for attending the meetings, as such provisions of the said section is not applicable to them.
- b) Percentage increase in remuneration indicates annual target, total compensation increases, as approved by the Nomination and Remuneration Committee of the Company during the FY 2022-23.
- c)
  - i. The Company has 400 permanent Employees on the roll of Company as on March 31, 2023.
  - ii. Average percentage increase made in the salaries of Employees other than the managerial personnel in the last Financial Year i.e., 2021-22 was 6.96% whereas the decrease in the managerial remuneration was 28.79%. The average increases every year is an outcome of Company's market competitiveness as against its peer group Companies. In keeping with our reward philosophy and benchmarking results, the increases this year reflect the market practice.
  - iii. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.
  - iv. Statement of particulars of employees pursuant to the provision of Section 197 (12) of the



## BOARD'S REPORT

## BR-ANNEXURE VI

Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended:

Particulars of Top 10 employees in terms of remuneration drawn during the year;

S. No	Name of Employees	Age of the employee	Designation of the employee	Gross Remuneration for FY 2022-23 (Rs.in lakhs)	Nature of employment, whether contractual or otherwise	Qualification of the employee	Experience of the employee	Date of commencement of employment	The last employment held by such employee before joining the Company	The percentage of equity shares held by the employee	Whether any such employee is a relative of any director or manager of the Company
1	Akella Parvathisem	56 years	Technical Director	50.00	Regular	M.Sc.	19 years	28-08-2004	--	0.00045	No
2	G.V.S.S.R.S. Sarma	46 years	General Manager	33.98	Regular	B.Sc.	20 years	19-02-2003	--	--	No
3	Dr. Srikakarlapudi Sirisha	45 years	Managing Director	24.00	Regular	MBBS, MD	10 years	30-09-2013	--	1.35	Yes
4	A.D.A.S. Srinivas	47 years	QA-AGM	17.64	Regular	M.Sc	10 years	21-01-2013	--	--	No
5	Piniseti Verri Babu	42 years	Senior Manager	17.00	Regular	M.Sc	2.6 years	24-08-2021	--	--	No
6	P.Ramakrishna	57 years	CFO	15.43	Regular	M.Com	26 years	01-07-1996	--	0.17	No
7	Srikakarlapudi Harikrishna	44 years	Whole-time Director	15.00	Regular	BE, MPIE	22 years	12-05-2001	--	0.08	Yes
8	Atluri Siva Kumar	41 years	Manager	14.94	Regular	B.Sc	3 years	30-04-2020	--	--	No
9	Sai Pavan Jyesta	35 years	Deputy Manager-RA	13.45	Regular	M.Pharm	2 years	07-06-2021	--	--	No
10	G.P.V.S. Dora	55 years	Materials Manager	13.22	Regular	B. Com	25 years	02-05-1997	--	--	No

For Everest Organics Limited

Place: Hyderabad

Date: 12.08.2023

Sd/-  
**Ramakrishnam Raju Kounparaju**  
 Chairman  
 DIN: 01735481

Sd/-  
**Dr. Sri Kakarlapudi Sirisha**  
 Managing Director  
 DIN: 06921012

**CORPORATE GOVERNANCE REPORT****CORPORATE GOVERNANCE REPORT**

(Pursuant to SEBI (LODR) Regulations, 2015 with the Stock Exchange)

The Corporate Governance Report for the Financial Year (“FY”) 2022-23, which forms part of Boards' Report, is prepared in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The Company is in full compliance with all the applicable provisions of SEBI's Corporate Governance norms.

**1. A brief statement on Company's philosophy on Corporate Governance:**

The Company believes that good Corporate Governance practices should be enshrined in all activities of the Company. This would ensure efficient conduct of affairs of the Company and help the Company to achieve goal of maximizing value for all its stake owners. Your Company's business objective is to manufacture and market the Company's product in such a way as to create value that can be sustained over the long term for consumers, shareholders, employees & business partners. Your Company is conscious of the fact that the success of a Company is a reflection of the professional conduct and ethical values of its management & employees. Your Company affirms its commitment to follow good corporate governance practices proactively.

**2. Board of Directors:**

- i. **Composition of Board:** The Strength of the Board as on March 31, 2023, the Company has 7 Directors headed by 1 (One) Non-Executive (Independent) Chairman. The other 6 (Six) Directorship consist of 3 (Three) Executive Directors, (1) One Non-Executive Non-Independent Director and 2 (Two) Non-Executive Independent Directors. The composition of the Board is in conformity with the Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013.
- ii. **Board and Committee Meetings:** None of the Directors on the Board is a member of more than 10 committees or Chairman of more than 5 committees across all the Companies in which he is a Director. Necessary disclosures regarding committee positions in other Public Companies as at March 31, 2023 has been made by the Directors.
- iii. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting and also the number of other directorships and committee memberships held by them are given below as required under Regulation 17 of the Listing Regulations, as at March 31, 2023:

Name of Directors	Category	No. of Board Meetings held during the Year 2022-23		Attendance at the last AGM held on 24 <sup>th</sup> September, 2022	No. of Directorships held in other Companies	No. of Committee positions held	
		Held	Attended			Chairman	Member
Mr. Ramakrishnam Raju Kounparaju	Chairman, Non-Executive Independent Director	4	4	Yes	-	-	-
Dr. Srikakarlapudi Sirisha	Promoter Executive Women Director	4	4	Yes	-	-	-



## CORPORATE GOVERNANCE REPORT

Mr. Srikakarlapudi Harikrishna	Promoter Executive Director	4	2	Yes	-	-	-
Mr. Akella Parvathisem	Executive Director	4	4	Yes	-	-	-
Mr. Sreeramakrishna Grandhi*	Non-Executive Independent Director	4	4	Yes	4	-	4
Mr. Kakarlapudi Sitarama Raju	Non-Executive Non-Independent Director	4	3	Yes	-	-	-
Mr. Venkatasatyanarayana Murthy Chayaly	Non-Executive Independent Director	4	4	Yes	-	-	-

**NOTES:**

- a. \*Mr. Sreeramakrishna Grandhi (under Non-Executive Independent Director category in all the Companies) is holding membership in the Audit Committee and Nomination and Remuneration Committee of M/s. Alufluoride Limited, M/s. Ravileela Granites Limited and M/s. Gayatri Projects Limited. Further he is holding membership in Stakeholders Relationship Committee of M/s. Ravileela Granites Limited. He is not holding chairmanship in the committees of any other Company. **He ceases to be the Non-Executive Independent Director of the Company w.e.f. July 31, 2023, due to his demise.**
- b. Number of Directorships held in other Companies includes only Public Companies. However, it does not include Directorships in Foreign Companies, Private Limited Companies and those Companies Registered under Section 8 of the Act.
- c. Membership / Chairmanship of committees includes Audit Committee and Stakeholder Relationship Committee of other listed entities.
- iv. **Board Meetings held during the financial year ended March 31, 2023:** Four (4) Board Meetings were held during the year 2022-23 on May 27, 2022; August 09, 2022; November 11, 2022 and February 14, 2023.
- v. All the Executive and Non-Executive Non-Independent Directors of the Company are related to each other except Mr. Akella Parvathisem. The Non-Executive Independent Directors of the Company are not related to any of the Directors or promoters' group of the Company.
- vi. Details of Shareholding of all Executive and Non-Executive Directors as on March 31, 2023 are given below:

S. No.	Name of Directors	No. of Shares
1.	Dr. Srikakarlapudi Sirisha	107856
2.	Mr. Kakarlapudi Sitarama Raju	113608
3.	Mr. Srikakarlapudi Harikrishna	5996
4.	Mr. Akella Parvathisem	36
5.	Mr. Ramakrishnam Raju Kounparaju	720
6.	Mr. Sreeramakrishna Grandhi	NIL
7.	Mr. Venkatasatyanarayana Murthy Chayaly	NIL



**CORPORATE GOVERNANCE REPORT**

- vii. **Familiarization Programmes:** The Company endeavours to organize necessary familiarization programmes as and when required for the Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business models of the Company etc. and the same is available on the website of the Company (<http://www.everestorganicsltd.com/Directors-Familiarisation-Program.html>).
- viii. **Independent Directors:** The Independent Directors of the Company are having expertise/ experience in the field of business, education, finance, industry, research & development and administration. Their presence on the Board has been advantageous and fruitful in taking business decisions. None of the Independent Directors are promoters or related to promoters.

Pursuant to Section 150 read with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 of the Companies Act, 2013, your Company's Independent Directors have registered themselves on the portal of "Indian Institute of Corporate Affairs" as Independent Director, within the prescribed timelines.

The details of skills/expertise/competence of all the directors are given below:

S. No.	Name of Directors	Qualification	Expertise
1.	Dr. Srikakarlapudi Sirisha	MBBS, MD	Leadership, Corporate Management, Regulatory, Research & Development and Business Development
2.	Mr. Kakarlapudi Sitarama Raju	B. Tech, M. Tech in Chemical Engineering	Environmental and General Management
3.	Mr. Srikakarlapudi Harikrishna	BE, MPIE	Projects and Administration
4.	Mr. Akella Parvathisem	B. Sc.	Technical
5.	Mr. Ramakrishnam Raju Kounparaju	B. Sc.	Project Manufacturing Operation, GM
6.	Mr. Sreeramakrishna Grandhi	M.Sc. In Chemistry, CAIIB	Finance
7.	Mr. Venkatasatyana rayana Murthy Chayaly	B. Tech. (Chemical Engineering), PGDIE (Industrial Engg.), PGDM (Marketing & Finance)	Business Development and Marketing

- ix. In the opinion of the Board, all the Non-Executive Independent Directors fulfil the conditions specified in the Companies Act, 2013, including amendments thereunder and SEBI Listing Regulations, 2015 as amended from time to time and they are independent of the management.

The Company has proper systems to enable the Board to periodically review compliance reports of all laws applicable to the Company, as prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any.

**COMMITTEES OF THE BOARD:**

The Board had constituted various committees under the regulatory framework and corporate governance norms to monitor the activities within the terms of reference and to take informed decisions in the best interest of the Company. The Board reconstituted the committees on August 05, 2021 due to change in management.

**CORPORATE GOVERNANCE REPORT****3. Audit Committee:**

- i. The Audit Committee of the Company was constituted in line with the provisions of Regulation 18 of SEBI (LODR) Regulations, 2015 read with Section 177 of the Companies Act, 2013. The Audit Committee is entrusted with the responsibility of supervising internal controls, financial reporting process and ensures adequate, accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.
- ii. The terms of reference and the role of the Audit Committee is to overview the accounting systems, financial reporting and internal controls of the Company. The powers and role of Audit Committees are as set out in the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013.

The Company continued to derive immense benefit from the deliberations of the Audit Committee comprising of three Non-Executive Independent Directors and one Executive Director. Mr. Sreeramakrishna Grandhi, Non-Executive Independent Director was heading the Audit Committee as Chairman. The Chairman of the Audit Committee was present at the previous Annual General Meeting.

The Committee performs functions enumerated in Section 177(4) of the Act and Regulation 18(3) of the Listing Regulations. Matters deliberated upon and reviewed by the Committee include:

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommendation for appointment, remuneration and terms of appointment of auditors.
- c. Approving payments to Statutory Auditors for any other services rendered by Statutory Auditors.
- d. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- e. Reviewing with management, the annual financial statements and auditor's report thereon before submission to the Board for approval, focusing primarily on:
  - i. matters required to be included in the Directors Responsibility Statement included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - ii. changes, if any, in accounting policies and practices and reasons therefor;
  - iii. major accounting entries involving estimates based on the exercise of judgement by management;
  - iv. significant adjustments made in the financial statements arising out of audit findings, if any;
  - v. compliance with listing and other legal requirements concerning financial statements;
  - vi. disclosure of any related party transactions and;
  - vii. modified opinion(s) in draft audit report;
- f. Reviewing with the management, the quarterly financial results together with the Limited Review Report of the Auditors before submission to the Board for approval;
- g. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purpose other than those stated in the offer document / prospectus / notice and the

**CORPORATE GOVERNANCE REPORT**

report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

- h. Formulating the scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the Internal Auditors.
- i. Reviewing with the management, the performance of statutory and internal auditors and the adequacy and compliance of internal control systems;
- j. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, its staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- k. Discussion with the internal auditors on any significant findings and follow up thereon;
- l. Reviewing the findings of internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- m. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain area of concern, if any;
- n. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- o. Reviewing the functioning of the Whistle Blower mechanism;
- p. Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;
- q. Valuation of undertakings or assets of the Company, wherever it is necessary;
- r. Scrutiny of inter-corporate loans and investments, if any;
- s. Evaluation of internal financial controls and risk management systems;
- t. Approving or any subsequent modification of transactions of the Company with related parties;
- u. Recommending to the Board, the appointment and remuneration of Cost Auditors to conduct audit of cost records in compliance with the provisions of the Act and Rules made thereunder.
- v. Recommending to the Board, the appointment of registered valuers;
- w. Authority to investigate into any matter in relation to the items specified in sub-section (4) of Section 177 of the Companies Act 2013 or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company;
- x. Reviewing the reports / certificates placed before it as mandated by the statutory authorities or as required under policies framed by the Company from time to time.
- y. Ascertaining and ensuring that the Company has an adequate and functional vigil mechanism and for ensuring that the interest of a person, who uses such a mechanism, are not prejudicially affected on account of such use, as and when applicable and reviewing the functioning of whistle blower mechanism;
- z. Any other matters / authorities / responsibilities / powers assigned as per Companies Act 2013 and Rules made thereunder, as amended from time to time;

**CORPORATE GOVERNANCE REPORT**

In addition to the above, the Committee reviews the management discussion and analysis, statement of related party transactions, including granting omnibus approvals, internal audit reports relating to observations on internal control, etc.

- iii. **Composition:** As on March 31, 2023 the Company's Audit Committee comprises of three Non-Executive Independent Directors and one Executive-Technical Director and the Chairman of the Audit Committee is a Non-Executive Independent Director as given below :

- |    |                                         |   |          |
|----|-----------------------------------------|---|----------|
| 1. | Mr. Sreeramakrishna Grandhi             | - | Chairman |
| 2. | Mr. Ramakrishnam Raju Kounparaju        | - | Member   |
| 3. | Mr. Venkatasatyanarayana Murthy Chayaly | - | Member   |
| 4. | Mr. Akella Parvathisem                  | - | Member   |

All members of the Audit Committee are financially literate and have related financial management expertise by virtue of their experience and background.

- iv. **Meeting and Attendance:** During the year 2022-23 the Audit Committee met Four (4) times on May 27, 2022; August 09, 2022; November 11, 2022 and February 14, 2023. The Company Secretary acts as the secretary of the Audit Committee. Statutory Auditors, Internal Auditors, Chief Executive Officer and Chief Financial Officer are also invited to the meetings of the Audit Committee.

The necessary quorum was present for all the meetings. The attendance of the members of the committee is given below:

Name	Category	No. of Meetings during the Year 2022-23	
		Held	Attended
Mr. Sreeramakrishna Grandhi - Chairman	Non-Executive Independent Director	4	4
Mr. Ramakrishnam Raju Kounparaju – Member	Non-Executive Independent Director	4	4
Mr. Venkatasatyanarayana Murthy Chayaly – Member	Non-Executive Independent Director	4	4
Mr. Akella Parvathisem – Member	Executive Non-Independent Director	4	4

#### **4. Nomination and Remuneration Committee:**

- i. The Company had complied with the requirements of Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (LODR) Regulations, 2015 applicable to the composition of the "Nomination and Remuneration Committee".
- ii. **Composition:** As on March 31, 2023 the committee comprises of Mr. Ramakrishnam Raju Kounparaju, Mr. Sreeramakrishna Grandhi and Mr. Venkatasatyanarayana Murthy Chayaly, all of them being Non-Executive Independent Directors. Mr. Sreeramakrishna Grandhi, Non-Executive Independent Director was heading the Nomination & Remuneration Committee as Chairman. The Company Secretary functions as the Secretary of the Committee.
- iii. The broad terms of reference of the Nomination and Remuneration Committee are:
- Formulation of the criteria for determining qualifications, positive attributes and Independence of a Director and recommend to the Board of Directors, a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.



## CORPORATE GOVERNANCE REPORT

- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
  - Devising a policy on diversity of the Board of Directors.
  - Identification of 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 of Directors their appointment and removal and noting their cessation.
  - Recommending to the Board on extension or continuation of the terms of appointment of the independent directors based on performance evaluation.
  - Administration of the employee stock option schemes of the Company, if any.
  - The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
  - The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, Directors of the quality required to run the Company successfully.
  - Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
  - Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
  - Carrying out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.
- iv. **Remuneration policy:** The Nomination and Remuneration policy of your Company is a comprehensive policy which is competitive, in line with the industry practices and rewards good performance of the employees of the Company. The Policy is available on the website of the Company at [http://www.everestorganicsltd.com/investors/Corporate%20Governance/Policies/Policy%20on%20Nomination%20\\_%20Remuneration.pdf](http://www.everestorganicsltd.com/investors/Corporate%20Governance/Policies/Policy%20on%20Nomination%20_%20Remuneration.pdf).
- The Company while deciding the remuneration package of the management takes into consideration the employment scenario, remuneration package of the industry, financial performance of the Company and talents of the appointee.
- v. **Meeting and Attendance:** During the year 2022-23 the Nomination and Remuneration Committee met One (1) time i.e., on August 09, 2022. The necessary quorum was present for the meeting. The attendance of the members of the committee is given below:

Name	Category	No. of Meetings during the Year 2022-23	
		Held	Attended
Mr. Sreeramakrishna Grandhi - Chairman	Non-Executive Independent Director	1	1
Mr. Ramakrishnam Raju Kounparaju – Member	Non-Executive Independent Director	1	1
Mr. Venkatasatyanarayana Murthy Chayaly – Member	Non-Executive Independent Director	1	1

- vi. **Board Evaluation:** The Company has put in place an evaluation framework for evaluation of the Board, its Committees, Directors and Chairman in compliance with the provisions of Companies Act, 2013 and Listing Regulations. The evaluation of the Board, its Committees, Directors and Chairman

**CORPORATE GOVERNANCE REPORT**

were undertaken through circulation of questionnaires. The questionnaires were based on select parameters such as frequency of meetings, mix of expertise, experience relevant to the Company's requirements, quality, quantity and timeliness of flow of information and constitution and terms of reference of various Board Committees in respect of Board and its Committees. The evaluation criteria for the individual directors, including the Board Chairman and Whole Time Directors were based on parameters such as attendance, participation and contribution at the meetings and otherwise.

- vii. **Performance Evaluation Criteria for Independent Directors:** The performance evaluation criteria for independent directors are determined by the Nomination and Remuneration Committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgment.

**5. Stakeholders' Relationship Committee:**

- i. The Company has complied with the requirements of Section 178(5) of the Act, Regulation 20 of the Listing Regulations, as applicable to the constitution of the Committee.
- ii. **Composition:** As on March 31, 2023 the committee comprises of 3 members Mr. Ramakrishnam Raju Kounparaju, Mr. Srikakarlapudi Harikrishna and Mr. Akella Parvathisem. The Chairman of the committee Mr. Ramakrishnam Raju Kounparaju is a Non-Executive Independent Director. The committee looks into transfer and transmission, issue of duplicate share certificates, consolidation and sub-division of shares and investors grievances. The committee oversees the performance of the Registrars and Shares Transfer Agents and recommends measures for overall improvement in the quality of investor services.
- iii. The Board has designated Ms. Rekha Singh, Company Secretary as the Compliance Officer.
- iv. **Details of Shareholders, complaints received and redressed:** The total number of complaints received and redressed during the year are as follow:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	0	0	0

- v. There were no pending complaints, requests for transfers or transmissions or demat/remat as on March 31, 2023.
- vi. **Meeting and attendance:** During the year 2022-23 the Stakeholders Relationship Committee met Twelve (12) times. Details of the meetings and attendance of members held during the year are annexed as "CG-Annexure – I" to this Annual Report.

**5 (A) Corporate Social Responsibility Committee:**

- i. The Corporate Social Responsibility Committee is constituted as per the requirement of Section 135(1) of the Companies Act, 2013 which provides for the appointment of three or more Directors out of which at least one Director shall be an Independent Director. The CSR Committee was constituted by the Board at its meeting held on July 30, 2019.
- ii. **Composition:** As on March 31, 2023, the Corporate Social Responsibility Committee comprises of 3 members Mr. Ramakrishnam Raju Kounparaju, Mr. Kakarlapudi Sitarama Raju and Mr. Akella Parvathisem. The Chairman of the committee Mr. Ramakrishnam Raju Kounparaju is a Non-Executive Independent Director.

