

Shilpa Medicare Limited

Corporate & Admin Office:

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CIN: L85110KA1987PLC008739

05th September 2022

To
Corporate Relationship Department
BSE Limited,
1st Floor, Rotunda Building,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

To
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051.

Dear Sir/Ma'am,

Sub:

1. Notice of the 35th Annual General Meeting (AGM) and Annual Report for the Financial Year 2021-22.
2. Record date, Cut-off date & Book Closure.

Ref: Regulation 34 and 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

Scrip Code: BSE- 530549/ **Stock Symbol:** NSE – SHILPAMED

Please find enclosed Notice convening the 35th Annual General Meeting (AGM) of the Company and Annual Report for the financial year 2021-2022 scheduled to be held on Wednesday, the 28th day of September 2022 at 11.30 A.M. IST at the Registered office of the Company through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"), in accordance with the relevant circulars issued by the Ministry of Corporate Affairs and the Securities Exchange Board of India.

Pursuant to Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached a copy of Annual Report for the financial year 2021-2022 for your information and records which is being dispatched to the shareholders of the Company. The said Annual Report is also available in the website of the Company at www.vbsilpa.com.

Please find the below calendar set in terms of the Companies Act, 2013 and the rules framed thereunder read with SEBI (Listing obligation & Disclosure Requirements) Regulation, 2015 for your reference:

PARTICULARS OF EVENTS	SCHEDULED DATES
Record date	Tuesday, 20 September 2022
Book Closure	Wednesday, 21 September 2022 to Wednesday, 28 September 2022
Cut-off date for voting by the members and participation in AGM through VC.(The members of the record as on cut-off date would be eligible to cast their votes through remote e-voting and e-voting during the AGM)	Tuesday, 20 September 2022
Remote e-voting will commence on	Saturday, 24 September 2022 at 09:00 am
Remote e-Voting will end on	Tuesday, 27 September 2022 at 05:00 pm
Date of Speaker Registration & Posting of queries	Thursday, 22 September 2022 to Sunday, 25 September 2022
Day, date and time of AGM	Wednesday, 28 September 2021 at 11:30 am
Website of the service provider (KFin) for e-voting	https://evoting.kfintech.com

**For and on behalf of
Shilpa Medicare Limited**

RITU
TIWARY

Digitally signed
by RITU TIWARY
Date: 2022.09.05
19:10:13 +05'30'

**Ritu Tiwary
Company Secretary and Compliance Officer**



Innovating for
affordable healthcare

Shilpa Medicare Limited



Healthy Progress

35th Annual Report 2021-22

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Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes. Some of the images used in this report are purely for illustrative purposes only and hence they are not the photos/images of our facilities, products or of any such nature/kind.



We continue to pursue the path of innovation for making healthcare affordable. In FY22 the company made significant progress with respect to research, increasing manufacturing capabilities, product development and revenue. Stepping into FY23 we are sustaining the healthy progress by expanding our product offerings of generics and focusing on increasing access to products with significant barriers to entry. We will also continue to look for new opportunities to take generics to more patients, in collaboration with our peer pharmaceutical companies.

ABOUT SHILPA MEDICARE LIMITED

SML was incorporated in 1987 at Raichur, Karnataka, India. SML is one of the leading API and formulations manufacturers with strong capabilities in the therapeutic area of oncology. SML supplies more than 30 oncology APIs including key products such as Capecitabine, Gemcitabine Hydrochloride, Axitinib, Erlotinib Hydrochloride and Irinotecan Hydrochloride for various regulated markets including USA, Europe, Japan, South Korea, Russia, Mexico, Brazil, and other emerging markets. While SML's underlying expertise is in the field of oncology, it also derives its revenue from sale of non-oncology APIs. With key products being Ambroxol (Mucolytic agent) in Europe and Tranexmic Acid and Ursodeoxycholic acid in India.



Company Overview



Established presence in Active Pharmaceutical Ingredients (APIs) and Formulations for domestic & international markets



Pursuing niche growth businesses like Biologics, Transdermal & Oral Dissolving Films Formulations



Robust research orientation resulting in innovative products



Best in class manufacturing and supply of high-quality affordable drugs



Very strong R&D background including development, pathway engineering and characterization of biologics

CHAIRMAN'S MESSAGE



Dear Shareholders

Welcome to our FY22 Annual Report.

2022 is our country's 75th year of independence. Our liberation and growth achieved so far have been through the hard work of our countrymen and women, political leaders, farmers, social reformers, and last but not least business leaders of the country. We are also indebted to our brave soldiers for protecting the country.

I am delighted that in the 75th year of independence the pharma sector has put the country on the global map. The transformation of the pharma sector in India in fact started after three decades of our independence. Today India is one of the largest sources of pharmaceuticals for countries across the globe and our influence is increasing year on year.

FY22 has been an eventful year for our company. We progress on all important expansion strategies and product development initiatives. We further strengthened our API and formulations business. Biologicals have emerged as one of our niche segments opening up global opportunities for new product launches as well as for co-creating value with peer pharma companies.