**CORPORATE GOVERNANCE REPORT**

- iii. The Committee oversees, inter-alia, Corporate Social Responsibility and other related matters as may be referred by the Board of Directors and discharges the roles as prescribed under Section 135 of the Act. The broad terms of reference of the CSR Committee include:
- Monitoring the Corporate Social Responsibility Policy;
  - Recommending and approving the amount of expenditure incurred on CSR activities to be undertaken by the Company as specified in Schedule VII of the Act;
  - Review the monitoring mechanism for ensuring implementation of activities proposed to be undertaken by the Company; and
  - Formulating and recommending to the Board, an annual action plan in pursuance of its CSR policy, which includes list of CSR programmes that are approved to be undertaken by the Company in conformity with Schedule VII of the Companies Act, 2013 and the Rules thereof, its manner of execution, the modalities of utilization of funds / implementation schedules for the same and details of need and impact assessment, if any, for the project undertaken by the Company.
- iv. **Meeting and attendance:** During the year 2022-23, the Corporate Social Responsibility Committee met One (1) time i.e., on December 16, 2022. The necessary quorum was present for the meeting. The attendance of the members of the committee is given below:

Name	Category	No. of Meetings during the Year 2022-23	
		Held	Attended
Mr. Ramakrishnam Raju Kounparaju – Chairman	Non-Executive Independent Director	1	1
Mr. Akella Parvathisem – Member	Executive Technical Director	1	1
Mr. Kakarlapudi Sitarama Raju – Member	Non-Executive Director	1	1

**5 (B) Senior Management:**

The following persons forms part of Senior Management of the Company:

S. No.	Name	Designation	Change
1.	Mr. Ramakrishna Peruri	Chief Financial Officer	--
2.	Ms. Rekha Singh	Company Secretary & Compliance officer	--
3.	Mr. Srinivas Ganesh	Marketing Head	--
4.	Mr. GPVS Dora	Purchase Head	--
5.	Mr. Piniseti Verri Babu	R & D Head	--
6.	Mr. GVSSR Sarma	Operations & Plant Head	--
7.	Mr. Madduri Rajashekar	HR Head	--

**CORPORATE GOVERNANCE REPORT****6. Remuneration of Directors:**

The details of remuneration paid / payable to the Executive Directors for the financial year ended March 31, 2023 are in compliance with the Act. The Executive Directors of the Company are not entitled to sitting fees: (₹in Lakhs)

Name	Salary	Contribution to PF	Benefits and Perquisites	Total
Dr. Srikakarlapudi Sirisha	24.00	-	-	24.00
Mr. Srikakarlapudi Harikrishna	15.00	-	-	15.00
Mr. Akella Parvathisem	50.00	-	-	50.00

Sitting Fees and commission to Non-Executive Directors for the financial year ended March 31, 2023: (₹in Lakhs)

Name	Designation	Sitting Fees	Commission	Total
Mr. Sreeramakrishna Grandhi	Independent Director	0.975	-	0.975
Mr. Ramakrishnam Raju Kounparaju	Independent Director	0.975	-	0.975
Mr. Venkatasatyanarayana Murthy Chayaly	Independent Director	0.975	-	0.975
Mr. Kakarlapudi Sitarama Raju	Director	0.450	-	0.450

**NOTES:**

- Salary includes basic salary and allowances.
- Except the above payments, there were no other pecuniary relationships or transactions of Non-Executive Directors with the Company.
- The Company has not granted any stock options to the Directors of the Company.
- Service contracts, notice period, severance fees: **Not Applicable**.

**7. General Body Meetings:**

i. The details of the last three (3) Annual General Meetings are as follows:

Year	Venue	Day	Date	Time
29 <sup>th</sup> AGM 2021-22	Deemed to be at Registered Office located at Aroor Village, Sadasivpet Mandal, Sangareddy (Medak) District – 502291, Telangana, held through Video Conferencing (VC)/Other Audio-Visual Means (OAVM)	Saturday	24-09-2022	3:00PM
28 <sup>th</sup> AGM 2020-21	Deemed to be at Registered Office located at Aroor Village, Sadasivpet Mandal, Sangareddy (Medak) District – 502291, Telangana, held through Video Conferencing (VC)/Other Audio-Visual Means (OAVM)	Saturday	18-09-2021	3:00PM
27 <sup>th</sup> AGM 2019-20	Deemed to be at Registered Office located at Aroor Village, Sadasivpet Mandal, Sangareddy (Medak) District – 502291, Telangana, held through Video Conferencing (VC)/Other Audio-Visual Means (OAVM)	Tuesday	08-09-2020	3:00PM



**CORPORATE GOVERNANCE REPORT**

- ii. The details of the Special Resolutions passed in the Annual General Meetings held in the previous three years are given below:

S. No.	Details of AGM	Day/Date	Description of Special Resolution
1.	27 <sup>th</sup> AGM (2019-20)	Tuesday, September 08, 2020	1. To make investments, give loans, provide guarantees and security in excess of limits specified under Section 186 of the Companies Act, 2013.
2.	28 <sup>th</sup> AGM (2020-21)	Saturday, September 18, 2021	<ol style="list-style-type: none"> <li>1. Re-appointment of Dr. Srikakarlapudi Srihari Raju (DIN: 01593620) as the Managing Director of the Company.</li> <li>2. Appointment of Dr. Srikakarlapudi Sirisha (DIN: 06921012) as the Chief Executive Officer of the Company.</li> <li>3. Revision of remuneration payable to Mr. Srikakarlapudi Harikrishna (DIN: 01664260), Whole-time Director of the Company.</li> <li>4. Revision of remuneration payable to Mr. Akella Parvathisem (DIN: 00910224), Technical Director of the Company.</li> <li>5. Power to borrow funds in excess of the Paid-up Capital and Free Reserves.</li> <li>6. Authority to create mortgages, charges and hypothecations on the assets of the Company.</li> </ol>
3.	29 <sup>th</sup> AGM (2021-22)	Saturday, September 24, 2022	<ol style="list-style-type: none"> <li>1. Appointment of Dr. Srikakarlapudi Sirisha (DIN: 06921012) as the Managing Director of the Company.</li> <li>2. Re-appointment of Mr. Srikakarlapudi Harikrishna (DIN: 01664260), as Whole-time Director of the Company.</li> </ol>

- iii. No special resolution was passed through postal ballot during the financial year ended March 31, 2023. However, all Resolutions were passed through e-Voting at the 29th Annual General Meeting of the Company held on September 24, 2022.
- iv. No special resolution is proposed to be conducted through postal ballot.
- vi. No Extraordinary General Meeting of the members was held during the FY 2022-23.

**8. Means of Communication:**

The quarterly / half yearly / annual results, notices of Board Meetings / General Meetings and all other material information are normally published by the Company in Financial Express, English newspapers and in Nava Telangana, Telugu newspapers. The Financial results and the other important information to shareholders are placed at Company's website [www.everestorganicsltd.com](http://www.everestorganicsltd.com). Official news releases, investor presentations along with all material information pertaining to the Company are disclosed to the BSE Limited where the shares of the Company are listed. During the year 2022-23, no specific presentations were made to institutional investors or to the analysts.

**9. General Shareholders Information:**

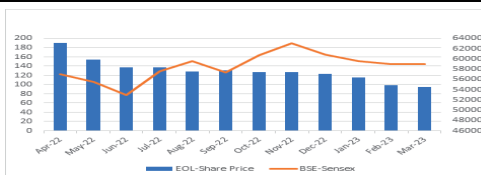
- a. Day and Date : Monday, September 25, 2023
- Time : 3:00 P.M
- Venue : The Company is conducting meeting through VC/OAVM. The deemed venue for the AGM shall be the Registered Office of the Company. For details, please refer to the Notice of this AGM.
- Registered Office : Aroor Village, Sadasivpet Mandal, Sangareddy (Medak) District 502 291, Telangana

**CORPORATE GOVERNANCE REPORT**

- b. Financial Year : April 01,2023 to March 31,2024  
 Financial Calendar  
 1st Quarterly Results : August, 2023  
 2nd Quarterly Results : November, 2023  
 3rd Quarterly Results : February, 2024  
 4th Quarterly Results : May, 2024
- c. Dates of Book Closure : 20-09-2023 to 25-09-2023 (both days inclusive).
- d. Dividend payment date : Not Applicable
- e. Listing on Stock Exchanges : The BSE Limited,  
 P. J. Towers, Dalal Street Mumbai-400 001, Maharashtra  
 The Company has paid its annual listing fees to the stock exchange for the financial year 2022-23
- f. Stock Code : 524790
- g. Share Price movements 2022-23 : High / Low price in each month of the financial year 2022-23 on the BSE is given below:

Month	Stock Market Price on BSE		
	High	Low	Close
Apr-22	235.40	174.05	190.10
May-22	194.90	150.00	153.80
Jun-22	157.90	127.00	138.40
Jul-22	154.70	126.20	138.25
Aug-22	149.70	120.20	128.25
Sept-22	165.00	125.00	131.20
Oct-22	139.80	125.10	127.15
Nov-22	136.95	123.45	126.85
Dec-22	133.85	113.00	123.35
Jan-23	131.85	115.00	115.65
Feb-23	128.90	96.00	98.50
Mar-23	109.99	95.00	95.16

- h. Performance in comparison to broad-based indices such as BSE SENSEX, CRISIL INDEX etc. :



- i. In case the securities are suspended from trading if any : The Securities of the Company have not been suspended from trading during the financial year ended March 31, 2023.
- j. Registrars and Transfer Agents (RTA) : M/s. Venture Capital and Corporate Investments Private Limited  
 "AURUM", Door No. 4-50/P-II/57/4F & 5F, Plot No. 57  
 4th & 5th Floors, Jayabheri Enclave Phase – II, Gachibowli,  
 Hyderabad – 500 032, Telangana, India.  
 Tel: 040-23818475, 23868257  
 Facsimile: 040-23868024; Email.id: [investor.relations@vccipl.com](mailto:investor.relations@vccipl.com)

**CORPORATE GOVERNANCE REPORT**

- k. Share Transfer System : The share transfers are being dealt by the Company's Registrars and Transfer Agents (RTA), M/s. Venture Capital and Corporate Investments Private Limited.
- In terms of the amended Regulation 40(1) of Listing Regulations w.e.f. April 01, 2019, securities of the listed Companies shall be processed only in those cases where the shares are held in dematerialised form with the depository, in terms of guidelines issued by SEBI. Pursuant to SEBI Circular dated January 25, 2022, SEBI has mandated Listed Companies to issue securities in dematerialised form only while processing investor service request viz transmission, transposition, renewal, exchange, subdivision, consolidation and issue of duplicate certificates etc. the securities shall be issued in dematerialised form only. Accordingly, the shares held in physical form will not be transferred unless they are converted into dematerialised form.
- l. Outstanding ADRs / GDRs / Warrants or any convertible instruments, conversion date and likely impact on equity : Not applicable as the Company has not issued any of the above instruments.
- m. Employee Stock Options : The ESOP's was proposed for approval at its Board Meeting held on August 9, 2017, and was further approved by the members at the 24<sup>th</sup> Annual General Meeting of the Company held on September 27, 2017 as the ESOP Scheme 2017. The Company has made an application for In-principle approval and received approval from BSE dated January 12, 2021.
- n. Demat International Securities Identification Number (ISIN) in NSDL & CDSL : INE334C01029
- o. Rematerialisation of shares : The Company has not received any requests for re-materialisation of shares during the year.
- p. **Distribution of Shareholding as on March 31, 2023:**

Category	Share Holders		Amount	
	Number	% to Total	In Rs.	% to Total
(1)	(2)	(3)	(4)	(5)
1 - 5000	10231	94.40	7262210	9.08
5001 - 10000	331	3.05	2495620	3.12
10001 - 20000	152	1.40	2200210	2.75
20001 - 30000	46	0.42	1161280	1.45
30001 - 40000	22	0.20	779660	0.97
40001 - 50000	10	0.09	464570	0.58
50001 - 100000	22	0.20	1620160	2.03
100001 - Above	24	0.22	64016290	80.02
<b>TOTAL</b>	<b>10838</b>	<b>100.00</b>	<b>80000000</b>	<b>100.00</b>

**CORPORATE GOVERNANCE REPORT**q. **Shareholding Pattern of the Company as on March 31, 2023:**

S. No	Category of Shareholders	No. of Shares	% of Shareholding
1.	Promoters and Promoter Group	5932031	74.15
2.	Mutual Funds and UTI	0	00.00
3.	Banks/FI's/Insurance Companies/Others	2250	00.03
4.	Bodies Corporate	224110	02.80
5.	Residential Individuals	1566388	19.58
6.	NRIs/OCBs/FIIs/FB	275221	03.44
<b>TOTAL</b>		<b>8000000</b>	<b>100.00</b>

r. **Dematerialization of shares and liquidity:**

The Company's shares are compulsorily traded in dematerialized form on BSE. Bifurcation of the category of shares in physical and electronic mode as on March 31, 2023 is given below:

Category	No. of Shareholders	No. of Shares	Percentage (%)
Physical	3533	375408	4.69
NSDL	3320	6316858	78.96
CDSL	3985	1307734	16.35
<b>Total</b>	<b>10838</b>	<b>8000000</b>	<b>100.00</b>

Trading in equity shares of the Company is permitted only in dematerialized form as per notification issued by SEBI. All requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), within 15 days of receipt.

Dematerializations of shares are done through M/s. Venture Capital and Corporate Investments Private Limited, and on an average the dematerialization process is completed within a period of 7 days from receipt of a valid demat request along with all documents. 95.31% of the paid-up capital has been dematerialized as on March 31, 2023.

- s. Commodity price risk or foreign exchange risk and hedging activities : Not Applicable to the Company
- t. Plant Locations : Aroor Village, Sadasivpet Mandal, Sangareddy (Medak) District, Telangana – 502 291
- u. Credit Rating obtained by the entity : Credit Rating provided by ICRA Agency for the FY 2022-23 has been revised as [ICRA] B+(Stable); for term loan and cash credit and [ICRA] B+(Stable) for non-fund based [ICRA]A4; for fund-based instruments [ICRA]B+(Stable)/[ICRA] A4.

**CORPORATE GOVERNANCE REPORT****v. Address for Correspondence**

S. No.	Shareholders Correspondence for	Address to
1.	Transfer/Dematerialization/ consolidation/split of shares, issue of Duplicate share certificates, change of address of members and beneficial owners and any other query relating to the shares of the Company.	M/s. Venture Capital and Corporate Investments Private Limited "AURUM", Door No. 4-50/P-II/57/4F & 5F, Plot No. 57, 4 <sup>th</sup> & 5 <sup>th</sup> Floors, Jayabheri Enclave Phase – II, Gachibowli, Hyderabad – 500 032, Telangana, India. Tel: 040-23818475, 23868257 Facsimile: 040-23868024 Email.id: investor.relations@vccipl.com
2.	Investor Correspondence/queries on Annual Report etc.	COMPANY SECRETARY M/s. Everest Organics Limited Plot No. 127 & 128, 1 <sup>st</sup> Floor, Amar Co-Op Society, Opp.: Madhapur Police Station Road, Near Durgam Cheruvu, Madhapur, Hyderabad – 500 033, Telangana, India. Tel: 040-40040783 Email: e.cs@everestorganicsltd.com

**10. Other Disclosures:****a) Disclosures on materially significant Related Party Transactions that may have potential conflict with the interest of Company at large.**

The Company does not have any materially significant Related Party Transaction that may have potential conflict with the interest of the Company at large. The Company complies with the disclosure requirements as prescribed in Regulation 23 of Listing Regulations pertaining to Related Party Transactions ("RPT") and follows IND AS - 24 issued by Institute of Chartered Accountants of India (ICAI). Details of RPT's are informed to the Board on a quarterly basis along with financial results.

Your Company has formulated a Policy on materiality of Related Party Transactions and also dealing with Related Party Transaction. The policy on the Related Party Transactions is hosted on the Company's website [www.everestorganicsltd.com](http://www.everestorganicsltd.com).

**b) Details of non-compliance by the Company, penalties, and 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: **NIL******c) Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee.**

Pursuant to Regulation 22 of the Listing Regulation and Section 177 (10) of the Act, the Company has formulated a Whistle Blower Policy for Vigil mechanism for stakeholders including Directors and employees to report to the management about the unethical behavior, fraud, violation of Company's Code of Conduct. The Whistle Blower Policy is available on the Company's website at [www.everestorganicsltd.com](http://www.everestorganicsltd.com). None of the personnel have been denied access to the Audit Committee.

**CORPORATE GOVERNANCE REPORT**

- d) **Compliance with Mandatory requirements and adoption of non-mandatory requirements:**  
The Company has complied with all the mandatory requirements prescribed under Listing Regulations for the financial year ending March 31, 2023.

**Details w.r.t. compliance with all the non-mandatory requirements and discretionary requirements as specified in Part E of Schedule II of the Listing Regulations are as follows:**

1. The Board: A separate office is not maintained for the Non-Executive Chairman of the Company. The Composition of the Board of Directors, Committees of the Board are in line with the provisions of the SEBI (LODR) Regulations, 2015, the Companies Act, 2013 and other applicable laws.
  2. Shareholders' Rights: The Financial performances of the Company on quarterly basis including a summary of significant events are published in English and Local Telugu Newspaper and are also posted on the website of the Company. Hence, this information's are not sent to each household of shareholders individually.
  3. The Company has complied with the requirement of having separate persons to the post of Chairman and Managing Director.
  4. The Company's financial statement for the FY 2022-23 contains audit qualifications which are given in the Independent Auditors Report and forms part of this report. The Company's financial statement is accompanied with modified opinion from the Statutory Auditor of the Company.
  5. Reporting of Internal Auditors: The Internal Auditors submits his report to the Audit Committee for review on quarter basis.
- e) **Web-link where policy for determining 'material' subsidiaries is disclosed:** Not Applicable to the Company.
- f) **Policy on dealing with Related Party Transactions:** The Policy on Materiality of Related Party Transactions and on dealing with Related Party Transaction as approved by the Board may be accessed on the Company's website: <http://www.everestorganicsltd.com/investors/Corporate%20Governance/Policies/Policy%20on%20Related%20Party%20Transaction.pdf>.
- g) Disclosure of commodity price risks and commodity hedging activities: **Not Applicable.**
- h) Details of utilization of funds were raised through preferential allotment or qualified institutions placements during the year: **Not Applicable.**
- i) **A Certificate from Company Secretary in practice:** None of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Companies by the Board / Ministry of Corporate Affairs or any such statutory authority as on the date of the report. A certificate from a company secretary in practice is annexed as **“CG-Annexure – II”**.
- j) Where the Board had not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof: **Not applicable.**

**CORPORATE GOVERNANCE REPORT**

k) **Details of the Statutory Auditor's Fees / Compensation for FY 2022-23:** The details of the total fees for all services paid by the Company to the Statutory Auditors for the FY 2022-23 are Rs. 5, 00,000/- (Rupees Five Lakhs only) as set out in financial Statements and forms part of this annual report.

l) **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

Number of complaints filed during the Financial Year	Number of complaints disposed of during the Financial Year	Number of complaints pending as at the end of Financial Year
Nil	Nil	Nil

m) Disclosure by the Company and its subsidiaries of Loans and advances in the nature of loans to firms/companies in which directors are interested: **Not Applicable.**

n) Details of material subsidiaries of the Company: **Not Applicable.**

o) **Disclosure of Accounting Treatment**

Your Company has not adopted any alternative accounting treatment prescribed differently from Accounting Standard. The Financial Statement of the Company have been prepared in accordance with the Indian Accounting Standard (IND AS), notified under the Companies (Indian Accounting Standard) Rules, 2015 and the relevant provisions of Companies Act, 2013. The Financial statements have been prepared on accrual basis under the historical cost convention.

p) **CEO/CFO Certification:** In terms of Regulation 17(8) of the Listing Regulations, the Certificate in the prescribed format duly signed by the Managing Director/CEO and CFO of the Company which has been reviewed by the Audit Committees, was placed before the Board of Directors along with the financial statements for the year ended March 31, 2023, at its meeting held on August 12, 2023 are annexed herewith as “**CG-Annexure – III**” and forms part of this Annual Report.

q) **Compliance Certificate:** Certificate from M/s. D. Hanumanta Raju & Co., Practicing Company Secretaries, confirming compliances with the conditions of Corporate Governance as stipulated under the Listing Regulations are annexed herewith as “**CG-Annexure – IV**” and form part of this Annual Report.

r) **The Reconciliation of Share Capital Audit:** The Company gets the Reconciliation of Share Capital Audit done by a Practicing Company Secretary for the purpose of reconciliation of the total admitted capital with both the depositories, physical and the total issued and listed capital. The Reconciliation of Share Capital Audit Report placed before the Board of Directors on a quarterly basis and is also sent to the Stock Exchanges where the Company's shares are Listed.

s) **Compliance with the conditions of Corporate Governance:** The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations, to the extent as applicable, with regards to Corporate Governance.

t) Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed: **Not Applicable.**

**CORPORATE GOVERNANCE REPORT**

- u) **Disclosures with respect to demat suspense account / unclaimed suspense account:** In accordance with the requirement of Regulation 34(3) and Schedule V Part F of SEBI Listing Regulations, the Company reports that 181406 equity shares comprising 2.27% are lying in the unclaimed suspense account as on March 31, 2023. Details of outstanding shares during the year as given below:

S. No.	Particulars	Remarks
a.	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;	1968 Shareholders; 172404 Equity Shares
b.	Number of shareholders who approached listed entity for transfer / transmission of shares from suspense account during the year;	18
c.	Number of shareholders to whom shares were transferred / transmitted from suspense account during the year;	18
d.	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year;	1950 Shareholders; 181406 Equity Shares
e.	That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	181406 Equity Shares

- v) Disclosure of certain types of agreements binding listed entities under clause 5A of paragraph A of Part A of Schedule III of SEBI (LODR) Regulations, 2015: **Not Applicable**

**For and on behalf of the Board of Directors**

**Place: Hyderabad**

**Date: 12.08.2023**

**Sd/-**  
**Ramakrishnam Raju Kounparaju**  
**Chairman**  
**DIN: 01735481**

**Sd/-**  
**Dr. Sri Kakarlapudi Sirisha**  
**Managing Director**  
**DIN: 06921012**



**Details of Stakeholder Relationship Committee Meetings held during the Financial Year 2022-23**

S.No.	Type of Meeting	Date of Meeting	Total Number of Members as on the date of Meeting	Attendance	
				No. of Members attended	% of Attendance
1	Stakeholder Relationship Committee	02.05.2022	3	3	100
2	Stakeholder Relationship Committee	12.05.2022	3	3	100
3	Stakeholder Relationship Committee	16.05.2022	3	3	100
4	Stakeholder Relationship Committee	23.05.2022	3	3	100
5	Stakeholder Relationship Committee	27.05.2022	3	3	100
6	Stakeholder Relationship Committee	21.06.2022	3	3	100
7	Stakeholder Relationship Committee	21.07.2022	3	3	100
8	Stakeholder Relationship Committee	09.08.2022	3	3	100
9	Stakeholder Relationship Committee	16.08.2022	3	3	100
10	Stakeholder Relationship Committee	11.10.2022	3	3	100
11	Stakeholder Relationship Committee	17.01.2023	3	3	100
12	Stakeholder Relationship Committee	20.01.2023	3	3	100

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

To,

**The Members of  
Everest Organics Limited**

Aroor Village, Sadasivapet Mandal,  
Medak,  
Telangana- 502291.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Everest Organics Limited** having CIN: L24230TG1993PLC015426 having registered office at Aroor Village, Sadasivapet Mandal, Medak, Telangana - 502 291 and having corporate office at 1st Floor, Lakeview Plaza, Plot No.127 & 128, Amar Co-operative Society, Opp. Madhapur Police Station Road, Near Durgam Cheruvu, Madhapur, Hyderabad - 500 033 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr.No.	Name of Directors	DIN	Date of Appointment in Company
1.	Mr. Akella Parvathisem	00910224	28.08.2004
2.	Mr. Hari Krishna Srikakarlapudi	01664260	29.09.2007
3.	Mr. Kakarlapudi Sitarama Raju	02955723	19.04.1995
4.	Mr. Ramakrishnam Raju Kounparaju	01735481	28.09.2015
5.	Mr. Sreeramakrishna Grandhi*	06921031	30.07.2014
6.	Mrs. Srikakarlapudi Sirisha	06921012	30.07.2014
7.	Mr. Venkatasatyanarayana Murthy Chayaly	01460761	30.03.2021

\* Mr. Sreeramakrishna Grandhi ceased to be the Independent Director of the Company after his demise on 31st July, 2023.

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

**Place: Hyderabad**  
**Date: 12.08.2023**

**For D.HANUMANTA RAJU & CO**  
**COMPANY SECRETARIES**

Sd/-  
**CS MOHIT KUMAR GOYAL**  
**PARTNER**  
**FCS: 9967, CP NO: 12751**  
**UDIN: F009967E000795015**  
**PR NO: 699/2020**



**COMPLIANCE CERTIFICATE BY MANAGING DIRECTOR (MD)  
AND CHIEF FINANCIAL OFFICER (CFO)**

(Pursuant to Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

We, Dr. Srikakarlapudi Sirisha, Managing Director (MD) and Peruri Ramakrishna, Chief Financial Officer (CFO) of Everest Organics Limited, to the best of our knowledge and belief, certify that:

- A. We have reviewed the financial statements and the cash flow statement for the Financial Year ended March 31, 2023 and that to the best of our knowledge and belief:
1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  2. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept the 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 and operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee, wherever applicable;
- i Significant changes in internal controls over financial reporting during the year;
  - ii Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii Instances of significant fraud of which we have become aware of and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting..

**For EVEREST ORGANICS LIMITED**

**Place: Hyderabad**

**Date: 12.08.2023**

**Sd/-**

**Dr. Sri Kakarlapudi Sirisha**

**Managing Director**

**DIN: 06921012**

**Sd/-**

**Mr. Peruri Ramakrishna**

**CFO**

**CERTIFICATE**

**TO  
THE MEMBERS OF  
EVEREST ORGANICS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **EVEREST ORGANICS LIMITED** ("the Company"), for the year ended on 31st March, 2023, as stipulated in Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for the period 1st April, 2022 to 31st March, 2023.

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

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

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

**Place: Hyderabad  
Date: 12.08.2023**

**For D. HANUMANTA RAJU & CO  
COMPANY SECRETARIES**

**Sd/-  
CS MOHIT KUMAR GOYAL  
PARTNER  
FCS: 9967; CP NO: 12751  
UDIN: F009967E000795026  
PR No.: 699/2020**



MANAGEMENT DISCUSSION & ANALYSIS REPORT

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The information is required in compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and forming a part of the Boards' Report for the year ended March 31, 2023 and has to be read in Conjunction with the Company's financial statements, which follows this Section. The management of the Company is presenting herein the overview, opportunities and threats, initiatives by the Company and overall strategy of the Company and its outlook for the future. This outlook is based on management's own assessment and it may vary due to future economic and other future developments in the country.

INDUSTRY STRUCTURE & DEVELOPMENTS:

India is the largest provider of generic drugs globally and is known for its affordable vaccines and generic medications. The Indian Pharmaceutical industry is currently ranked third in pharmaceutical production by volume after evolving over time into a thriving industry growing at a CAGR of 9.43% since the past nine years. Generic drugs, over-the-counter medications, bulk drugs, vaccines, contract research & manufacturing, biosimilars, and biologics are some of the major segments of the Indian pharma industry. India has the most number of pharmaceutical manufacturing facilities that are in compliance with the US Food and Drug Administration (USFDA) and has 500 API producers that make for around 8% of the worldwide API market.

Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in the UK. The domestic pharmaceutical industry includes a network of 3,000 drug companies and ~10,500 manufacturing units. India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers with a potential to steer the industry ahead to greater heights. Presently, over 80% of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms. India is rightfully known as the "pharmacy of the world" due to the low cost and high quality of its medicines.

Indian pharmaceutical industry is known for its generic medicines and low-cost vaccines globally. Transformed over the years as a vibrant sector, presently Indian Pharma ranks third in pharmaceutical production by volume. The Pharmaceutical industry in India is the third largest in the world in terms of volume and 14th largest in terms of value. The Pharma sector currently contributes to around 1.72% of the country's GDP.

According to a recent EY FICCI report, as there has been a growing consensus over providing new innovative therapies to patients, Indian pharmaceutical market is estimated to touch US\$ 130 billion in value by the end of 2030. Meanwhile, the global market size of pharmaceutical products is estimated to cross over the US\$ 1 trillion mark in 2023.

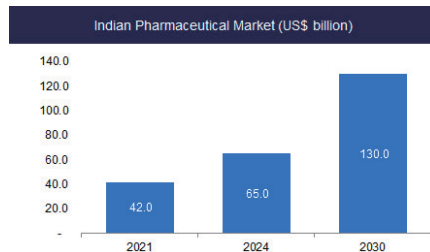
The Company was operating in the Chemical industries, mainly engaged in the manufacturing of Active Pharmaceutical Ingredients and Intermediaries. FY 2022-23 was a sustainable year in all aspects. The Directors from time to time has always considered the proposal for diversification into the areas which would be profitable for the Company. Going ahead your Directors are expecting better industrial development in the coming years.

MARKETING & MARKET SIZE:

Market size of India pharmaceuticals industry is expected to reach US\$ 65 billion by 2024, and ~US\$ 130 billion by 2030. According to the government data, the Indian pharmaceutical industry is worth approximately US\$ 50 billion with over US\$ 25 billion of the value coming from exports. About 20% of the global exports in generic drugs are met by India.

India is among the top 12 destinations for biotechnology worldwide and 3rd largest destination for biotechnology in Asia Pacific. In 2022, India's Biotechnology industry has crossed US\$ 80.12 billion, growing 14% from the previous year.

The Indian pharmaceutical industry has seen a massive expansion over the last few years and is expected to reach about 13% of the size of the global pharma market while enhancing its quality, affordability, and innovation.





## MANAGEMENT DISCUSSION & ANALYSIS REPORT

The biosimilars market in India is estimated to grow at a compounded annual growth rate (CAGR) of 22% to become US\$ 12 billion by 2025. This would represent almost 20% of the total pharmaceutical market in India.

The current market size of the medical devices sector in India is estimated to be US\$ 11 billion and its share in the global medical device market is estimated to be 1.5%.

Indian pharma companies have a substantial share in the prescription market in the US and EU. The largest number of FDA-approved plants outside the US is in India.

According to the Indian Economic Survey 2021, the domestic market is expected to grow 3x in the next decade. India's domestic pharmaceutical market stood at US\$ 42 billion in 2021 and is likely to reach US\$ 65 billion by 2024 and further expand to reach US\$ 120-130 billion by 2030. India's biotechnology industry comprises biopharmaceuticals, bio-services, bio-agriculture, bio-industry, and bioinformatics. The Indian biotechnology industry was valued at US\$ 70.2 billion in 2020 and is expected to reach US\$ 150 billion by 2025. India's medical devices market stood at US\$ 10.36 billion in FY20. The market is expected to increase at a CAGR of 37% from 2020 to 2025 to reach US\$ 50 billion. As of August 2021, CARE Ratings expect India's pharmaceutical business to develop at an annual rate of ~11% over the next two years to reach more than US\$ 60 billion in value.

In the global pharmaceuticals sector, India is a significant and rising player. India is the world's largest supplier of generic medications, accounting for 20% of the worldwide supply by volume and supplying about 60% of the global vaccination demand. The Indian pharmaceutical sector is worth US\$ 42 billion worldwide. In August 2021, the Indian pharmaceutical market increased at 17.7% annually, up from 13.7% in July 2020. According to India Ratings & Research, the Indian pharmaceutical market revenue is expected to be over 12% Y-o-Y in FY22.

### **OUTLOOK: Global API Sector**

The global Active Pharmaceutical Ingredient (API) market size reached US\$ 222.9 Billion in 2022. Looking forward, the publisher expects the market to reach US\$ 303.9 Billion by 2028, exhibiting a growth rate (CAGR) of 5.6% during 2023-2028.

Active Pharmaceutical Ingredient (API), is the term that is used to refer to the biologically active component of a drug (e.g., tablet, capsule). A drug is usually composed of several components. The API represents the primary ingredient. Other ingredients are commonly known as "excipients". Sometimes a drug can contain several APIs and its effect on a patient depends on the dosage prescribed and can vary from person to person. In combination therapies, two or more than two active ingredients are used to treat different symptoms in different ways. Stringent quality control is a mandate when it comes to the manufacturing of drugs as the API represents the main component considered while making the prescription.

Pharmaceutical manufacturing occurs in two general steps. In the first step, manufacturers convert raw materials into APIs. The second step involves creating the final formulation by mixing APIs and excipients into tablets, capsules, solutions, etc. and finally packaging the drug for the end users. Manufacturers either sell APIs in the open market (also known as the merchant market) or use them as inputs to make their final formulations. The global API market is extremely competitive with a number of large and small manufacturers. Firms that engage in API manufacturing generally specialize and target their manufacturing based on a combination of the firms' in-house skills and market opportunities. Catalyzed by lower costs, API manufacturing has gradually been shifting from the historical leaders in Western countries to manufacturers based in India and China.

The global demand of APIs is currently exhibiting strong growth. One of the major drivers of this market is the rising number of blockbuster patent expiries creating a significant opportunity for generic APIs. Moreover, there has been a strong demand for APIs for biologicals. The global market for biologicals is currently exhibiting strong growth catalyzed by their high potency and ability to treat diseases beyond the scope of small molecule drugs. This is creating a strong demand for APIs for branded biological drugs and their biosimilar versions. Other factors catalyzing the global demand of APIs include ageing population, rising expenditures on healthcare, increasing prevalence of lifestyle diseases, etc.



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### INVESTMENTS & RECENT DEVELOPMENTS:

The Indian Pharmaceuticals industry plays a prominent role in the global pharmaceuticals industry. India ranks third worldwide for production by volume and 14th by value.

In this regard the sector has seen a lot of investments and developments in the recent past.

- Up to 100%, FDI has been allowed through automatic route for Greenfield pharmaceuticals projects. For Brownfield pharmaceuticals projects, FDI allowed is up to 74% through automatic route and beyond that through government approval.
- The cumulative FDI equity inflow in the Drugs and Pharmaceuticals industry is US\$ 20.96 billion during the period April 2000-September 2022. This constitutes almost 3.35% of the total FDI inflow received across sectors.
- Glenmark Pharmaceuticals Ltd. (Glenmark), an innovation-driven, global pharmaceutical company, is the first to launch a unique I.V. injection formulation, Akynzeo I.V., in India for the prevention of chemotherapy-induced nausea and vomiting (CINV), under an exclusive licensing agreement with Helsinn, a Swiss biopharma group company.
- Entod Pharmaceuticals has recently launched its new ocular aesthetic range focused on improving eye comfort and enhancing the aesthetics of the eyes.
- BDR Pharmaceutical has launched the first generic apalutamide (brand name Apatide) in India to treat both metastatic castration sensitive prostate cancer as well as non-metastatic castration resistant prostate cancer. The product will be available across India.
- Anglo French Drugs & Industries Limited (AFDIL), a 99-year-old organization in the pharmaceutical sector, announced that it has entered into the fertility space with the launch of the LYBER range.
- Eli Lilly introduces Ramiven in India, for certain high-risk early breast cancer patients in November 2022.
- ICPA Health Products Ltd (ICPA), a leading pharma company in the oral healthcare segment, has launched its latest product – Heximetro at the annual conference of the Indian Society of Periodontology (ISP) in November 2022.
- The FDI inflows in the Indian drugs and pharmaceuticals sector reached US\$ 19.90 billion between April 2000-June 2022.
- The Indian drugs and pharmaceuticals sector received cumulative FDIs worth US\$ 19.41 billion between April 2000-March 2022.
- The foreign direct investment (FDI) inflows in the Indian drugs and pharmaceuticals sector reached US\$ 1,414 million between in FY 2021-22.
- The Indian pharmaceutical industry generated a trade surplus of US\$ 15.81 billion in FY22.
- Medical Device industry is expected to reach US\$ 50 billion by 2030 growing at a CAGR of 15%.
- In November 2022, Sun Pharma and SPARC entered into a license agreement for commercialization of phenobarbital for injection in the US.
- Glenmark becomes the First Company in India to launch Teneeligiptin + Dapagliflozin Fixed Dose Combination in October 2022.
- In October 2022, Lupin signed an agreement to acquire two inhalation brands from Sunovion Pharmaceuticals Inc.
- Dr. Reddy's Laboratories announced the launch of Lenalidomide Capsules in the U.S. with two of six strengths eligible for first-to-market, 180-day exclusivity in September 2022.
- In June 2022, Cipla partnered with Drugs for Neglected Diseases initiative (DNDi) to announce the launch of a 4-in-1 antiretroviral treatment for children living with HIV in South Africa.



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

- Glenmark becomes the first pharmaceutical company to launch Indacaterol + Mometasone fixed-Dose combination drug for Asthma in India.
- In May 2022, Sun Pharmaceutical Industries Limited through one of its wholly owned subsidiaries plans to launch Bempedoic Acid under the brand name Brillo, in India for reducing low-density lipoprotein (LDL) cholesterol.
- In May 2022, Dr. Reddy's Laboratories enters into exclusive partnership with HK inno.N Corporation to commercialise novel molecule Tegoprazan in India & select emerging markets.
- In April 2022, Dr Reddy's Laboratories Ltd. inked a pact with MediCane Health to announce the launch of medical cannabis products in Germany.
- The Union Cabinet has given its nod for the amendment of existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100% under the automatic route for manufacturing of medical devices subject to certain conditions.
- In March 2022, Themis Medicare Ltd. (Themis), announced the approval of its antiviral drug VIRALEX by the Drug Controller General of India (DCGI).
- The National Digital Health Blueprint has the potential to generate nearly US\$ 200 billion in added economic value for India's healthcare industry over the next 10 years.
- In October 2021, AstraZeneca India launched a Clinical Data and Insights (CDI) division to further strengthen its global presence and manage data-related aspects of its clinical trials.
- In September 2021, the Indian government contributed US\$ 4 billion to the pharmaceutical and medical industries.
- In August 2021, Uniza Group, an Ahmedabad-based pharmaceutical firm, signed an agreement with Lysulin Inc. (an US-based firm) to introduce Lysulin, a nutritional product for Indian consumers.
- In May 2021, Indian Immunologicals Ltd. (IIL) and Bharat Immunologicals and Biologicals Corporation (BIBCOL) inked technology transfer pacts with Bharat Biotech to develop the vaccine locally to boost India's vaccination drive. The two PSUs plan to start production of vaccines by September 2021.

### GOVERNMENT INITIATIVES:

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

- As per the Union Budget 2023-24:
  - A mission to eliminate sickle cell anemia by 2047 will be launched. It would involve raising awareness, conducting a comprehensive screening of seven crore individuals in the impacted tribal regions between the ages of 0 and 40, and providing counselling through coordinated efforts.
  - For innovation in the pharmaceutical sector, through centres of excellence, a new initiative to encourage pharmaceutical research and innovation will be implemented. The government persuades business to spend money on R&D in a few chosen priority fields. At the grassroots level, government has also announced on building 157 nursing colleges in co-location with government medical colleges.
- Ayushman Bharat Digital Mission (ABDM):
  - Under the ABDM, citizens will be able to create their ABHA (Ayushman Bharat Health Account) numbers, to which their digital health records can be linked. This will enable creation of longitudinal health records for individuals across various healthcare providers and improve clinical decision making by healthcare providers.
  - The pilot of ABDM is completed in the six Union Territories of Ladakh, Chandigarh, Dadra & Nagar Haveli and Daman & Diu, Puducherry, Andaman and Nicobar Islands and Lakshadweep with successful demonstration of technology platform developed by the NHA.
  - During the pilot, digital sandbox was created in which more than 774 partner solutions are undergoing integration. As on February 21, 2022, 173,369,087 Ayushman Bharat Health Accounts have been created and 10,114 doctors and 17,319 health facilities have been registered in ABDM.



**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

- Scheme for Development of Pharma industry – Umbrella Scheme:
  - The Department of Pharmaceuticals has prepared an Umbrella Scheme namely 'Scheme for Development of Pharma industry'. Which comprises of the following sub schemes:
  - Assistance to Bulk Drug Industry for Common Facilitation Centres;
  - Assistance to Medical Device Industry for Common Facilitation Centres;
  - Assistance to Pharmaceutical Industry (CDP-PS);
  - Pharmaceutical Promotion and Development Scheme (PPDS);
  - Pharmaceutical Technology Upgradation Assistance Scheme (PTUAS).
- As per the Union Budget 2022-23:
  - Rs. 3,201 crore (US\$ 419.2 million) has been set aside for research and Rs. 83,000 crore (US\$ 10.86 billion) has been allocated for the Ministry of Health and Family Welfare.
  - Rs. 37,000 crore (US\$ 4.83 billion) has been allocated to the 'National Health Mission'.
  - Rs. 10,000 crore (US\$ 1.28 billion) has been allocated to Pradhan Mantri Swasthya Suraksha Yojana.
  - The Ministry of AYUSH has been allocated Rs. 3,050 crore (US\$ 399.4 million), up from Rs. 2,970 crore (US\$ 389 million).
- In March 2022, under the Strengthening of Pharmaceutical Industry (SPI) Scheme, a total financial outlay of Rs. 500 crore (US\$ 665.5 million) for the period FY22 to FY26 were announced.
- India could restart deliveries of COVID-19 shots to global vaccine-sharing platform COVAX in November-December 2021 for the first time since April 2021. The World Health Organization (WHO), which co-leads COVAX, has been pushing India to resume supplies for the programme, particularly after it sent ~4 million doses to neighbours and allies in October 2021.
- In November 2021, PM Mr. Narendra Modi inaugurated the first Global Innovation Summit of the pharmaceuticals sector. The summit will have 12 sessions and over 40 national and international speakers deliberating on a range of subjects including regulatory environment, funding for innovation, industry-academia collaboration and innovation infrastructure.
- In August 2021, Union Health Minister, Mr. Mansukh Mandaviya announced that an additional number of pharmaceutical companies in India are expected to commence manufacturing of anti-coronavirus vaccines by October-November 2021. This move is expected to further boost the vaccination drive across the country.
- In June 2021, Finance Minister Ms. Nirmala Sitharaman announced an additional outlay of Rs. 197,000 crore (US\$ 26,578.3 million) that will be utilised over five years for the pharmaceutical PLI scheme in 13 key sectors such as active pharmaceutical ingredients, drug intermediaries and key starting materials.
- To achieve self-reliance and minimise import dependency in the country's essential bulk drugs, the Department of Pharmaceuticals initiated a PLI scheme to promote domestic manufacturing by setting up greenfield plants with minimum domestic value addition in four separate 'Target Segments' with a cumulative outlay of Rs. 6,940 crore (US\$ 951.27 million) from FY21 to FY30.
- In May 2021, under Atmanirbhar Bharat 3.0, Mission COVID Suraksha was announced by the Government of India to accelerate development and production of indigenous COVID vaccines. To augment the capacity of indigenous production of Covaxin under the mission, the Department of Biotechnology, Government of India, provided financial support in the form of a grant to vaccine manufacturing facilities for enhanced production capacities, which is expected to reach >10 crore doses per month by September 2021.