Key Developments

To further strengthen our strategic initiatives towards strong verticalization of our business units the Board of Directors has approved the transfer of API Unit 1 & Unit 2 to the wholly owned subsidiary Shilpa Pharma Lifesciences Limited through a slump sale. This exercise is to build an independent business of API and rationalize the corporate entities of the group For the which the approval of members was

received in the month of March 2022.

The Board on 08 February 2022 approved the fundraising plans in the transferred entity either from strategic investors through private placement or from investors at large through public issue.

Stepping into FY23, our API facility (Unit I) at Raichur, Karnataka has received GMP (good manufacturing practice) certificate from MOH-Russia.

Fundraising

In October, 21 The Board of Directors of the company approved the preferential allotment of 52.75 lacs equity shares aggregating to Rs. 297.51 crores to various marquee investors at a price of Rs. 564 per share. The marquee investors who participated in the fundraising include Malabar India Fund Limited, Malabar Select Fund, Malabar Midcap Fund, Think India Opportunities Master Fund LP, Blue Diamond Properties Private Limited, Ohm Core Investment Corp, Hypnos Fund Limited and Mr. Madhusudan Kela.

Pharma Sector

During the pandemic, the global pharma and healthcare sector exhibited its capabilities to fast forward innovation and product development. The sector continues to grow for providing better health of all whole humanity. immunology, oncology and neurology are some of the fastest-growing therapy areas and are expected to be the main sources of growth through 2026. The biologics market is growing at a significant rate and is expected to continue outstripping that of small molecules in the coming decade. The three largest biological therapy areas include oncology, autoimmune

and diabetes. We at Shilpa with our diversified product capabilities in APIs, Formulations and Biologicals are totally in alignment with the global pharma industry's demand drivers.

India ranks third worldwide for production in terms of volume and 14th by value. With the sector's innovation and product development capabilities increasing year on year, I am confident that India's pharma sector will further consolidate its position in terms of value.

The Indian pharmaceutical industry is known for its generic medicines and low-cost vaccines globally. India's pharma exports touched Rs 1.8 trillion in fiscal 2022, said the commerce ministry, marking flat growth compared to last fiscal. In the pandemic year of 2020-21, pharma exports had grown by 18 percent to \$24.4 bn (roughly Rs 1.8 lakh crore at current exchange rates). Compared to 2013-14, pharma exports from the country have doubled. India had exported Rs 90,415 crore worth of pharma products in FY14.

Our company is a fast emerging global brand in manufacturing and supplying affordable API and formulation globally in different regulated markets. I am delighted that our progress is in alignment with the development in the global pharma sector and also in alignment with our core purpose i.e innovating for affordable medicare.

Environment Social and Governance

We continue to follow all regulatory and corporate governance guidelines meticulously. Social and environmental protection initiatives are driven and monitored by the board. During the year we allotted Rs.3.7 crores towards the development of education, medical infrastructure and drinking water in

our areas of operations. Apart from the environment, energy and water conservation initiatives across our units during the year under our CSR initiatives we also contributed to social plantation initiatives in Raichur.

Leadership

During the year Mr. Naresh Patwari - Non-executive Director and Mr. Piyush Goenka - Independent Director of the Company tender their resignation on personal reasons. Mr. Rajender Sunki Reddy & Mr. Pramod Kasat, ceased to be the Independent Directors of the Company with effect from the day of the conclusion of 34th Annual General Meeting held on 28 September 2021 on account of completion of their tenure. On behalf of the board of directors, I would like to thank them for their contributions while on the board of the company.

I take this opportunity to thank our shareholders, senior management, banks, regulatory bodies, government agencies and the public for their support and guidance.

Jai Hind

Omprakash Inani
Chairman

To further strengthen our strategic initiatives towards strong verticalization of our business units the Board of Directors has approved the transfer of API Unit 1 & Unit 2 to the wholly owned subsidiary Shilpa Pharma Lifesciences Limited through a slump sale. This exercise is to build an independent business of API and rationalize the corporate entities of the group.

REVIEW BY MANAGING DIRECTOR



Dear Shareholders

FY22 has been a significant year for us as we emerged from the challenges posed by the pandemic. During the year we progressed on our revenue as well as operational strategies. On Consolidated basis our revenue during the year is Rs.1160 crores which is a year on year growth of 24.5%. Margins were impacted due to the ongoing remedial measures and raising inflationary pressures.

We continue to pursue our niche growth strategies in biologicals and transdermal oral dissolving film formulas. Our strategic intents are supported by robust research and development initiatives for developing innovative products across therapeutic areas. We continue to strengthen our competitive advantages for achieving our core purpose i.e which is making healthcare affordable.