The pharmaceutical industry in India is a significant part of the nation's foreign trade and offers lucrative potential for investors. Millions of people around the world receive affordable and inexpensive generic



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

medications from India, which also runs a sizable number of plants that adhere to Good Manufacturing Practices (GMP) standards set by the World Health Organization (WHO) and the United States Food and Drug Administration (USFDA). Among nations that produce pharmaceuticals, India has long held the top spot. Medicine spending in India is projected to grow 9-12% over the next five years, leading India to become one of the top 10 countries in terms of medicine spending. 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, which are on the rise.

The Indian Government has taken many steps to reduce costs and bring down healthcare expenses. The National Health Protection Scheme, which aims to offer universal healthcare, the ageing population, the rise in chronic diseases, and other government programmes, including the opening of pharmacies that offer inexpensive generic medications, should all contribute to boost the Indian pharmaceutical industry. 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 & THREATS:**

The SWOT analysis of the industry reveals the position of the Indian pharmaceutical industry in respect to its internal and external environment.

#### **a) Strengths**

- Well-developed chemistry, R&D and manufacturing infrastructure with proven track record in advance chemistry capabilities, design of high-tech manufacturing facilities and regulatory compliance.
- Strong technical, finance and administrative expertise in pharma industries along with strong marketing and distribution network.
- Higher GDP growth leading to increased disposable income in the hands of general public and their positive attitude towards spending on healthcare.
- Low-cost, highly skilled set of English speaking labour force and proven track record in design of high technology manufacturing devices.
- Healthy domestic market with rising per capita expenditure. Low cost of innovation, manufacturing and operations.
- Strong focus by the Government. Adherence to global standards, high quality documentation and process understanding.
- Adequate health insurance coverage.

#### **b) Weaknesses**

- Stringent pricing regulations affecting the profitability of pharma companies.
- Lack of ability to compete with MNCs for New Drug Discovery, Research and commercialization of molecules on a worldwide basis due to lack of resources.
- Poor all-round infrastructure is a major challenge.
- Low investments in innovative R & D.
- Presence of more unorganised players versus the organized ones, resulting in an increasingly competitive environment, characterised by stiff price competition.

#### **c) Opportunities**

- Global demand for generics rising. High scope in Research & Development sector.
- Rapid OTC and generic market growth. Significant export opportunities.
- Increased penetration in the non - metro markets.
- Large demand for quality diagnostic services.

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

- Significant investment from MNCs.
- Public-Private Partnerships for strengthening Infrastructure.
- Opening of the health insurance sector and increase in per capita income - the growth drivers for the pharmaceutical industry.
- India, a potentially preferred global outsourcing hub for pharmaceutical products due to low cost of skilled labour.

**d) Threats**

- Global Competition. Narrow margin of Profits.
- Increasing Stringency on Quality.
- Increasing CGMP regulatory requirement compliances leads to more and more investments.
- Wage inflation.
- Government expanding the umbrella of the Drugs Price Control Order (DPCO).
- Other low-cost countries such as China and Israel affecting outsourcing demand for Indian pharmaceutical products
- Entry of foreign players (well equipped technology-based products) into the Indian market.

The Company is seriously contemplating for both forward and backward integration. The Company is pursuing actively assets which will add immediate value to the Company for the purpose of forward integration in palletisation in the near future along with backward integration into intermediates through partnership or as new projects..

**INTERNAL CONTROL SYSTEM & THEIR ADEQUACY:**

The Company has an adequate system of internal controls comprising authorization levels, supervision, checks and balance and procedures through documented policy guidelines and manuals, which provide that all transaction are authorized, recorded and reported correctly and compliance with policies and statutes are ensured. The operational managers exercise their control over business processes through operational systems, procedural manual and financial limits of authority manual, which are reviewed and updated on an ongoing basis to improve the systems and efficiency of operations. The Company place prime importance on an effective internal audit system. The Internal Control System is supplemented by internal audit, regular review by the management and well documented policies. The Company has an independent Internal Audit System to monitor the entire operations and services. The top management and Audit Committee of the Board review the findings of the Internal Auditor and takes remedial actions accordingly.

**RISKS & CONCERN:**

The pharmaceutical industry faces challenges in protecting intellectual property and brand reputation while meeting strict compliance needs. Environmental sector is another major concern as drugs are of high value and sensitive to environmental interaction. There is a need to make sure that pharmaceutical products are handled safely. Active Pharmaceutical Ingredients (APIs) can enter the natural environment during manufacture, use and / or disposal, and consequently public concern about their potential adverse impacts in the environment is growing. Owing to post-covid surplus stocking of API by the formulators and variable Raw material costs Company has and continues to experience decrease in sale volumes of API's. However, even shortage of Raw materials is also perceived to be a futuristic impact on the sale of API's as well.

**SEGMENT-WISE PERFORMANCE:**

Everest Organics Limited is engage in the business of manufacturing of Active Pharmaceutical Ingredients & Intermediaries for around three decades. Currently the Company is working on capacity utilization of 80-90% for the existing product. The capex done for the FY 2021-22 was about Rs. 8 crores and the envisaged capex for the FY 2022-23 is Rs. 15 crores in order to complete the new block.

During the FY 2022-23, the Company exported about 28.60% of the total sale from all over the world. There was an increase in number of clients during the year; presently we have about 80 clients spread over 45

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

countries all over the world. We would like to reach 120 clients in 60 countries in the next three years. We have approvals for three (3) products in the regulatory market and six (6) more products are under process. Two (2) products are under registration in China and two (2) products are under registration for Korea market. Five (5) products are under registration for Russia market as well.

**DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

During the year under review, the Company has achieved a turnover of INR 1830 million as against INR 2000 million in the previous year.

During the year the Company has incurred a Net Loss of INR 1.82 million as against Net Profit of INR 11.44 million in the previous year. No transfers were made to the General Reserve. The entire net loss is carried over in the Statement of Profit & Loss.

The Earning per shares (EPS) of the Company as on March 31, 2023 was INR (0.23) as against INR 1.43 in the previous year.

**KEY FINANCIAL RATIOS:**

In accordance with the amendments notified in the Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 on May 09, 2018, the details of significant changes in the key financial ratios as compared to the immediately previous Financial Year are reported hereunder:

Particulars	As at March 31, 2023	As at March 31, 2022	Reason for change
Debtors Turnover	2.53	3.36	A low accounts receivable turnover ratio indicates that the collection period for Trade Receivables has increased during the FY 2022-23.
Inventory Turnover	2.76	3.65	The decrease in the ratio is on account of increase in the level of inventory quantity during the FY 2022-23.
Interest Coverage Ratio (Times)	1.03	1.56	Decrease in ratio during the current year as compared to the previous year is due to lower profits in the current year.
Current Ratio (Times)	0.96	1.05	Note(a)
Debt-Equity Ratio (Times)	1.10	0.83	Increase in ratio on account of increase in Trade Payables without corresponding increase in Equity due to low profits during the year.
Operating Profit Margin (%)	(0.87) %	2.42%	Decrease in ratios mainly due to a decrease in the marketing margin and sales in the current year and increase in Inputs cost.
Net Profit Margin (%)	(0.10) %	0.57%	Decrease in ratio mainly due to a decrease in the marketing margin and sales in the current year and increase in input cost.
Return on Net Worth (%)	(0.39) %	2.44%	

Notes: (a). In respect of the aforesaid mentioned ratios, there is no significant change (25% or more) in FY 2022-23 in comparison to FY 2021-22.

**MANAGEMENT DISCUSSION & ANALYSIS REPORT****BUSINESS UPDATES:**

- Posaconazole & Bilastine are filed for European market.
- Bempedoic acid filed for US market.
- Awaiting Oseltamivir, Rivaroxaban, Pantoprazole and Fenofibrate European market DMF approvals.
- Awaiting Omeprazole, Esomeprazole, Pantoprazole USDMF approvals.
- New block with 60000 Kgs will be completed by Q3 of 2023.
- Long Term Loan by Financial Credit Rating (ICRA Rating) is [ICRA] B+(Stable) dated August 22, 2022.

**INDUSTRIAL RELATIONS & HUMAN RESOURCE DEVELOPMENT:**

The focus is on capability development, performance management and employee engagement. This is expected to improve cost competitiveness through greater levels of employee participation, commitment and involvement.

The Company recognizes human resources as its biggest strength which has resulted in getting acknowledgement that the Company is the right destination where with the growth of the organization, value addition of individual employees is assured. The Company provides employee development opportunities by conducting training programs to equip the employee with upgraded skills enabling them to adapt to the contemporary technological advancements. The total number of employees as on March 31, 2023 is about 400.

**CAUTIONARY STATEMENT:**

*Statement in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, exceptions or predictions may be forward looking statements and are based on certain assumptions and exception of future events. Actual result could however differ materially from those express or implied. Important factors that could make a difference to the Company's operations including global and domestic demand-supply condition, finished goods process, raw material cost and availability, changes in government regulations and tax structure, economic development within India and the Countries with which the Company has Business Contracts and other factors such as litigation and industrial relations.*

*The Company assumes no responsibility in respect of forward looking statement herein which may undergo changes in future on the basis of subsequent developments, information and events.*

**AUDITORS' REPORT****INDEPENDENT AUDITORS' REPORT****TO THE MEMBERS OF  
EVEREST ORGANICS LIMITED**

We have audited the accompanying financial statements of Everest Organics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and Notes to Financial Statements including a summary of the significant accounting policies and other explanatory information.

**QUALIFIED OPINION**

In our opinion and to the best of our information and according to the explanations given to us except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph the aforesaid financial statements give the information required by the Act as amended in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind-AS specified under Section 133 of the Act of the state of affairs (financial position) of the Company as at March 31, 2023 and its profit (financial performance including other comprehensive income) its cash flows and the changes in equity for the year ended on that date.

**BASIS FOR QUALIFIED OPINION:**

- i. The revocation order of Telangana State Pollution Control Board (TSPCB) dated 4th February 2022 in connection with the closure order dated 22nd Dec 2020, stipulates that, the company cannot exceed its production capacity indicated in its order No. TSPCB/RCP/SRD/CFO& HWA/HO/ 2017-2714, Dt. 22-11-2017. However, the company is operating at a substantially enhanced level of actual production without necessary approvals from TSPCB in the form of Consent For Establishment (CFE) for starting the establishment, followed by the consequent Consent For Operation (CFO). Such non-compliance could impact the going concern of the company in the form of Closure Order from TSPCB. According to the explanations given to us, the management of the Company is in the process of addressing the issue. Refer note no.25(C)(xii)
- ii. During the period under report, certain sales are made by the company on or before 31st March, 2023 for which control over the goods have not been passed on to the respective customers though dispatches were made on or before the aforesaid date and the same is not in accordance with IND-AS 115 on Income Recognition. Considering the corresponding effect of the earlier period i.e. 2021-22, the impact on Net Profit after tax for the year ended 31.03.2023 and reserves and surplus under Balance sheet have been overstated by Rs. 70.65 Lakhs and the net turnover for the year ended 31.03.2022 have been overstated by Rs. 394.76 Lakhs.
- iii. During the year, the company has received Keyman Insurance claim on demise of Mr. SK Srihari Raju, Ex-CMD, amounting to Rs. 500 lakhs which was shown under Other Income instead of Exceptional items in Statement of Profit & Loss Account. Accordingly, the impact on Operational Profit (Earnings Before Interest & Tax) was overstated by Rs. 500 lakhs resulting in the present Operational Profit (Earnings Before Interest & Tax) of Rs.496.12 lakhs instead of operating loss of Rs. 3.88 lakhs there being no impact on the overall Net Profit of the company for FY 2022-23.
- iv. As stated in the note no.25(C) (xvi) (a)(ii) to the financial statements of the company as at

**AUDITORS' REPORT**

March, 31st 2023 under report, the liability for payment of gratuity stands at Rs. 166.72 Lakhs calculated as per the management assessment, but not as per actuarial valuation as required under the Indian Accounting Standard. As against the said liability of Rs. 166.72 Lakhs the company has deposited Rs. 163.07 Lakhs. As per the requirement of Ind-AS-19 on Employee Benefits, such liability should have been deposited in total as against a partial sum. Further, the company has not obtained any confirmation from the Life Insurance Corporation of India in this regard during the past one year. Hence the impact on the profit for the year and the consequential impact on the Reserves and Surplus of the company as on the balance Sheet date are not ascertainable.

- v. The company is in the process of ascertaining the market value of the Investments held by the company as on the date of the report. The difference between the Cost and such market value shall be dealt upon completion of such exercise.
- vi. The company has made a turnover of Rs. 18,304.84 Lakhs for the year ended 31st March 2023. The sundry debtors as at 31st March, 2023 stood at Rs. 7,795.71 Lakhs. Against this outstanding balance of Sundry Debtors confirmations were received only for Rs. 2,995.19 lakhs by this date.
- vii. The Debtors balance outstanding for more than 3 years for which provision for doubtful debts was not made is amounting to Rs. 36.73 lakhs as at 31st March 2023. As there were no active business transactions with those parties, provision should be made for entire amount of Rs. 36.73 lakhs for 2022-23. The impact on Net Profit after tax for the year ended 31.03.2023 and Reserves and surplus under Balance sheet have been overstated by Rs. 27.48 lakhs (Rs 36.73 lakhs Less Rs. 36.75 lakhs x 25.168%).
- viii. During the year, the company has capitalised expenditure incurred on R&D to the extent of Rs. 209.65 lakhs under the head Intangible Assets-Products under Development instead of treating it as revenue expenditure and charging it in the Statement of Profit & loss Account. The nature of such expenditure shall be substantiated with tangible basis for certainty of corresponding future revenues against the same. The expenditure shall also be identified and ascertained against each product under development. As the same was not furnished to us, we are of the opinion that the treatment of such expenditure as capital in nature is not in accordance with IND-AS 1 on Presentation of Financial Statements. Accordingly, the Profit before tax for the year ended 31.03.2023 have been overstated by Rs 209.65 lakhs.
- ix. The company has adopted cash basis of accounting, as regards sales Commission payable to the sales agents. Hence the impact on the profit for the year and the consequential impact on the Reserves and Surplus of the company as on the balance Sheet date are not ascertainable.

Our Opinion is qualified in respect of the above said matter(s) . .

**KEY AUDIT MATTERS:**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

We draw attention to following matters of the Company.

**A) Revenue recognition:**

Revenue is recognized when the control over the underlying products has been transferred to the customer. Due to the Company's sales under various contractual terms and across the country,

**AUDITORS' REPORT**

delivery to customers in different regions might take different time periods and may result in undelivered goods at the period end. We consider a risk of misstatement of the Financial Statements related to transactions occurring close to the year end, as these transactions could be recorded in the incorrect financial period (cut-off). Our tests of detail focused on sample of cut-off transactions, to verify that only revenue pertaining to current year is recognized based on terms and conditions set out in sales contracts and delivery documents and performing testing on selected statistical samples of revenue transactions recorded during the year.

**B) Raw material Consumption:**

Raw material Consumption for the year is recognized based on the product composition at various stages and the customers requirement for all the products. The estimates relating to the charge are important given the significance of process knowhow and the distinctive terms of arrangement with customers. These compositions, consumption norms are complex and requires significant judgments and estimation by the Company for establishing the matching concept. An appropriate charge of raw material consumption and accuracy thereof may deviate due to change in judgments and estimates. Accordingly, the same has been considered as a key audit matter.

We obtained Management's calculations for raw material consumption specifications and relied upon the same.

**C) IT Systems and Controls:**

We have identified IT Systems and controls over financial reporting as a key audit matter for the company because its financial and reporting system should be integrated and must be fundamentally reliant on IT systems and controls to process the voluminous data specifically with respect to revenue, debtors, inventory management and raw material consumption. Automated accounting procedures and IT environment controls are required to be modified and implemented to operate effectively to ensure accurate financial reporting to comply with all the reporting requirements under various statues. We have assessed the management's position through discussion with the in-house and external experts. Management has initiated steps to integrate all activities in this regard.

Accordingly, the same is considered as a key Audit matter.

**D) Capital Work in Progress:**

The Company is in the process of executing major project for expansion of its Manufacturing facility. This project takes a substantial period of time to get ready for intended use. We considered Capital expenditure as a key audit matter due to: (a) Significance of amount incurred on such items during the year ended 31 March 2023. (b) Judgement involved in determining the eligibility of costs including borrowing cost and other directly attributable costs for capitalization as per the criteria set out in Ind AS 16-Property, Plant and Equipment.

We have obtained an understanding of the Company's capitalization policy and assessed for compliance with the relevant accounting standards. We have performed substantive testing on a sample basis for each element of capitalized costs including inventory issued to contractors for the purpose of this project and understanding nature of the costs capitalized.

Management maintains that, during the period, the interest cost of funds borrowed for the purpose amounting to Rs.95.05 Lakhs (Refer Note No. 25(C) (xxv) has been capitalised. .

**Other Information**

The Company's management and Board of Directors are responsible for the other information. The other





## AUDITORS' REPORT

information comprises the information included in the company's annual report but does not include the financial statements and our auditors' report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS:

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance. Changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### AUDITORS' RESPONSIBILITY:

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

As part of an audit in accordance with standards on auditing we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to

**AUDITORS' REPORT**

fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of management and Board of Directors use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation..

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

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

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

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS:**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), 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, to the extent applicable.
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 purposes of our audit;

**AUDITORS' REPORT**

- (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 Profit and Loss Statement, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015 except with regard to the compliance to certain disclosure requirements under, "IND AS-19-Employee Benefits", such non-disclosure does not have any impact on the Financial Statements of the company.
- (e) On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, Shri KRK Raju Independent Director of the Company, is also a Director on the Board of another company, whose name has been struck off from the register of companies by the Ministry of Company Affairs. On a writ petition filed in this regard, the Honourable High court of Telangana has passed an order on 22nd Jan 2020, consequently the DIN of Mr KRK Raju is active as on date. As per the said order, the same order holds good for active companies. Subject to the above, none of the directors are disqualified as on March 31, 2023, 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31st March, 2023 on its financial position in its financial Statements. Refer Note No:25(C) (xii) of the Financial Statements.
  - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv.
- A) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- B) The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company



**AUDITORS' REPORT**

from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- C) Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
- v. The dividend declared in the FY 2021-22 and paid by the Company during FY 2022-23 is in accordance with section 123 of the Company Act 2013 to the extent it applies to payment of dividend.

3. Further, with respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act.

**For P.S.N RAVISHANKER & ASSOCIATES**

Chartered Accountants  
FRN. 003228S

**YADAVILLI SAI KARUNAKAR**

Partner  
Membership No. 207033  
UDIN. 23207033BGXYPL4357

Place: Hyderabad,  
Date: 27-05-2023.

**AUDITORS' REPORT****ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT DT. 27-05-2023 ISSUED TO THE MEMBERS OF EVEREST ORGANICS LIMITED**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

(i) (a)

(A) The Company has maintained records showing only broad particulars including quantitative details and situation of Property, Plant and Equipment, on the basis of available information. However, as per the information and explanations furnished by the management and based on our examination of records, the system of tagging of fixed assets and computerization of records is to be implemented to be commensurate with the size of the company & level of operations.

(B) The Company does not have any Intangible Assets. Accordingly, our reporting under this clause is not applicable to the company.

(b) As per the information and explanations furnished to us by the management, the Property, Plant and Equipment have been physically verified in a broad manner by the management according to a phased programme designed to cover all the items over a period of 2 years, which in our opinion is reasonable but can be improved, having regard to the size of the Company and nature of its assets. We are informed that, no material discrepancies were noticed on such verification, pending adjustment.

(c) The title deeds of all the immovable properties are pledged with HDFC Bank. As per the information and explanations given to us, the title deeds of all such immovable properties are held in the name of the Company.

(d) The Company has chosen cost model for its Property, Plant and Equipment and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment or intangible assets does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on (or) are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise..

(ii)

(a) The physical verification of inventories has been conducted during the year by the management, in respect of majority of the high value items at reasonable intervals. In our opinion, the procedure, coverage and frequency of such verification is reasonable, but the system of verification should be further improved to be commensurate with the size of company & level of operations.

The discrepancies noticed on physical verification of inventory as compared to book records were less than 10% in aggregate for each class of inventory.

(b) During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from HDFC Bank and Canara Bank on the basis of security of current

**AUDITORS' REPORT**

assets. The Company has filed monthly /Quarterly statements of current assets with the bank, which are generally in agreement with the unaudited books of accounts being maintained by the company. However, the differences were generally on account of:

- i. Non-inclusion of inventory of stores and spares (except material consumables) in quarterly statements while the same is included in books of accounts.
  - ii. Non-inclusion of provision for expected credit loss or doubtful debts in monthly/quarterly statements while the same is included in books of accounts.
  - iii. Non-inclusion of unrealised foreign exchange (gain)/loss on trade receivables and trade payables in quarterly statements while the same is included in books of accounts.
  - iv. Sundry creditors stated under the stock statements were not reconciled with the book balances.
- (iii) As per the information and explanations furnished to us by the management and as per the books of account and other documents examined by us, during the year, the company has not, made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, our reporting on all other subclauses in this clause is not required.

Further the company has made investments in Equity Shares amounting to Rs. 8.15 lakhs and Rs. 0.30 lakhs in Patancheru Enviro Tech Limited and State Bank of India respectively. These investments made by the company earlier and continuing in the current year, prima facie, appear to be in compliance with Provisions of Section 186 of the Companies Act, 2013.

- (iv) As per the information and explanations furnished to us by the management and as per the books of accounts and other documents examined by us, the company has not given any loans, made investments in, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, Firms, Limited Partnerships or any other parties to which provisions of Sections 185 and 186 of the Companies Act, 2013 are applicable. Hence Clause 3(iv) of CARO, 2020 is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or the other relevant provisions of the Companies Act, and the rules framed there under, wherever applicable, from the public.

According to the information and explanations furnished to us by the management, there have been no proceedings before the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this matter and no order has been passed by any of the aforesaid authorities.

- (vi) As per the information and explanations furnished to us, prima facie, it appears that the company broadly meets the requirement prescribed by the Central Government under section 148(1) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014. 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) As per the information and explanations furnished to us by the management and according to the records examined by us of the Company, undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, sales tax, Service Tax, duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues have been generally deposited on time with the appropriate authorities. According to

**AUDITORS' REPORT**

the information and explanations given to us, no other undisputed amounts due and payable in respect of the aforesaid dues were outstanding as at 31-03-2023 for a period of more than six months from the date they became payable.

- (b) As per the information and explanations furnished to us by the management, there are no disputes with the appropriate authorities relating to Statutory dues other than those referred to in Point No. of "Notes to Financial Statements for the year ended March, 31st, 2023.
- (viii) According to the information and explanations given by the management and based on the procedures carried out during the course of our audit, we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961..
- (ix)
- (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Willful Defaulter by any bank or financial institution or government or any government authority.
- (c) During the year, the company has obtained unsecured term loans from FedBank Financial Services Ltd and Unity Small Finance Bank Ltd amounting to Rs. 30.35 lakhs and Rs. 50 lakhs respectively, for which sanction letters were not provided to us during our audit. In the absence of sanction letter and sanction terms & conditions, we are unable to comment if the loans obtained have been applied for the purpose which they were obtained. According to the information and explanations given to us, the term loans other than mentioned above, have been applied for the purposes for which they were obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries company.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries company.
- (x)
- (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi)
- (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the

**AUDITORS' REPORT**

- information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.
- (xii) As the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. the provisions of Clause (xii) of para 3 of the order are not applicable to the company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.
- (xiv)
- (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system. The scope and coverage of the same needs to be enlarged to commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditor for the period under audit have been considered by us.
- (xv) As per the information and explanations given to us and based on our examination of the company records, The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company..
- (xvi)
- (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi) (c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations provided by the management of the Company, the Group does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.





**AUDITORS' REPORT**

- (xvii) The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.
- (xx) As at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable as the company is not required to prepare consolidated financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

**For P.S.N RAVISHANKER & ASSOCIATES**

Chartered Accountants  
FRN. 003228S

**YADAVILLI SAI KARUNAKAR**

Partner  
Membership No. 207033  
UDIN. 23207033BGXYPL4357

Place: Hyderabad,  
Date: 27-05-2023.

**AUDITORS' REPORT****ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF EVEREST ORGANICS LIMITED****REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT") :**

**(Referred to in clause (f) of paragraph 2 under 'Report on other Legal and Regulatory Requirement' section of our report of even date)**

We have audited the internal financial controls over financial reporting of Everest Organics Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**BASIS FOR QUALIFIED OPINION :**

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by the Institute of Chartered Accountants of India 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

1. Material purchased and sent directly for job work from supplier, the company has raised Material Receipt Note (MRN) without actual receipt of goods from supplier.
2. The company has not obtained confirmations from the effected parties for which the outstanding credit balance was set off against the outstanding debit balance.
3. Based on our audit, we observed that, in few instances,
  - the company has not obtained authorisation/data for accepted and rejected quantity of material from Quality Control department.
  - The company accepted/received quantity in excess of authorised Purchase Order
  - The company purchased goods from vendors different from that of recommended vender as per Quotation comparative statement.

**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, 2023, 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.

However, the following internal financial controls are essential and desirable.

- a) The system of defining and operationalizing a standard operating procedure for Capitalization of assets and retirement of assets and /or provisioning for impairment (if any) needs to be strengthened to be commensurate with the size of the company & level of operations.

**AUDITORS' REPORT**

- b) The system of physical verification of fixed assets, tagging of fixed assets, and computerization of records needs to be improved to be commensurate with the size of the company & level of operations.
- c) The system of physical verification of inventories, tagging of inventories, recognition & valuation of inventories needs to be further improved to be commensurate with the size of company & level of operations.
- d) The system of obtaining periodical confirmation of balances from Debtors, Creditors, Advances, Deposits, etc. needs to be improved to be commensurate with the size of company.
- e) The system of obtaining comparative quotations from different independent parties and keeping them on record needs to be further strengthened to be commensurate with the size of the company and nature of operations of the Company.
- f) The method of customer evaluation needs to be further improved for extending credit to the customers.

**MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS :**

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

**AUDITORS' RESPONSIBILITY :**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by the Institute of Chartered Accountants of India 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**AUDITORS' REPORT****MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING :**

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

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

**INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING :**

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

**For P.S.N RAVISHANKER & ASSOCIATES**

Chartered Accountants

FRN. 003228S

**YADAVILLI SAI KARUNAKAR**

Partner

Membership No. 207033

UDIN. 23207033BGXYPL4357

Place: Hyderabad,

Date: 27-05-2023.



## PART 1 - BALANCE SHEET (CIN : L24230TG1993PLC015426)

## BALANCE SHEET AS AT 31-03-2023

(Rs. in Lakhs)

	Particulars	Note No.	As at 31-Mar-2023	As at 31-Mar-2022
<b>ASSETS</b>				
<b>1</b>	<b>Non-current assets</b>			
	<b>I. Tangible Assets</b>			
	(a) Property, Plant and Equipment	1 (i)	5,446.85	4,896.99
	(b) Capital Work-in-Progress	1 (ii)	948.95	803.00
	<b>II. Intangible Assets</b>			
	(c) Financial Assets	2	209.65	-
	(i) Investments	3	8.45	8.45
	[d] Other Non-Current Assets	4	322.69	303.76
	<b>Total Non Current Assets (A)</b>		<b>6,936.59</b>	<b>6,012.20</b>
<b>2</b>	<b>Current assets</b>			
	(a) Inventories	5	4,673.61	4,149.07
	(b) Financial assets			
	(i) Investments		-	-
	(ii) Trade receivables	6	7,633.40	6856.83
	(iii) Cash and cash equivalents	7	82.88	65.15
	(c) Other Current Assets	8	858.44	716.74
	<b>Total Current Assets (B)</b>		<b>13,248.33</b>	<b>11,787.80</b>
	<b>TOTAL ASSETS [(C) = (A) +(B)]</b>		<b>20,184.93</b>	<b>17,800.00</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
	(a) Equity Share Capital	9	800.00	800.00
	(b) Other Equity	10	3,821.49	3,879.70
	<b>Total Equity (D)</b>		<b>4,621.49</b>	<b>4,679.70</b>
<b>LIABILITIES</b>				
<b>1</b>	<b>Non-current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	11	1,165.01	1,098.56
	(b) Deferred Tax Liabilities (Net)		414.61	388.90
	(b) Other Non-Current Liabilities	12	225.59	376.61
	<b>Total Non Current Liabilities (E)</b>		<b>1,805.21</b>	<b>1,864.07</b>
<b>2</b>	<b>Current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	13	3,939.73	2,779.46
	(ii) Trade Payables	14		
	a) Total outstanding dues of micro enterprises and small enterprises		1,367.53	769.00
	b) Total outstanding dues creditors other than micro enterprises and small enterprises		8,142.30	7,183.91
	(b) Other current liabilities	15	245.77	450.43
	(c) Provisions	16	61.40	44.43
	(d) Current tax liabilities (net)	17	1.50	29.00
	<b>Total Current Liabilities (F)</b>		<b>13,758.23</b>	<b>11,256.23</b>
	<b>TOTAL EQUITY AND LIABILITIES [(G) = (D)+(E)+(F)]</b>		<b>20,184.93</b>	<b>17,800.00</b>

Significant Accounting Policies and Notes to Financial Statements thereon forms an integral part of accounts.

25

As per our report even date

for **PSN RAVISHANKER & ASSOCIATES**

Chartered Accountants

FRN - 003228S

Sd/-

**YADAVILLI SAI KARUNAKAR**

Partner

ICAI M.No.207033

Place: Hyderabad

Date: 27-05-2023

For and on behalf of the Board

**EVEREST ORGANICS LIMITED**

Sd/-

**P.RAMA KRISHNA**

Chief Financial Officer

Sd/-

**REKHA SINGH**

Company Secretary

Sd/-

**Dr.S.K.SIRISHA**

Managing Director

DIN: 06921012

Sd/-

**A.PARVATISEM**

Technical Director

DIN: 00910224

**PART II - STATEMENT OF PROFIT AND LOSS ACCOUNT**

Statement of Profit and Loss for the year ended 31.03.2023

(Rs. in Lakhs except per share)

	Particulars	Note No.	For the Year ended 31-Mar-2023	For the Year ended 31-Mar-2022
I	Revenue From Operation	18	18,304.84	20,004.66
II	Other Income	19	694.36	221.12
III	<b>Total Income (I+II)</b>		<b>18,999.20</b>	<b>20,225.78</b>
IV	<b>EXPENSES</b>			
	Cost of materials consumed	20	12,490.35	14,035.67
	Changes in Inventories of finished goods, work-in-progress and stock-in-trade	21	(322.75)	(451.14)
	Employee benefits Expenditure	22	1,629.72	1,632.61
	Finance Cost	23	330.95	310.28
	Depreciation and amortisation expenses	1	447.40	379.67
	Other expenses	24	4,414.54	4,144.77
	<b>Total Expenses (IV)</b>		<b>18,990.21</b>	<b>20,051.85</b>
V	Profit/(loss) before exceptional items and tax(III-IV)		8.99	173.93
VI	Add: Exceptional Item		-	-
VII	<b>Profit/(loss) before tax (V-VI)</b>		<b>8.99</b>	<b>173.93</b>
VIII	Tax Expenses			
	(1) Current tax		1.50	29.00
	(2) Deferred tax		25.71	30.56
IX	<b>Profit/(Loss) for the period from continuing operations (VII-VIII)</b>		<b>(18.22)</b>	<b>114.37</b>
X	Profit/(loss) from discontinued operations		-	-
XI	Tax expense of Discontinued operations		-	-
XII	Profit/(Loss) from Discontinued operations (after tax) (X-XI)		-	-
XIII	<b>Profit/(loss) for the period (IX+XII)</b>		<b>(18.22)</b>	<b>114.37</b>
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to		-	-
	(ii) Income tax relating to items that will		-	-
	B (i) Item that will be reclassified to profit or		-	-
	(ii) Income tax relating to items that will be		-	-
XV	<b>Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/(Loss))</b>		<b>(18.22)</b>	<b>114.37</b>
XVI	Earnings per equity share (for continuing operation):		(18.22)	114.37
	(1) Basic		(0.23)	1.43
	(2) Diluted		(0.23)	1.43
XVII	Earnings per equity share (for discontinued operation):		-	-
	(1) Basic		-	-
	(2) Diluted		-	-
XVIII	Earnings per equity share (for discontinued & continuing operations)		(0.23)	1.43
	(1) Basic		(0.23)	1.43
	(2) Diluted		(0.23)	1.43

Significant Accounting Policies and Notes to Financial Statements thereon forms an integral part of accounts.

25

As per our report even date

for **PSN RAVISHANKER & ASSOCIATES**

Chartered Accountants

FRN - 003228S

Sd/-

**YADAVILLI SAI KARUNAKAR**

Partner

ICAI M.No.207033

Place: Hyderabad

Date: 27-05-2023

For and on behalf of the Board

**EVEREST ORGANICS LIMITED**

Sd/-

**P.RAMA KRISHNA**  
Chief Financial Officer

Sd/-

**REKHA SINGH**  
Company Secretary

Sd/-

**Dr.S.K.SIRISHA**  
Managing Director  
DIN: 06921012

Sd/-

**A.PARVATISEM**  
Technical Director  
DIN: 00910224



## SCHEDULE - 1

## I. TANGIBLE ASSETS

Property, Plant and Equipment

(Rs.in Lakhs)

S.No.	Particulars	Gross Block				Depreciation				Net Block	
		As At 01.04.22	Additions During the year	Deletions / transfer during the year	As At 31.03.23	As At 01.04.22	for the year	Deletions during the year	As At 31.03.23	As At 31.03.23	As At 31.03.22
1	Land & Land Development	53.08	-	-	53.08	-	-	-	-	53.08	53.08
2	Factory Buildings	950.15	40.13	-	990.28	416.68	30.18	-	446.86	543.41	533.47
3	Plant & Machinery & Utilities	7,608.18	447.13	-	8,055.31	3,567.22	357.03	-	3,924.26	4,131.05	4,040.95
4	R&D Equipment	175.76	7.49	-	183.25	48.18	17.01	-	65.20	118.06	127.58
5	Office Equipment	41.28	-	-	41.28	36.16	1.77	-	37.93	3.34	5.12
6	Computers	59.23	5.12	-	64.34	45.69	7.49	-	53.18	11.16	13.53
7	Furniture & Fittings	69.61	3.04	-	72.65	42.50	5.17	-	47.68	24.97	27.10
8	Solar Power System	-	473.53	-	473.53	-	11.96	-	11.96	461.57	-
9	Vehicles	183.59	21.06	15.88	188.77	87.44	16.79	15.65	88.58	100.19	96.15
	<b>Total (A)</b>	<b>9,140.87</b>	<b>997.49</b>	<b>15.88</b>	<b>10,122.49</b>	<b>4,243.89</b>	<b>447.40</b>	<b>15.65</b>	<b>4,675.64</b>	<b>5,446.85</b>	<b>4,896.99</b>

## SCHEDULE - 1 (ii)

## TANGIBLE ASSETS

Capital Work-in-Progress

1	Buildings	482.19	466.66	40.13	908.73					908.73	482.19
2	Plant & Machinery & Others	320.81	647.56	928.15	40.22					40.22	320.81
	<b>Total (B)</b>	<b>803.00</b>	<b>1,114.23</b>	<b>968.27</b>	<b>948.95</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>948.95</b>	<b>803.00</b>

## SCHEDULE - 2

## INTANGIBLE ASSETS

1	Product under Development Expenses	-	209.65	-	209.65					209.65	-
	<b>Total (C)</b>	<b>-</b>	<b>209.65</b>	<b>-</b>	<b>209.65</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209.65</b>	<b>-</b>

1. Fixed Assets are stated at historical cost of acquisition net of GST and other applicable taxes, and is inclusive of incidental expenses and the proportionate expenditure to bring such assets to its present location.

2. The Management is in the process of evaluating the fixed assets of the Company to ascertain and check on impairment. The impact of such impairment, if any, shall be dealt with on completion of such exercise. However, the management states that, in their opinion there has been no impairment loss during the year, and the amount of assets represents the fair values as at the end of each of the years on conservative basis.

As per our report even date

for **PSN RAVISHANKER & ASSOCIATES**

Chartered Accountants

FRN - 003228S

**YADAVILLI SAI KARUNAKAR**

Partner

ICAI M.No.207033

Place: Hyderabad

Date: 27-05-2023

Sd/-  
**PRAMA KRISHNA**  
Chief Financial Officer

Sd/-  
**REKHA SINGH**  
Company Secretary

For and on behalf of the  
**EVEREST ORGANICS LIMITED**

Sd/-  
**Dr.S.K.SIRISHA**  
Managing Director  
DIN: 06921012

Sd/-  
**A.PARVATISEM**  
Technical Director  
DIN: 00910224

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

(Rs. in Lakhs)

<b>3. Financial Assets- Investments</b>		<b>As at 31-Mar-2023</b>	<b>As at 31-Mar-2022</b>
<b>Investment in Equity Investment</b>			
Equity Shares in PETL		8.15	8.15
Equity Shares in SBI		0.30	0.30
<b>Total</b>		<b>8.45</b>	<b>8.45</b>
<b>4. Other Non-Current Assets</b>		<b>As at 31-Mar-2023</b>	<b>As at 31-Mar-2022</b>
Security Deposits with Others		17.31	36.81
Security Deposits with Government Company-TSCPDCL		118.31	98.89
Security Deposits for Mobile, Internet		0.93	0.93
Loans and Advances to Employees		23.07	25.76
Gratuity Fund Deposit		163.08	141.37
<b>Total</b>		<b>322.69</b>	<b>303.76</b>
<b>5. Inventories</b>		<b>As at 31-Mar-2023</b>	<b>As at 31-Mar-2022</b>
(a) Raw materials		1,280.63	1,092.21
(b) Work-in-progress		1,771.65	1,394.88
(c) Finished Goods		1,523.28	1,577.30
(d) Others			
- Stores and Spares		53.06	51.24
- Coal		41.31	29.74
- Packing Material		3.69	3.70
<b>Total</b>		<b>4,673.61</b>	<b>4,149.07</b>
<b>6. Trade Receivables</b>		<b>As at 31-Mar-2023</b>	<b>As at 31-Mar-2022</b>
Trade Receivables considered good-unsecured			
- morethan 6 months	567.28		433.55
Less: Allowance for doubtful receivables	162.31	404.98	166.46
- lessthan 6 months		7,228.42	6,589.75
<b>Total</b>		<b>7,633.40</b>	<b>6,856.83</b>

**Trade Receivables ageing Schedule as on 31.03.2023**

<b>Particulars</b>	<b>Outstanding for following periods from due date of payment</b>						<b>Total</b>
	<b>No Overdue</b>	<b>Less than 6 months</b>	<b>6 months - 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	
(i) Undisputed Trade receivables – considered good	5,715.67	1,521.05	184.86	116.92	58.51	-	7,597.01
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	36.39	36.39
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-	-



**SCHEDULE FORMING PART OF THE BALANCE SHEET**

<b>Trade Receivables ageing Schedule as on 31.03.2022</b>							
<b>Particulars</b>	<b>Outstanding for following periods from due date of payment</b>						
	<b>No Overdue</b>	<b>Less than 6 months</b>	<b>6 months - 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	<b>Total</b>
(i) Undisputed Trade receivables – considered good	5,499.80	1,089.94	178.94	47.33	11.19	-	6,827.20
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	29.63	29.63
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-	-
<b>7. Cash and cash equivalents</b>							
				<b>As at 31-Mar-2023</b>			<b>As at 31-Mar-2022</b>
(a) Balances with Banks;				26.25			9.19
(b) Cash on Hand;				1.23			1.60
(c) Deposits with with Banks				55.40			54.36
				<b>Total</b>			<b>65.15</b>
<b>8. Other Current Assets</b>							
				<b>As at 31-Mar-2023</b>			<b>As at 31-Mar-2022</b>
(i) Advances - Unsecured, considered good							
Advances - Capital Goods				150.51			179.21
Advances - Raw Materials				30.17			22.95
Advance - Consumables-Coal				24.54			82.99
Advances - Others				41.41			26.57
Other Receivables				301.70			314.16
Advance Tax				30.37			46.00
TDS Receivable				1.87			1.55
GST Refund Receivable				82.37			43.31
GST Receivable				195.49			-
				<b>Total</b>			<b>716.74</b>
(Rs. in Lakhs)							
<b>9. Equity</b>							
				<b>As at 31-Mar-2023</b>			<b>As at 31-Mar-2022</b>
<b>Class of Shares - Equity Shares</b>							
<b>Authorised Capital</b>							
1,00,00,000 Equity Shares of Rs.10/- each				1,000.00			1,000.00
<b>Issued, Subscribed &amp; Paid-up Capital</b>							
Shares issued, subscribed and paid up (80,00,000 Equity Shares of Rs.10/- each fully paid up)				800.00			800.00
				<b>Total</b>			<b>800.00</b>

**SCHEDULE FORMING PART OF THE BALANCE SHEET****Note:1**

No.of shares held by individuals/entities each holding morethan 5% of total stake.

1. Veerat Finance & Investment Co.Ltd.,(37,25,546 Equity Shares of Rs.10/- fully paid up) (CIN: U65921TG1994PLC018639) (37,25,546 Equity Shares of Rs.10/- fully paid up)	<b>37,25,546 (46.57%)</b>	37,25,546 (46.57%)
2. Dr.S.K.Srihari Raju (14,99,854 Equity Shares of Rs.10/- fully paid up) (15,52,989 Equity Shares of Rs.10/- fully paid up)	<b>14,99,854 (18.75%)</b>	15,52,989 (19.41%)

**Shares held by promoters at the end of the year 31st Mar, 2023**

S.No	Promoter name	No. of Shares	%of total shares	% Change during the year
1	Srihari Raju Srikakarlapudi	14,99,854	18.75	(0.66)
2	Srikakarlapudi Krishna Veni	54,575	0.68	0.66
3	Srikakarlapudi Hari Krishna	5,996	0.08	0
4	SK G Parvathi	31,752	0.40	0
5	Srikakarlapudi Sita Rama Raju	1,13,608	1.42	0
6	Sri Kakarlapudi Sirisha	1,07,856	1.35	0
7	Veerat Finance & Investment Limited	37,25,546	46.57	0
8	BK Advance Research LLP	2,23,716	2.80	0
9	Nadimpalli V Raju	1,12,788	1.41	0
10	Rajagopal Rao Rangineni	56,340	0.70	0

**Equity Share Capital****(a) Current reporting period as on 31.03.2023**

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to Prior Period Errors	Restated Balance at the beginning of the current reporting period	Changes in Equity Share Capital during the current year	Balance at the end of the current reporting period
800	-	-	-	800

**(b) Previous reporting period as on 31.03.2022**

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to Prior Period Errors	Restated Balance at the beginning of the current reporting period	Changes in Equity Share Capital during the current year	Balance at the end of the current reporting period
800	-	-	-	800



**10. Other Equity** (Rs.in Lakhs)

**(1) Current reporting period as on 31.03.2023**

	Share Application Money Pending allotment	Equity Component of Compound Financial Instrument	Reserves and Surplus						Debt Instrument through Other Comprehensive income	Equity Instrument through Other Comprehensive Income	Effective Portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)	Money received against share warrants	Total
			Capital Reserve	Securities Premium	Other Reserve (Specify nature)	Retained Earnings										
Balance as on 31-03-2022	-			372.94		3,506.76								-	3,879.70	
Changes in accounting policy or prior period error	-			-										-	-	
Restated Balance at the beginning of the reporting period	-	-	-	372.94	-	3,506.77	-	-	-	-				-	3,879.71	
Total comprehensive income for the year	-					(18.22)									(18.22)	
Any other change (prior period taxes)	-					-								-	-	
Dividend						(40.00)									(40.00)	
Balance as on 31-03-2023	-	-	-	372.94	-	3,448.55	-	-	-	-				-	3,821.49	

**(2) Current reporting period as on 31.03.2022**

	Share Application Money Pending allotment	Equity Component of Compound Financial Instrument	Reserves and Surplus						Debt Instrument through Other Comprehensive income	Equity Instrument through Other Comprehensive Income	Effective Portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)	Money received against share warrants	Total
			Capital Reserve	Securities Premium	Other Reserve (Specify nature)	Retained Earnings										
Balance as on 31-03-2021	-			372.94		3,484.62								-	3,857.56	
Changes in accounting policy or prior period error	-			-										-	-	
Restated Balance at the beginning of the reporting period	-	-	-	372.94	-	3,484.62	-	-	-	-				-	3,857.56	
Total comprehensive income for the year	-					114.37									114.37	
Dividends	-					(80.00)									(80.00)	
Transfer to Retained earnings	-					-									-	
Any other change (prior period taxes)	-					(12.23)								-	(12.23)	
Dividend						-									-	
Balance as on 31-03-2022	-	-	-	372.94	-	3,506.76	-	-	-	-				-	3,879.70	

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

(Rs. in Lakhs)				
11. Non Current - Financial Liabilities / Borrowings		As at 31-Mar-2023		As at 31-Mar-2022
<b>a. Secured Loans</b>				
- from banks & NBFC's				
1. Loan from Axis Bank Skoda Car		5.63		10.77
2. Term Loan from HDFC Bank-I		17.12		59.23
3. Term Loan from HDFC Bank-II		-		34.33
4. Term Loan from HDFC Bank-MSME Term Loan		70.40		176.46
5. Term Loan from HDFC Bank-IV		806.84		728.40
6. Kotak Mahindra Bank - USL Loan		-		2.37
7. Loan from Axis Bank Land Rover Car		28.22		41.01
8. Kotak Mahindra Bank - USL Loan-II		-		24.19
9. Clix Capital Services P.Ltd USL Loan		-		21.81
10. Term Loan from HDFC Bank-MSME Term Loan-II		220.00		-
11. Kotak Mahindra Prime Ltd - KIA Car Loan		11.39		-
12. FedBank Financial Services Ltd		5.41		-
<b>Total</b>		<b>1,165.01</b>		<b>1,098.56</b>
<b>12. Other Non-Current Liabilities</b>				
<b>1. Unsecured Loans</b>				
(i) Unsecured Loans from Directors & Near Relatives		62.51		235.24
(ii) Security Deposit from Employees		163.08		141.37
<b>2. Funded Gratuity Liability</b>				
		<b>225.59</b>		<b>376.61</b>
<b>13. Current Financial Liabilities / Borrowings</b>				
<b>Secured</b>				
(a) Loans repayable on Demand				
- from HDFC Bank Ltd				
Cash Credit	1,373.06		1,657.74	
Export Packing Credit	645.73	2,018.78	482.82	2,140.56
(b) Cash Credit from Canara Bank				
		1,376.46		-
(c) Current maturities of long-term debt				
- from banks & NBFC'S				
1. Loan from Clix Capital Services Pvt.Ltd	21.81		18.42	
2. Axis Bank Ltd Skoda Car Loan	5.14		4.70	
3. Term Loan from HDFC Bank-I	42.95		40.47	
4. Term Loan from HDFC Bank-II	35.26		130.66	
5. Term Loan from HDFC Bank-MSME Term Loan	107.30		100.17	
6. Bajaj Finance Ltd USL Loan	-		4.06	
7. Term Loan from HDFC Bank-IV	239.42		223.50	
8. Kotak Mahindra Bank - USL Loan	2.37		26.15	
9. Loan from Axis Bank Land Rover Car	12.79		11.87	
10. Kotak Mahindra Bank - USL Loan-II	24.19		20.81	
11. Bajaj Finance Ltd USL Loan (New)	-		37.78	
12. Kotak Mahindra Prime Ltd - KIA Car Loan	3.00		-	
13. FedBank Financial Services Ltd	14.83		-	
14. Unity Small Finance Bank Ltd	32.13		-	
		541.19		618.59
<b>Unsecured</b>				
a) Current Maturities of Deferred Payment Liability- Sales Tax		3.31		20.30
<b>Total</b>		<b>3,939.73</b>		<b>2,779.46</b>

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

(Rs. in Lakhs)

<b>14. Trade Payables</b>		<b>As at 31-Mar-2023</b>		<b>As at 31-Mar-2022</b>
MSME Creditors for Raw Materials		1,328.74		722.40
Other Creditors for Raw Materials		6,286.56		5,492.59
Creditors for Expenses		1,171.72		1,033.83
MSME Creditors for Capital Goods		38.79		46.61
Other Creditors for Capital Goods		404.23		462.39
Creditors for Utilities		279.78		195.10
<b>Total</b>		<b>9,509.83</b>		<b>7,952.91</b>

**Trade Payables ageing Schedule as on 31.03.2023**

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 Year	1 -2 years	2-3 years	More than 3 years	Total
(a)MSME	1,367.53				1,367.53
(b)Others	7,956.92	88.86	22.78	73.74	8,142.30
(c) Disputed dues – MSME					
(d) Disputed dues - Others					

**Trade Payables ageing Schedule as on 31.03.2022**

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 Year	1 -2 years	2-3 years	More than 3 years	Total
(i)MSME	769.00				769.00
(ii)Others	7,046.67	81.16	22.86	33.22	7,183.91
(iii) Disputed dues – MSME					
(iv) Disputed dues - Others					

<b>15. Other current liabilities</b>		<b>As at 31-Mar-2023</b>		<b>As at 31-Mar-2022</b>
<b>Statutory Liabilities</b>				
a) ESI Dues		1.36		1.78
b) PF Dues		15.09		15.49
c) Professional Tax Dues		0.46		0.49
d) TDS Payable		3.42		23.31
e) TCS Payable		2.07		0.48
<b>Total Statutory Liabilities</b>		<b>22.41</b>		<b>41.55</b>
Other Current Liabilities		167.08		239.93
GST Payable		-		69.36
Customer Bills Discounted		56.28		99.59
<b>Total</b>		<b>245.77</b>		<b>450.43</b>

**SCHEDULE FORMING PART OF THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT**

(Rs.in Lakhs)

		As at 31-Mar-2023	As at 31-Mar-2022
<b>16. Provisions for Current Liabilities</b>			
Provision for Employee benefits (Gratuity)		3.65	7.38
Provision for Leave Encashment		57.76	37.05
<b>Total</b>		<b>61.40</b>	<b>44.43</b>
<b>17. Current tax liabilities (net)</b>			
1. Income Tax		1.50	29.00
<b>Total</b>		<b>1.50</b>	<b>29.00</b>
<b>18. Revenue From Operation</b>			
		<b>For the Year Ended 31-Mar-2023</b>	<b>For the Year Ended 31-Mar-2022</b>
Sale of products :			
- Domestic Sales	15,634.66		18,624.68
Less: Duties	2,568.54		3,016.90
	13,066.12		15,607.78
- Export Sales	5,233.15	18,299.26	4,396.88
Sale of Services :		5.58	-
<b>Total</b>		<b>18,304.84</b>	<b>20,004.66</b>
<b>19. Other Income</b>			
		<b>For the Year Ended 31-Mar-2023</b>	<b>For the Year Ended 31-Mar-2022</b>
Interest Income		3.48	5.40
Export Incentives		82.08	42.47
Creditors Written Back		40.33	0.14
Net Foreign Exchange Gain		59.14	49.85
Bad Debts Provision Written back		4.16	10.97
MEIS Scrips		-	112.30
Profit on Sale of Vehicle		5.17	-
Insurance Claim Received - Keyman Insurance		500.00	-
<b>Total</b>		<b>694.36</b>	<b>221.12</b>
<b>20. Cost of materials consumed</b>			
		<b>For the Year Ended 31-Mar-2023</b>	<b>For the Year Ended 31-Mar-2022</b>
Opening Stock of Raw Materials		1,092.21	683.64
<b>Add:</b> Purchase of Raw Materials		12,678.77	14,444.24
		13,770.98	15,127.88
<b>Less:</b> Closing Stock of Raw Materials		1,280.63	1,092.21
<b>Total</b>		<b>12,490.35</b>	<b>14,035.67</b>

**SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

(Rs.in Lakhs)

		<b>For the Year Ended 31-Mar-2023</b>		<b>For the Year Ended 31-Mar-2022</b>
<b>21. Changes in Inventories</b>				
Opening Stock of Finished Goods	1,577.30		1,236.51	
Closing Stock of Finished Goods	1,523.28		1,577.30	
Net Increase/(Decrease) in Finished Goods		54.02		(340.80)
Opening Stock of Work In Progress	1,394.88		1,284.54	
Closing Stock of Work In Progress	1,771.65		1,394.88	
Net Increase/(Decrease) in Work In Progress		(376.77)		(110.34)
<b>Total</b>		<b>(322.75)</b>		<b>(451.14)</b>
<b>22. Employee benefits Expenditure</b>				
Salaries and Wages		1,360.99		1,230.18
R & D Salaries		30.57		147.60
Contribution to provident and other funds		83.40		79.92
Staff welfare expenses		99.94		97.43
Statutory and Other Benefits		54.81		77.47
<b>Total</b>		<b>1,629.72</b>		<b>1,632.61</b>
<b>23. Finance Cost</b>				
Interest		293.88		261.62
Bills Discounting Charges		10.59		19.69
Processing, Documentation and other bank charges		26.49		28.97
<b>Total</b>		<b>330.95</b>		<b>310.28</b>

**SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

(Rs. in Lakhs)

<b>24. Other expenses</b>		<b>For the Year Ended 31-Mar-2023</b>		<b>For the Year Ended 31-Mar-2022</b>
Statutory Audit Fee		5.00		3.00
Manufacturing Expenses:				
(a) Material Conversion Charges	219.68		181.37	
(b) Stores Consumables	44.98		59.86	
(c) Lab Expenses	25.65		87.28	
(d) R&D Expenses	28.84		40.50	
(e) Effluent Charges	180.56		305.45	
(f) Power and Fuel	1,888.13		1,469.76	
(g) Plant Repairs & Maintenance Charges	448.56		489.33	
(h) Production Contract Charges	407.74	3,244.15	404.65	3,038.18
Administrative Expenses:				
(a) Conveyance	9.30		9.61	
(b) Postage, Telephone Charges	3.88		3.68	
(c) Rent, Rates & Taxes	55.91		46.07	
(d) Insurance	132.84		122.45	
(e) Security Charges	19.56		20.03	
(f) Consultancy Charges	116.86		110.04	
(g) Office Maintenance	10.28		11.66	
(h) Vehicle Maintenance	16.84		23.97	
(i) Other Administrative Expenses	145.38	510.86	191.13	538.64
Selling & Distribution Expenses:				
(a) Business Promotion	116.60		92.40	
(b) Travelling Expenses	28.36		0.28	
(c) Postage, Telephone Charges	0.66		1.10	
(d) Conveyance-Marketing	0.86		0.70	
(e) Commission on Sales	39.57		44.86	
(f) Freight Outward	72.44		50.61	
(g) Freight Outward on Exports	211.38		146.33	
(h) Packing Material	140.68		136.17	
(i) Other Expenses	43.98		73.51	
(j) Provision for Doubtful Receivables	-	654.53	18.97	564.94
<b>Total</b>		<b>4,414.54</b>		<b>4,144.77</b>

As per our report even date  
for **PSN RAVISHANKER & ASSOCIATES**  
Chartered Accountants  
FRN - 003228S

Sd/-  
**YADAVILLI SAI KARUNAKAR**  
Partner  
ICAI M.No.207033

Place: Hyderabad  
Date: 27-05-2023

For and on behalf of the Board  
**EVEREST ORGANICS LIMITED**

Sd/-  
**P.RAMA KRISHNA**  
Chief Financial Officer

Sd/-  
**Dr.S.K.SIRISHA**  
Managing Director  
DIN: 06921012

Sd/-  
**REKHA SINGH**  
Company Secretary

Sd/-  
**A.PARVATISEM**  
Technical Director  
DIN: 00910224



**CASH FLOW STATEMENT**

Cash Flow Statement for the Year ended 31-03-2023

(Rs.in Lakhs)

Particulars	Year Ended 31.03.23	Year Ended 31.03.22
<b>Cash Flow from Operating Activities</b>		
Profit After Tax and Extraordinary Items	(18.22)	114.37
Adjustments	-	-
Depreciation and Amortisation expenses	447.40	379.67
Provision for Gratuity	-	-
Interest and Financial Charges paid	330.95	310.28
Write off of Property, Plant and Equipment	-	-
Excess/(Short) provision for Taxation	-	(12.23)
Prior period Adjustements	-	-
Interest Earned	(3.48)	(5.40)
<b>Operating Profit/(Loss) before working capital charges</b>	<b>756.65</b>	<b>786.69</b>
Adjustments for:		
(Increase)/Decrease in Trade receivables	(776.57)	(1,794.92)
(Increase)/Decrease in Inventories	(524.54)	(856.66)
Increase/(Decrease) in Current Financial Liabilities-Borrowings & Others	1,160.27	1,071.01
Increase/(Decrease) in Trade Payables	1,556.93	2,478.58
Increase/(Decrease) in Other Current Liabilities	(187.69)	243.56
Increase/(Decrease) in Current Tax Liabilities	(1.79)	(242.44)
(Increase)/Decrease in Financial Assets LoansOther Current Assets	(141.70)	(312.09)
<b>Cash Generated from Operations</b>	<b>1,841.56</b>	<b>1,373.74</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment including CWIP	(1,353.10)	(1,715.47)
Purchase of Investments	-	-
Change in Other Non Current Assets	(18.93)	(63.75)
Change in Other Non Current Liabilities	(151.02)	172.23
Profit on sale of Property, Plant and Equipment	-	-
Dividend and Dividend Distribution Tax paid	(40.00)	(80.00)
Interest earned	3.48	5.40
<b>Cash used in Investing Activities</b>	<b>(1,559.56)</b>	<b>(1,681.60)</b>
<b>Cash Flow from Financing Activities</b>		
Increase/(Decrease) Non Current Financial Liabilities- Borrowings	66.45	517.12
Increase/(Decrease) Share Capital, Share Premium & Share Warrants	-	-
Securities premium received on issue of equity shares	-	-
Money Received against Share Warrants	-	-
Interest and Financial Charges paid	(330.95)	(310.28)
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(264.50)</b>	<b>206.84</b>
Opening Cash & Cash Equivalents	65.15	166.16
<b>Closing Cash &amp; Cash Equivalents</b>	<b>82.88</b>	<b>65.15</b>

**AUDITORS CERTIFICATE**

We have examined the cash flow statement of M/s.Everest Organics Limited for the year ending 31st March, 2023. The statement has been prepared by the Company in accordance with the requirement of Regulation 34 of SEBI (LODR) Regulations, 2015 of the Listing Agreement with Mumbai Stock Exchange and is based on and is an agreement with the Corresponding Profit & Loss Account and Balance Sheet of the Company as per our report dated 27th May,2023 to the Members of the Company.

As per our report even date

**for PSN RAVISHANKER & ASSOCIATES**

Chartered Accountants

FRN - 003228S

Sd/-

**YADAVILLI SAI KARUNAKAR**

Partner

ICAI M.No.207033

Place: Hyderabad

Date: 27-05-2023

For and on behalf of the Board

**EVEREST ORGANICS LIMITED**

Sd/-

**P.RAMA KRISHNA**  
Chief Financial Officer

Sd/-

**REKHA SINGH**  
Company Secretary

Sd/-

**Dr.S.K.SIRISHA**  
Managing Director  
DIN: 06921012

Sd/-

**A.PARVATISEM**  
Technical Director  
DIN: 00910224

**NOTES FORMING PART OF THE ACCOUNTS****NOTES TO FINANCIAL STATEMENTS****Note No. 25:****ADDITIONAL NOTES FORMING PART OF THE ACCOUNTS****A) BASIS OF PREPARATION****i). Statement of compliance**

The financial statements of Everest Organics Limited have been prepared and presented in accordance with Indian Accounting Standards ("Ind As") notified under section 133 of accounting standards notified by the Central Government of India under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of Companies Act, 2013 and guidelines issued by Securities and Exchange Board of India (SEBI).

The financial statements are drawn up in Indian Rupees, the functional currency of the Company, and in accordance with Ind AS presentation.

The financial statements comprise:

- Balance Sheet
- Statement of Profit and Loss
- Statement of Changes in Equity
- Statement of Cash Flow
- Notes to Financial Statements

The company's Internal Financial Control (IFC) over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, which is being implemented by the company as a continuous process exercise required for providing reasonable assurance regarding the reliability of the financial reporting.

Accounting policies not referred to herein otherwise are consistent with Generally Accepted Accounting Principles in India..

**ii). Basis of Measurement**

The company follows the mercantile system of accounting and recognizes incomes and expenses on accrual basis. The accounts are prepared on historical cost basis and as a going concern.

**iii). Functional & Presentation Currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency'). The financial statements are presented in Indian rupee (Rs.) and rounded off to the nearest rupee, which is the company's functional and presentation currency.

**iv). Use of Estimates:**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the year.

**NOTES FORMING PART OF THE ACCOUNTS****v). Current and Non-Current Classification**

All the assets and liabilities have been classified as current or non-current as per the Company normal operating cycle and other criteria set out in the Schedule-III to the Companies Act, 2013, read with Indian Accounting Standards.

**vi). Assets:**

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realized within twelve (12) months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting date.

**vii). Liabilities:**

A liability is classified as current when it satisfies any of the following criteria.

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve (12) months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date. Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification..

All other assets / liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Normal 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 (12) months as its operating cycle.

**B) SIGNIFICANT ACCOUNTING POLICIES:****i). REVENUE RECOGNITION:**

Revenue is measured at the transaction price determined under IND AS 115-Revenue from contracts with customers. Amounts disclosed as revenue are net of returns, trade allowances, rebates, Goods & Service Tax (GST) collections and amounts collected on behalf of third parties.

**a) Revenue from Sale of Goods:**

Revenue from sale of goods is recognized when the customer obtains control of the Company's product, which occurs at a point in time, usually upon dispatch/shipment, with payment terms typically in the range of 60 to 90 days after invoicing depending on product and geographic region. Taxes collected from customers relating to product sales and remitted to government authorities are excluded from revenues. The Company does not expect to have any contracts where the period between the transfer of the promised goods to the customers and payment by the customer exceeds one year. Consequently, the company does not adjust any of the transaction prices for the time value of money. For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation based on the relative standalone selling price. The Standalone selling price of each performance

**NOTES FORMING PART OF THE ACCOUNTS**

obligation is estimated using the expected costs of satisfying such performance obligation and then an appropriate margin is added for such goods.

**b) Revenue from Sale of Services:**

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

**c) Interest Income:**

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

**ii). PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

A provision is recognized if as a result of a past event the company has a present Legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Where no reliable estimates can be made, a disclosure is made as a contingent liability. A disclosure for contingent liability is also made when there may be a possible obligation or a present obligation, but probably will not require an outflow of resources.

Contingent assets are not recognized in financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. If it is virtually certain that an inflow of economic benefits will arise, the assets and related income are recognized in the period in which the change occurs..

**iii). PROPERTY, PLANT AND EQUIPMENT:**

Items of property, plant and equipment are carried at the historical cost of acquisition or construction or at the consideration paid less accumulated depreciation arrived at taking into Schedule II of the Companies Act, 2013. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Borrowing costs directly attributable to acquisition or construction of items of property, plant and equipment which necessarily take a substantial period of time to get ready for their intended use are capitalized.

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds.

Subsequent expenditure related to an item of property, plant and equipment is capitalized only if it enhances the future economic benefits arising from the existing assets beyond its previously assessed standards of performance.

Advances paid towards acquisition of property, plant and equipment outstanding at each balance sheet date are shown under short-term loans and advances. Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress. Gains or losses from disposal of an item of property, plant and equipment are recognized in the statement of profit and loss.

**NOTES FORMING PART OF THE ACCOUNTS****iv). DEPRECIATION:**

Depreciation on fixed assets is provided as per useful lives specified in the Schedule II of the Companies Act, 2013 for the actual period of the usage of the assets on prorata basis, with Plant & Machinery considered to be coming under the category of “manufacture of pharmaceuticals and chemicals” in accordance with clauses 1 & 2 of Section 123 of the Companies Act, 2013.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful lives estimated by the Management (years)	Useful lives as stated in the Act (years)
Factory buildings	30	30
Plant and Equipment	10-20	5-20
Solar Power Generation System	25	40
Furniture and fixtures	10	10
Vehicles	8	8
Computers	3-6	3-6

During the year the company installed the 1 MW Solar Power Generating equipment. As per the Schedule-II to the Companies Act, 2013 the life of such equipment is stated to be 40 years. However, the supplier of the equipment has given the warranty for the period of 25 years only. Accordingly, the life of the asset is considered as 25 years for the purposes of calculation of Depreciation under the Companies Act, 2013.

**v). INVENTORIES:**

Raw materials, packing materials, stores, spares, consumables are valued at cost, after providing for obsolescence. Work-in-process is valued at cost of raw materials and proportionate overheads. Finished goods are valued at lower of the cost or market value/net realizable value. Cost includes all charges incurred in relation to the goods. The goods received on account of sales returns are valued at cost.

Net Realizable Value (NRV) is the estimated selling price in the ordinary course of the business, less the estimated costs of completion and the estimated costs necessary to make the sale. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of all categories of inventory is determined using the weighted average cost method..

**vi). CASH AND CASH EQUIVALENTS, STATEMENT OF CASH FLOW:****Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes and which are readily convertible to known amount of cash.

**Statement of Cash Flow**

Cash flows are inflows and outflows of cash and cash equivalents. Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents. Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

**NOTES FORMING PART OF THE ACCOUNTS**

Statement of Cash Flows are reported using indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

**vii). RESEARCH & DEVELOPMENT EXPENDITURE:**

It is the policy of the company to transfer the Research & Development Expenditure on capital items to assets and depreciation is charged thereon accordingly at the applicable rates and Revenue expenditure on Research and development is charged off to Profit & Loss in the year in which it is incurred.

**viii). FOREIGN CURRENCY TRANSACTIONS:**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Transactions of monetary assets and liabilities denominated in foreign currency are translated at exchange rates in effect on the Balance Sheet date. The gains or losses resulting from such translations are included in the statement of profit and loss account. Non-monetary assets and non-monetary liabilities to be denominated in foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities to be denominated in foreign currency are measured at historical cost and are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense, and cash flow items denominated in foreign currencies are translated using exchange rate in effect on the date of transaction. Transaction gain or loss realized upon settlements of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

**ix). EMPLOYEE BENEFITS:****Short-term employee benefits:**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Defined Contribution Plans:**

Contributions to defined contribution retirement benefit schemes are generally recognized as an expense in the statement of profit & loss account as and when employees have rendered services entitling them to contributions.

**Defined Benefit Plans:**

The Company pays gratuity to the employees who have completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid @15 days basic salary for every completed year of service as per the Payment of Gratuity Act, 1972. The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees managed by Life Insurance Corporation of India (LIC).

The liability in respect of gratuity and other post-employment benefits are calculated and the said amount is spread over the period during which the benefit is expected to be derived from employees' services. The current service cost of the defined benefit plan, recognized in the statement of profit and loss under employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments, and settlements. Past service costs are recognized immediately in the statement of profit and loss. Remeasurement

**NOTES FORMING PART OF THE ACCOUNTS**

gains and losses arising from adjustments and changes are recognized in Other Comprehensive Income in the period in which they occur.

Compensated Absences:

The Company's current policies permit its employees to accumulate and carry forward their unutilized compensated leaves and utilize them in future periods or receive cash in lieu thereof. The balance of such earned leaves in excess of 30 days can be encashed by such individual employee at the year end. The compensation against such encashment is arrived and disbursed based on the gross salary drawn by such individual employee as at the year end.

Provident Fund:

Contribution to Provident fund (a defined contribution plan) administered through Regional Provident Fund Commissioner are recognized is charged to profit and loss account in the same period, as expense.

**x). EARNINGS PER SHARE:**

Basic earnings per share are computed by dividing the net profit after tax available to Equity Shareholders by the weighted average number of equity shares outstanding during the period.

**xi). INCOME TAX EXPENSE:**

Income tax expense comprises of current tax and Deferred Tax. Tax is recognized in the Statement of Profit and Loss, except to the extent that it relates to items recognized in the Other Comprehensive Income. In which case, the tax is also recognized in Other Comprehensive Income.

**(a) Current Tax:**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income.

**(b) Deferred Tax:**

Deferred tax expense or benefit is recognized on temporary timing differences being the difference between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit, that originate in one period and is likely to reverse in one or more subsequent periods. Accordingly, the company provided for Deferred Tax on 31-03-2023.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary timing difference can be utilized. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying value of deferred tax assets and liabilities are reviewed at each reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**(c) Indirect taxes:**

In the opinion of the Board and to the best of their knowledge and belief, the Company has properly complied with the provisions of Goods and Service Tax Act, 2017, The Customs Acts, 1962 and any other indirect taxes, to the extent applicable to the Company. The difference, if any, between the figures as per books of account and the respective returns, have been reconciled and would be corrected in next periodic returns and in annual returns. The said differences, if any, do not have any material impact on standalone financial statements.

**NOTES FORMING PART OF THE ACCOUNTS****xii). IMPAIRMENT OF ASSETS:**

The Company assesses, from year to year, whether there is any indication that an asset is impaired. However, in the opinion of the management, there has been no impairment loss during the year.

**xiii). SEGMENT ACCOUNTING POLICY:**

The Company prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**xiv). FINANCIAL INSTRUMENTS:****a. Financial Assets:****1. Initial Recognition and Measurement:**

All Financial Assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of Financial Assets, which are not at Fair Value through Profit or Loss, are adjusted to the fair value on initial recognition. Purchase and sale of Financial Assets are recognized using trade date accounting i.e. the date that the Company commits to purchase or sell the asset.

**2. Subsequent Measurement:**

- Financial Assets measured at Amortized Cost (AC):

A Financial Asset is measured at Amortized Cost if

- it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and
- the contractual terms of the Financial Asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

- Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI):

A Financial Asset is measured at FVTOCI if

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and
- the contractual terms of the Financial Asset give rise on specified dates to cash flows that represents solely payments of principal and interest on the principal amount outstanding.

- Financial Assets measured at Fair Value Through Profit or Loss (FVTPL):

A Financial Asset which is not classified in any of the above categories are measured at FVTPL. Financial assets are reclassified subsequent to their recognition, if the Company changes its business model for managing those financial assets. Changes in business model are made and applied prospectively from the reclassification date which is the first day of immediately next reporting period following the changes in business model in accordance with principles laid down under Ind AS 109

- Investment in Subsidiaries, Associates and Joint Ventures:

The Company accounts for its investments in Subsidiaries, associates, and joint venture at cost less impairment loss (if any). Investments in preference shares with the right of surplus assets which are in nature equity in accordance with Ind AS 32 would treated as separate category of investment and measured as at FVTOCI.

- Other Equity Investments:

All other equity investments are measured at fair value, with value changes recognized in the Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'. However, dividend on such equity investments are recognized in Statement of Profit and loss when the Company's



**NOTES FORMING PART OF THE ACCOUNTS**

right to receive payment is established.

- Impairment of Financial Assets:

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets other than those measured at Fair Value Through Profit and Loss (FVTPL). Expected Credit Losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For Trade Receivables the Company applies 'simplified approach' which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date, these historical default rates are reviewed and changes in the forward-looking estimates are analyzed.

For other assets, the Company uses 12-month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is a significant increase in credit risk full lifetime ECL is used.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- the rights to receive cash flows from the asset have expired or
- Both (1) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and (2) either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**b. Financial Liabilities:****1. Initial Recognition and Measurement:**

All Financial Liabilities are recognized at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognized in the Statement of Profit and Loss as finance cost.

**2. Subsequent Measurement:**

Financial Liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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

**xv). FINANCIAL RISK MANAGEMENT:**

The Company's activities expose it to variety of financial risks: foreign currency risk, interest rate risk,

**NOTES FORMING PART OF THE ACCOUNTS**

credit risk, Commodity price risk and liquidity risk. Within the boundaries of approved Risk Management Policy framework, the Company manages volatility and minimize the adverse impact on its financial performance.

a) Foreign Currency Risk:

Foreign Currency Risk is the risk that the Fair Value or Future Cash Flows of an exposure will fluctuate because of changes in foreign currency rates. Exposures can arise on account of the various assets and liabilities which are denominated in currencies other than Indian Rupee.

b) Interest Rate Risk:

The Company is not exposed to any interest rate risk as the interest rates implicit in all the borrowings are fixed in nature.

c) Credit Risk:

Credit risk is the risk that a customer fails to perform or pay the amounts due causing financial loss to the Company. Credit risk arises from dealing in derivatives receivable from customers and other financial instruments. The Company maintains that Credit risk is actively managed through continuous follow-up with the parties and Credit information is regularly shared between businesses and finance function, with a framework in place to quickly identify, respond and recognize cases of credit deterioration.

d) Commodity Price Risk:

Commodity price risk arises due to fluctuation in prices of the major imported raw materials and other products. The company has a risk management framework headed by the managing director, aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

e) Liquidity Risk:

Liquidity risk arises from the Company's inability to meet its cash flow commitments on the due date. The company's liquidity is managed centrally with all the departments forecasting their cash and liquidity requirements. Management monitors rolling forecasts of the Company's cash flow position to ensure that the Company is able to meet its financial obligation

**xvi). ANALYTICAL RATIOS:**

S.No.	Particulars	Numerator	Denominator	Units	As at 31st March, 2023	As at 31st March, 2022	% Variance	Variance Remarks
1	Current ratio	Current assets	Current liabilities	Times	0.96	1.05	(8.05)	Note (a)
2	Debt-equity ratio	Total debt (refer note 1 below)	Shareholder's equity	Times	1.10	0.83	33.30	Increase in ratio on account of increase in Trade Payables without corresponding increase in Equity due to low profits during the year.
3	Debt service coverage ratio	Earnings available for Debt Service (refer note 2 below)	Debt service (refer note 3 below)	Times	0.14	0.21	(35.00)	Decrease in debt service coverage ratio is mainly on account of decrease in profits during the Current Year.



## NOTES FORMING PART OF THE ACCOUNTS

4	Return on equity ratio	Net Profits after taxes	Average Shareholders' Equity	%	(0.39)	2.45	(116.42)	The Return on equity Ratio has decreased mainly on account of low Profit After Tax during the year compared to the previous year.
5	Inventory turnover ratio	Cost of goods sold (refer note 4 below)	Average inventory	Times	2.76	3.65	(24.47)	The decrease in the ratio is on account of increase in the inventory quantity during the FY 2022-23.
6	Trade receivables turnover ratio	Revenue from operation	Average trade receivable	Times	2.53	3.36	(24.74)	A low accounts receivable turnover ratio indicates that the collection period for Trade Receivables has increased during the FY 2022-23.
7	Trade payables turnover ratio	Net credit purchases (refer note below 5)	Average trade payables	Times	1.45	2.15	(32.51)	A lower turnover ratio shows that a company is paying its suppliers with additional time lag than as per the previous year.
8	Net capital turnover ratio	Revenue from operations	Net Working capital (refer note below 6)	Times	(35.90)	37.63	(195.39)	Decrease in net capital turnover ratio is mainly on account investing too much on accounts receivable and inventory to support sales.
9	Net profit ratio	Net profit	Revenue from operations	%	(0.10)	0.57	(117.72)	Decrease in Net Profit Ratio is on account of Contraction in margins increase in
10	Return on capital employed	Earnings before interest and taxes	Capital employed (refer note 7 below)	%	6.22	8.98	(30.77)	Decrease in Return on capital employed ratio is on account of reduction in margins due to increase in input cost, and increase in capital employed by the end of the year.
11	Return on investment	NA	NA	NA	NA	NA	NA	NA

## Notes:

(a) In respect of the aforesaid mentioned ratios, there is no significant change (25% or more) in FY 2022-23 in comparison to FY 2021-22.

(1). Total debt consists of borrowings only.

**NOTES FORMING PART OF THE ACCOUNTS**

- (2). Earnings available for Debt Service = Profit for the year + depreciation, amortization and impairment + interest + Provision for doubtful debts.
- (3). Debt service = Interest + Principal Repayments.
- (4). Cost of goods sold includes purchase of stock in trade and change in inventories of stock in trade.
- (5). Net credit purchase includes purchases, change in inventories, outsourcing costs.
- (6). Working capital = current assets - current liabilities.
- (7). Capital employed = Tangible net worth + deferred tax liabilities.

**C. OTHER DISCLOSURES:****i). (a). SECURED LOANS:**

During the year secured loans from HDFC Bank and Canara Bank is as follows.

**a) Sanctioned Limits as per HDFC bank**

Rs. In Lakhs

Particulars	FY 2022-23 HDFC Bank	FY 2021-22 HDFC Bank	FY 2022-23 Canara Bank
<b>Fund Based</b>	4633.83	4413.83	1500.00
<b>Non-Fund Based</b>	600.00	600.00	00.00
<b>Total</b>	<b>5233.83</b>	<b>5013.83</b>	<b>1500.00</b>

**b) Outstanding Loan as on 31st March, 2023:**

Rs. In Lakhs

Particulars	FY 2022-23 HDFC Bank	FY 2021-22 HDFC Bank	FY 2022-23 Canara Bank
<b>Fund Based</b>	3343.07	3633.77	1371.45
<b>Non-Fund Based</b>	485.98	519.00	00.00
<b>Total</b>	<b>3829.05</b>	<b>4152.77</b>	<b>1371.45</b>

**c) Securities Offered:**

The above sanctioned loans extended by HDFC Bank and Canara Bank are secured by extending first charge by way of equitable mortgage by deposit of Titles Deeds of the Company's immovable properties of Land admeasuring Ac. 35-20 Guntas Sy.Nos.38, 39, 40 and 45, with Buildings thereon and situated at Aroor Village, Sadasivpet Mandal, Sangareddy District, Telangana State, hypothecation of stocks, receivables and other current assets on pari passu basis between HDFC Bank and Canara Bank, and also by the personal guarantees of promoter directors and mortgage of the personal immovable properties of the promoters-directors.

The Company has not defaulted in payments of principal and interest during the year for the credit limits availed.

**ii). PROPERTY, PLANT AND EQUIPMENT:**

During the year under report, the company has capitalized and made additions to Property, Plant and Equipment to the extent of Rs.997.49 Lakhs (Previous Year Rs.920.00 Lakhs), out of which Rs. 968.27 lakhs have been capitalized from Capital Work-in-Progress to Property, Plant and Equipment.

**iii). INDIRECT TAXES:**

During the year, total eligible GST Input available for the company amounted to Rs.2,804.42 lakhs (Previous Year Rs.3,075.32 lakhs).

**NOTES FORMING PART OF THE ACCOUNTS**

## Details of GST for the Financial Year 2022-23

Particulars	Amount in Lakhs
Opening Balance	00.00
ITC availed	<b>2,804.42</b>
<b>Sub total</b>	<b>2,804.42</b>
ITC utilised	2,568.54
Closing Balance	235.87

**iv). INVESTMENT:**

Out of the total investments of Rs.8.45 lakhs, part of the same is represented by the fully paid Equity Shares of M/s. Pattancheru Envirotech Limited made as contribution for utilizing their services of common Effluent Treatment Plant set up by the M/s. Pattancheru Envirotech Ltd. to the tune of Rs.8.15 lakhs (Unquoted 81540 No. of equity shares of Rs.10/- each fully paid up). Part of the investment is represented by shares of State Bank of India amounting to Rs.0.30 lakhs.

These investments are intended to be held for more than one year and are accordingly classified as non-current investments. These investments recorded are measured at cost of investment but not on fair value. Management is in the process of arriving at the fair value and impairment if any in this regard. The impact of such impairment shall be dealt with upon completion of such assessment by the management.

**v). CASH AND CASH EQUIVALENTS:**

Other Cash and Cash Equivalents totally amounting to Rs.82.88 Lakhs comprises of cash in hand of Rs.1.23 lakhs, Cash at Bank in Current Accounts of Rs.26.25 lakhs, Fixed Deposits (held under lien with the banks in the form of Fixed Deposits) amounting to Rs.55.40 lakhs. There are no cash and cash equivalent balances held by the entity that are not available for use by the company.

**vi). TAXES**

Income Tax Expense reported in statement of Profit & Loss

Rs in Lakhs

Tax expense/(credit) comprises of:	Year Ended 31 <sup>st</sup> March, 2023	Year Ended 31 <sup>st</sup> March, 2022
Current income tax payable (i)	1.42	29.03
MAT Credit Entitlement (ii)	-	-
Current Tax Expense (iii = i - ii)	1.42	29.03
Deferred tax (iv)	25.71	30.56
<b>Income tax expense reported in the statement of profit &amp; loss (iii + iv)</b>	<b>27.13</b>	<b>59.56</b>

Tax Rate applicable to company:

Effective Tax Rate	Year Ended 31 <sup>st</sup> March, 2023 (%)	Year Ended 31 <sup>st</sup> March, 2022 (%)
Income Tax Rate applicable to company	25.00	25.00
Surcharge @ 7% / 12 % on IT rate	0.00	1.75
<b>Cess @ 4% on (IT rate + Surcharge rate)</b>	<b>1.00</b>	<b>1.07</b>
<b>Applicable tax rate</b>	<b>26.00</b>	<b>27.82</b>

**NOTES FORMING PART OF THE ACCOUNTS**

The reconciliation of expected tax expense based on the applicable tax rate of the Company and the reported tax expense in profit or loss is follows:

(Rs. In Lakhs)

Particulars	Year Ended 31st March, 2023	Year Ended 31st March, 2022
Profit before tax (a)	8.99	173.93
Indian statutory income tax rate (b)	26.00%	27.82%
Expected income tax expenses (c = a*b)	2.34	48.39
<u>Adjustments to income tax expense:</u>		
Difference in depreciation as per CA,2013 & IT Act, 1961 (d)	(191.57)	(167.35)
Tax saved on difference in depreciation as per CA,2013 and IT Act, 1961 (e = d*b)	(49.81)	(46.56)
Deductions/Disallowances as per IT Act (Provision for gratuity & doubtful debts) (f)	70.63	73.42
Tax expense/savings on deductions/disallowances (g = f*b)	18.36	20.43
<b>Current Income Tax Payable (h = c+e+g)</b>	<b>(29.11)</b>	<b>22.26</b>
MAT Credit Entitlement (i)	-	-
<b>Current Tax Expense (j = h - i)</b>	<b>(29.11)</b>	<b>29.00</b>
<b>Current Tax Expense as per S/115JB</b>	<b>1.42</b>	<b>22.26</b>
Deferred tax Liability recognized / (not utilized) (k)	25.71	30.56
<b>Total Income Tax expenses (l = j+k)</b>	<b>(3.40)</b>	<b>52.82</b>
<b>Effective Tax Rate (m = l/a*100)</b>	<b>(37.79)%</b>	<b>30.37%</b>

**vii). FOREIGN EXCHANGE TRANSACTIONS****a) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Particulars	2022-23	2021-22
(A) Earnings in Foreign Exchange :		
Export of goods calculated on FOB Basis (Direct Exports)	5042.45	4,287.96
(B) Foreign Exchange Outgo		
i) Value of Imports Calculated on CIF Basis in respect of		
-- Raw Material (Actual Imports)	2,166.75	2,344.08
iii) Sales Commission incurred abroad	7.26	11.17

**b) Net Foreign exchange gain recognized in the Statement of Profit and Loss Account during the year is Rs.59.14 lakhs (Previous Year loss of Rs.3.99 Lakhs).**

**NOTES FORMING PART OF THE ACCOUNTS****viii). PARTICULARS OF MANAGERIAL REMUNERATION (SALARY, ALLOWANCES, ETC.):**

a) Managerial Remuneration paid to Directors

(Rs. in lakhs)

Particulars	2022-23	2021-22
Dr.S.K.Srihari Raju (Managing Director)(Ex)	4.17	50.00
Dr.S.K.Sirisha (MD and CEO)	21.00	9.00
A. Parvatisem (Technical Director)	50.00	50.00
S.K.Hari Krishna (Whole Time Director)	15.00	12.75
<b>TOTAL:</b>	<b>90.17</b>	<b>121.75</b>

b) Remuneration paid to Key Managerial Personnel

(Rs. in lakhs)

Particulars	2022-23	2021-22
P.Rama Krishna (Chief Financial Officer)	15.43	15.43
Rekha Singh (Company Secretary)	9.11	9.14
<b>TOTAL:</b>	<b>24.54</b>	<b>24.57</b>

**ix). DETAILS OF PRODUCTION, TURNOVER (AS CERTIFIED BY THE MANAGEMENT)**a) Production Capacities:

(Capacity in Tonnes)

Year	2022-23			2021-22		
	Installed Capacity TPA	Operating Capacity TPA	% of Capacity Achieved	Installed Capacity TPA	Operating Capacity TPA	% of Capacity Achieved
OMEPRAZOLE	215	177.73	82.67	215	424	197.21
CHLORO COMPOUND	480	90.49	18.85	480	110	22.92
BENZIMIDAZOLE	250	222.40	88.96	250	224	89.60
ESOMEPRAZOLE	144	95.54	66.35	144	103	71.53
PANTAPRAZOLE	60	6.65	11.08	60	16	26.67

b) Remuneration paid to Key Managerial Personnel

(Capacity in Tonnes)

Description	Production (Qty/MTs)		Sales (Qty/MTs)		Sales Value (Rs.in Lakhs)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
<b>Name of the Major Product</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2021-22</b>
Omeprazole Powder	177.73	161.24	207.25	166.52	6,241.70	5,127.81
Esomeprazole Magnesium	95.54	101.47	100.41	103.51	4,801.14	5,555.77
Pantaprazole Sodium	6.65	15.78	10.75	20.10	644.21	1,084.20
Dexlansoprazole	0.65	0.12	0.33	0.08	34.99	10.98
Rabeprazole	15.34	22.36	17.61	16.42	932.34	829.60
Fenofibrate	27.56	27.03	24.67	27.93	592.89	629.25

**NOTES FORMING PART OF THE ACCOUNTS**

**\*\* The above products does not include details pertaining to the respective quantities dealt under the intermediate stages of each such product.**

(c) Details of Major Raw material consumed

Description	2022-23		2021-22	
	(Qty/MTs)	Value (Rs. lakhs)	(Qty/MTs)	Value (Rs. lakhs)
3, 5 Lutidine	390.89	1411.77	431.21	1,360.85
MDC	726.53	478.13	835.80	639.47
Acetone	464.14	362.36	561.56	462.87
Acetic Acid	375.96	222.62	321.64	330.09
Toluene	449.18	489.15	534.13	402.94
Para Anisidine	245.80	910.23	238.37	1000.25
DMS	332.26	156.50	365.63	173.65
APS	289.52	259.08	448.52	312.69

d) Value of Imported and indigenous Raw material consumed

Description	2022-23		2021-22	
	Value (Rs. Lakhs)	%	Value (Rs. Lakhs)	%
Imported	2,111.92	16.82	2,240.63	16.50
Indigenous	10,107.56	83.18	11,338.97	83.50
<b>Total</b>	<b>12,151.43</b>	<b>100.00</b>	<b>13,579.60</b>	<b>100.00</b>

x). **RELATED PARTY DISCLOSURES:**

## a. List of Directors and their Relatives:

S.NO.	Name of the Director	Spouse of the Directors
1.	SRIKAKARLAPUDI SIRISHA	VIJAYA KUMAR RAJU
2.	KAKARLAPUDI SITARAMA RAJU	SRIKAKARLAPUDI SUDHA
3.	HARI KRISHNA SRIKAKARLAPUDI	SRIKAKARLAPUDI SAHITHYA
4.	RAMAKRISHNAM RAJU KOUNPARAJU	KRISHNAVENI K
5.	AKELLA PARVA THISEM	AKELLA RAJKAMALA
6.	SREERAMAKRISHNA GRANDHI	G. PADMALATHA
7.	VENKATASATYANARAYANA MURTHY CHAYALY	CHAYALAY ANILAJA

## b. Key Managerial Personnel:

S.NO.	NAME OF THE KEY MANAGERIAL PERSONNEL
1.	PERURI RAMAKRISHNA
2.	REKHA SINGH



**NOTES FORMING PART OF THE ACCOUNTS**

c. Directors interested in other entities:

Name of the company	Relationship with the Related Party
Vjayanthi Pharma Private Limited (Part-IX)	Ramakrishnam Raju Kounparaju - Director of the Company
1. Alufluoride Limited 2. Ravileela Granites Limited 3. Gayathri Projects Limited 4. Maximus ARC Limited	Sreeramakrishna Grandhi - Independent Director of the Company
Everest Life Sciences Private Limited	S.K. Sirisha- CEO of the Company
BK Advances Research LLP	Legal Heirs of S.K.Srihari Raju

d. Related Party Transactions made during the year:

(Rs. In lakhs)

Party Name	Nature of Transaction	Transaction Amount	Closing Bal.	Dr/ Cr	Relationship with the Related Party
Virat & Co.	Gross Sales made by the company	462.47 {128.67}	289.53 {NIL}	Dr.	One of the Partners of the Firm is the wife of Executive Director of the Company
Virat & Co	Gross Purchases made by the company	111.33 {104.11}	NIL {83.05}	Cr.	--do--
Dr.S.K.Srihari Raju	Remuneration	4.17 {50.00}	0.51 {16.73}	Cr.	Managing Director-EX
A.Parvatisem	Remuneration (inclusive of employee benefits)	50.00 {50.00}	12.01 {8.40}	Cr.	Technical Director
A.Parvatisem	Unsecured Loan taken by the Company	NIL NIL	1.93 {1.93}	Cr. Cr.	Technical Director
S.K.Hari Krishna	Remuneration (inclusive of employee benefits)	15.00 {12.75}	7.37 {2.69}	Cr. Cr.	Whole time Director
Directors	Sitting Fees	3.37 {3.67}	NIL {NIL}	Cr.	Non-Executive Directors
S.K. Seetharama Raju	Office Rent & Maintenance paid by the company	22.98 {21.18}	1.73 {1.20}	Cr. Cr.	Director of the Company
S.K.Hari Krishna	Unsecured Loan taken by the company	NIL {NIL}	3.75 {3.75}	Cr. Cr.	Executive Director of the Company
S.K Gowri Parvathi	Unsecured Loan taken by the company	NIL {NIL}	17.00 {17.00}	Cr. Cr.	Mother of Whole Time Director
Veerat Finance and Investment Limited	Unsecured loan taken by the company	160.94 {156.49}	35.07 {71.37}	Cr. Cr.	Two of the Directors of the other Company are relatives of the Managing Director of the Company
Dr.S.K. Sirisha	Commission	0.00 {7.52}	NIL {NIL}	Cr.	Director of the Company
Dr.S.K. Sirisha	Remuneration	21.00 {9.00}	9.47 {3.83}	Cr.	Director of the Company

**NOTES FORMING PART OF THE ACCOUNTS**

The comparative previous figures have been indicated in the flower brackets.

**xi). CONTINGENT LIABILITIES NOT PROVIDED FOR:**

- 1) Letters of Credit established by the HDFC Bank Limited on behalf of the Company-Rs.485.98 lakhs (Previous year – Rs. 519.28 lakhs).
- 2) Bank Guarantees issued by the HDFC Bank Limited on behalf of the company-Rs.5.00 lakhs. (Previous year- Rs.5.00 lakhs)..

**xii). LITIGATIONS:****a) Closure - Revocation Orders of TSPCB:**

A closure order was issued by TSPCB to the Company on 22-12-2020, for stoppage of plant operations. The company has submitted a total compliance report on 30-04-2021 for the deviations pointed by TSPCB, consequently, the Company has received the final revocation order on 04-02-2022.

**b) Application for Enhancement of Production Capacities:**

TSPCB claims that as per its “operating guidelines” the factory of the company situated at Aroor(V), Sadashivpet (M), Sangareddy(D), comes under the “Pattancheru-Bollaram Area(P.B.A)” (Stated to be appearing in the list of polluting industries) and the issue is pending at various forums from Supreme Court(1989), High Court (2013), National Green Tribunal(2015) on various issues which are agitated by the Bulk Drugs Manufacturing Association of India (BDMAI) as well as by the company, which is presently in the stage of constituting the Fact - Finding Committee. Also, the company further challenged its location status in the P.B.A. Depending on the outcome of order, a liability may arise in future towards contribution for the “Pattancheru-Bollaram Environment Relief Fund (PBERF)” (@0.5% of the Annual Turnover from FY 2016-17), which is contingent in nature. As per the TSPCB guidelines, enhancement of capacities from the existing 147.50 MT P.A to the current level of operations can be considered only after the deposit of fees of 1% of the previous year Turnover.

The management is of the view that, suitable decision can be made on payment to PBERF, based on the decisions of the honorable courts.

**xiii). SUMMARY OF R&D EXPENDITURE**

R&D Expenditure	2022-23	2021-22
Particulars	Amount in Lakhs	Amount in Lakhs
R & D Raw Material	6.56	20.16
R & D Consumable Issues	12.57	52.32
R & D Salaries	30.57	147.60
Capital Expenditure on R & D Equipment	7.49	11.45
Utilities	2.71	8.26
<b>Total:</b>	<b>52.90</b>	<b>239.79</b>

**NOTES FORMING PART OF THE ACCOUNTS**

The R&D expenditure reduced as compared to previous year, the Company has been incurring expenditure on development of various new products which take a time period of 3 to 5 year gestation for realising commercial benefit there from. The future economic returns of this product development activity at large is expected to outweigh the expenditure for such development. To match the future revenues with corresponding development cost the present expenditure for the product development is capitalised under the category of "Intangible Asset"

**xiv). AMOUNTS DUE TO MICRO AND SMALL-SCALE ENTERPRISES:**

(Rs. in Lakhs)

Particulars	As on 31-03-2023	As on 31-03-2022
Outstanding Balances	Rs. 1064.80	Rs. 769.00

The above balances include outstanding for more than 45 days in respect of the parties who have reported that they come under the category of Micro and Small Enterprises. Management has confirmed that no specific interest has been paid or provided for the supplies outstanding beyond 45 days as the credit period negotiated itself was falling beyond 45 days and the price agreed also accommodates the time value of money for the agreed credit period.

The auditors have relied upon the same.

The auditors have relied upon the same.

**xv). SEGMENT INFORMATION:****a) Primary Segment :**

The company operates in only one reportable primary business segment, i.e. Active Pharmaceutical Ingredients (API) and their intermediaries. This Segment has been identified and reported considering the nature of products, risk and returns and the internal financial reporting system of the Company.

**b) Secondary Segment:**

Based on the revenue attributable to the individual customers located in various parts of the world, the company's business is organized into two key geographical segments Viz., Domestic and Exports.

**NOTES FORMING PART OF THE ACCOUNTS**

Segment Revenue and Results, Assets are as under: :

(Rs.in Lakhs)

SEGMENTAL REPORT Particulars	Year Ended 31.03.2023			Year Ended 31.03.2022		
	Export	Domestic	Total	Export	Domestic	Total
	Segment	Segment		Segment	Segment	
Sales	5,233.15	13,071.69	18,304.84	4,396.88	15,607.78	20,004.66
Other Incomes	-	694.36	694.36	-	221.12	221.12
<b>Total: A</b>	<b>5,233.15</b>	<b>13,766.05</b>	<b>18,999.20</b>	<b>4,396.88</b>	<b>15,828.90</b>	<b>20,225.78</b>
Raw Materials Consumed	3,570.85	8,919.50	12,490.35	3,084.94	10,950.73	14,035.67
Changes in Inventories (FG and WIP)	(92.27)	(230.48)	(322.75)	(99.16)	(351.98)	-451.14
Manufacturing Expenses	927.56	2,316.91	3,244.47	668.43	2,372.75	3,041.18
<b>Total: B</b>	<b>4,406.14</b>	<b>11,005.93</b>	<b>15,412.07</b>	<b>3,654.21</b>	<b>12,971.50</b>	<b>16,625.71</b>
<b>Operating Profit Before Tax C = (A-B)</b>	<b>827.01</b>	<b>2,760.12</b>	<b>3,587.13</b>	<b>742.67</b>	<b>2,857.40</b>	<b>3,600.07</b>
<b>Un-allocable Expenditure</b>						
Employee benefits Expenses			1,629.72			1,632.61
Finance Cost			330.95			310.28
Administrative Expenses			515.54			538.64
Selling & Distribution Expenses			654.52			564.94
Depreciation and amortisation expenses			447.40			379.67
<b>Total: D</b>			<b>3,578.13</b>			<b>3,426.14</b>
<b>Profit for the Year E (C-D)</b>			<b>8.99</b>			<b>173.93</b>
<b>ASSETS</b>						
Receivables	1,524.10	6,109.30	7,633.40	1357.19	5,499.64	6,856.83
<b>LIABILITIES</b>						
Segment Liabilities	1,524.10	6,109.30	7,633.40	1357.19	5499.64	6856.83

**xvi). EMPLOYEE BENEFITS:****(a) Post-Employment Obligations Gratuity:(Defined benefit):**

- i. The Company provides gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity benefit. The amount of gratuity payable on retirement/termination is the employees' last drawn basic salary per month computed proportionately for 15 days' salary multiplied for the number of completed years of service. The gratuity plan is a funded plan, and the Company makes contributions, to recognize funds administered by Life Insurance Corporation of India (Insurer), as per IRDA guidelines. Category-wise composition of the plan assets, actuarial assumptions and sensitivity analysis thereto is not available with the company as the same are not shared by the insurer.

The Company has planned to establish a trust to administer its obligation for payment of Gratuity to employees. However, at present the company contributes to the scheme administered by the Life Insurance Corporation of India (Insurer). Every year, the insurer 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 a valuation is to be funded by the Company. The company considers that the contribution rate set at the last valuation date is sufficient to eliminate the deficit over the agreed period and that regular contributions, which

**NOTES FORMING PART OF THE ACCOUNTS**

are based on service costs, will not increase significantly. The company has not changed the process used to manage the risks from previous years.

- ii. During the year, the company has provided Rs.43.75 Lakhs for payment of Gratuity. However, as at 31st March 2023, the company has deposited Rs.159.43 lakhs against the total outstanding amount of Rs.163.08 lakhs as a part of such contribution towards gratuity liability. The Company has made all the outstanding liability as on 31-03-2023. The provision in this regard, is as per the assessment of the management, but not as per the actuarial valuation as required under the Indian Accounting Standard on Employee Benefits. The amount deposited was shown under Non-Current Asset as “Gratuity Fund Deposit” and the liability was shown under Non-Current Liabilities as “Funded Gratuity Liability”.

**(b) Compensated Absences obligations: (Defined benefit):**

During the year 2022-23, the Company has provided compensated absences / leave encashment benefit of Rs.22.84 Lakhs (Previous year of Rs.16.85 Lakhs) total outstanding amounting to Rs. 57.76 lakhs (Previous year Rs. 37.05 lakhs) in which the employee rendered the service that increases entitlement as per the policy. The liability for leave encashment benefit is calculated based on the 50% basic salary for leaves earned exceeding 30 days.

**(c) Employer Contribution to Provident Fund (Defined Contribution Plan):**

All the eligible employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer each make monthly contributions to a government administered fund equal to 12% of the covered employee's qualifying salary. The Company as an employer contributed Rs.64.88 Lakhs to the provident fund during the year 2022-23 (previous year of Rs.59.90 lakhs). The Company has no further obligations under the plan beyond its monthly contributions.

**(d) Social Security:**

The Code of Social Security 2020 ('Code') relating to employee benefits during employment and post-employment received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules or interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period in which the Code becomes effective.

**xvii). CORPORATE SOCIAL RESPONSIBILITY (CSR):**

Section 135 of the Companies Act, 2013 relating to CSR Activity is applicable to the company from the Financial Year 2018-19. The minimum CSR amount required to be spent by the Company, as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof during the year is as follows:

Particulars	FY 2021-22 (Rs in Lakhs)	FY 2020-21 (Rs in Lakhs)	FY 2019-20 (Rs in Lakhs)
Net Profit	173.93	1,727.36	1,409.27
Average Net Profit			1,103.52
Minimum Expenditure to be spent			22.07 (2% of Rs. 1103.52)
Total Amount Spent			22.24
Excess Amount Spent			0.17

**NOTES FORMING PART OF THE ACCOUNTS****xviii). FOREIGN CURRENCY EXPOSURE**

(Rs. in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Trade Payables	(551.02)	(479.83)
Trade Receivables	1509.48	1,357.35
<b>Net Exposure</b>	<b>958.46</b>	<b>877.52</b>

**Foreign Currency Sensitivity:**

## 1. 1% Depreciation in INR:

(Rs. in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Impact on Equity on Trade Payable	(5.51)	(4.79)
Trade Receivable	15.09	13.57
<b>Net Impact</b>	<b>9.58</b>	<b>8.78</b>
Impact on P&L	(5.51)	(4.79)
	15.09	13.57
<b>Net Impact</b>	<b>9.58</b>	<b>8.78</b>

## 2. 1% Appreciation in INR:

(Rs. in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Impact on Equity on Trade Payable	5.51	4.79
Trade Receivable	(15.09)	(13.57)
<b>Total Impact</b>	<b>(9.58)</b>	<b>(8.78)</b>
Impact on P&L on Trade Payable	5.51	4.79
Trade Receivable	(15.09)	(13.57)
<b>Total Impact</b>	<b>(9.58)</b>	<b>(8.78)</b>

**xix). TRADE RECEIVABLES/PAYABLES:**

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment. The management is making an effort to recover the receivables including the time value for any delays thereof.

The company has not dealt in any financial instruments other than trade receivables and payables during the period under report.

**xx). EVENTS AFTER THE REPORTING PERIOD:**

a) The Board of Directors have not recommended any dividend for the financial year 2022-23.

**xxi). UNPAID DIVIDENDS:**

The balance in the Unpaid Dividend Payable account relating to the financial year 2018-19, 2019-20, 2020-21 and 2021-22 as on 31/03/2023 is Rs. 6.34 Lakhs (Includes Interim Dividend), Rs. 6.04 Lakhs, Rs. 9.39 Lakhs (Includes Interim Dividend) and Rs. 3.11 respectively.

**NOTES FORMING PART OF THE ACCOUNTS****xxii). TAX ASSESSMENTS:**

During the year the Company received the Notice of demand for Rs.18.29 Lakhs under section 156 of the Income-Tax Act, 1961 on the Company for the Assessment Year 2018-19. Against the said demand consequent to the order U/s.143(3) of the Companies Act, 1961 the Company preferred an appeal before the CIT appeals.

**xxiii). APPROVAL OF FINANCIAL STATEMENTS:**

The financial statements were approved for issue by the Board of Directors on May 27, 2023.

**xxiv). STRUCK OFF COMPANIES UNDER COMPANIES ACT:**

The Company is in the continuous process of ascertaining the details as to whether any of the parties with whom the company is dealing, are appearing in the list of companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956. The details of such ascertainment are as under:

Name of the Struck Off Company	Nature of Transaction	Balance Outstanding on 31-03-2023
Qualtek Pharma Private Limited	Sale of Bulk Drugs	Rs. 189.55 Lakhs

**xxv). CAPITALIZATION OF INTEREST:**

The company borrowed Term Loan exclusively for the purpose of construction of the Factory buildings and for acquisition of Plant & Machinery. The process of such development and acquisition of the assets is still going on as on 31-03-2023. The company has capitalized the entire interest of Rs.95.05lakhs of such Term Loan to Civil Works in the nature of Factory Buildings under Construction, out of which Rs. 4.45 lakhs interest related to Solar Power Generating System it was put to use in the Month of January 2023.

No general loans were used for the development/acquisition of the Capital assets during the year 2022-23. Hence the disclosure requirement in respect of application of weighted average rate of interest on the Loan does not apply.

**xxvi).** Paise have been rounded off to the nearest rupee.

**xxvii).** Figures have been re-grouped/re-arranged /re-cast wherever necessary, to confirm to the current year classifications

**xxviii).** The balances outstanding on account of sundry debtors/sundry creditors/advances are subject to confirmation and reconciliation from the respective parties.

As per our Report of even date  
for **P.S.N. RAVISHANKER & ASSOCIATES**  
Chartered Accountants  
FRN – 003228S

For and on behalf of the Board of Directors of  
**EVEREST ORGANICS LIMITED**

Sd/-  
**(YADAVILLI SAI KARUNAKAR)**  
Partner  
ICAI M. No. 207033

Sd/-  
**(P.RAMA KRISHNA)**  
Chief Financial Officer

Sd/-  
**(Dr. S.K. SIRISHA)**  
Chief Executive Officer  
DIN: 06921012

Place: Hyderabad,  
Date: 27-05-2023

Sd/-  
**(REKHA SINGH)**  
Company Secretary

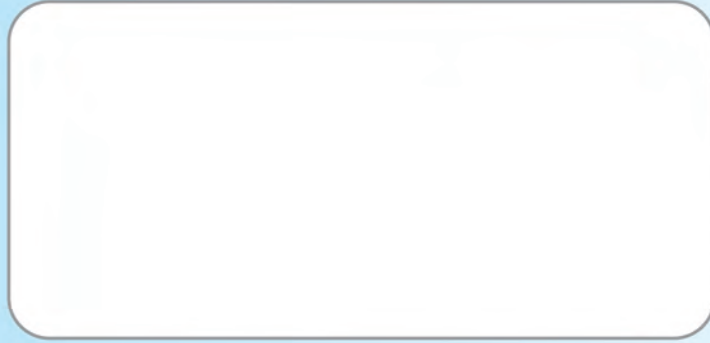
Sd/-  
**(A. PARVATISEM)**  
Technical Director  
DIN: 00910224

## Glimpse of USDA approved - Everest Facility





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Near Durgam Cheruvu, Madhapur,

Hyderabad - 500 033.