Active Pharma Ingredients (API)

For a renewed focus on API business, are in the process of transferring the business along with intermediates, polymers, peptides & CDMO related to API business to the wholly owned subsidiary, Shilpa Pharma Lifesciences Ltd (SPL). The Board has agreed to initiate fund raising process of SPL to unlock the value of the API business and provide the requisite impetus for its growth. I am pleased with how our consistent focus on delivering a superior value proposition to clients is ensuring year-on-year growth.

How We Performed in API

In API business, oncology registered a growth of 30% year on year and non-oncology and significant 71%. Despite a 28% negative growth in CRAMS the overall API business improved 26% year on year.

Formulations

In FY22 we further strengthened our formulations business. Shilpa's Pemetrexed Injection ready to use formulation is approved by European Authorities, through its agreed partners in Europe. According to IQVIA MAT Q2'2021 (June 2021) data, the EU market for Pemetrexed Injection is approximately EURO 519 Million. During the year we Shilpa Medicare launched PRUCALSHIL (Prucalopride) Orally Disintegrating Strips 1 mg and 2 mg in India, a unique formulation developed for the first time in the World. Prucalopride is used for the symptomatic treatment of chronic constipation in adults in whom laxatives fail to provide adequate relief.

How we performed in formulations

Formulations business improved 42 per cent year on year in the FY22 as we registered a revenue of Rs.353 crores as against Rs.248 crore in FY22. We could also grow across geography. Revenue contribution from Europe improved by 45% year on year and revenue contribution from USA improved by 33%.

Biologicals

SML views Biologicals as a strategic growth area and has made significant investments in setting up a High end, Flexible Biologicals facility in SBPL, Dharwad to cater to the requirements of the fast-growing biologicals field, which include the DNA vaccine, adenoviral, subunit vaccines, Monoclonal antibodies & fusion proteins.

Stepping into FY22 – in April 2022, we received an NoC from RCGM, Dept of Biotechnology to approach the Drugs Controller General of India (DCGI) to conduct clinical studies for

its Biosimilar Aflibercept. Aflibercept is a vascular endothelial growth factor (VEGF) inhibitor. It is indicated for the treatment of neovascular (wet) age-related macular degeneration, macular oedema following retinal vein occlusion, diabetic macular oedema and diabetic retinopathy in patients with diabetic macular oedema. India has amongst the highest incidences of the above indications and the market is under-catered to by current therapies. The Drug had global sales of appx \$9.38 billion in 2021 and is amongst the top ten drugs today, growing at 19% pa. The biosimilar product at SBPL is partly funded through the BIRAC grants and developed at its integrated Dharwad facility. The Company intends to ensure global accessibility to the product via differentiated pricing and formulations/delivery mechanisms. Biosimilar Aflibercept is the second biosimilar product from SML that has entered the clinical trial phase after Biosimilar Adalimumab.

Cocreating Value

We also entered into a definitive agreement with Cadila Healthcare Ltd (CHL) for the production-supply of the ZyCov-D vaccine drug substance. The targeted production of the ZyCoV-D vaccine from this facility will be mutually agreed upon by both parties.

We also signed a MOU with Mylab Discovery Solutions, through our subsidiary Shilpa Biologicals Pvt Ltd for foraying into the vaccine and therapeutics segments - starting with Covid-19 vaccine manufacturing. The parties plan to strengthen the relationship by expanding the product portfolio in various other areas including various biosimilars, other vaccines & diagnostics.

We are moving ahead with plans for biologicals with 3 products at the clinical phase and tapping a very attractive segment in the market, with limited competition and good potential to grow. The Company is prioritizing the development of world-class, new products in multiple segments, which upon launch is likely to result in a superior business and earnings profile

IPM

In FY 21-22, our group companies filed 27 patents applications taking the cumulative total to 491 patent applications in India and other countries. We received grants for 26 patents during FY 21-22.

Going forward

The healthy momentum of sales continues to build on the back of growth in commercially launched products in key markets. The Formulations segment is recording traction in ex-US markets including across the EU, India and RoW. We have an attractive portfolio of products lined up for launch that will support this growth. The process of remediation is progressing as required. We are continually gearing towards increasing our footprint in the business through new launches and enhancements to existing products.

I thank all our customers, regulatory agencies, government agencies, shareholders and employees for their continued support

Regards

Vishnukant C Bhutada
Managing Director

+45%

Increase in formulations revenue from Europe

27

Patents filed by group companies in FY22

491

Cumulative patents filed as on March 2022

KEY DIFFERENTIATORS

Global Standards

The facilities are cGMP Compliant & approved by many national & international regulatory bodies like USFDA, EU, Cofepris-Mexican, PMDA-Japan, Korean FDA, TPD Canada & TGA-Australia.

19 API & Intermediate manufacturing blocks

The company is having about 19 API & intermediate manufacturing blocks with segregation of Oncology and Non-Oncology manufacturing facilities. Blocks are designed to handle small scale, medium scale & high-volume scale to handle different levels of Batch size like 500 gm to 350 kg.

First company to invest in India in containment technologies

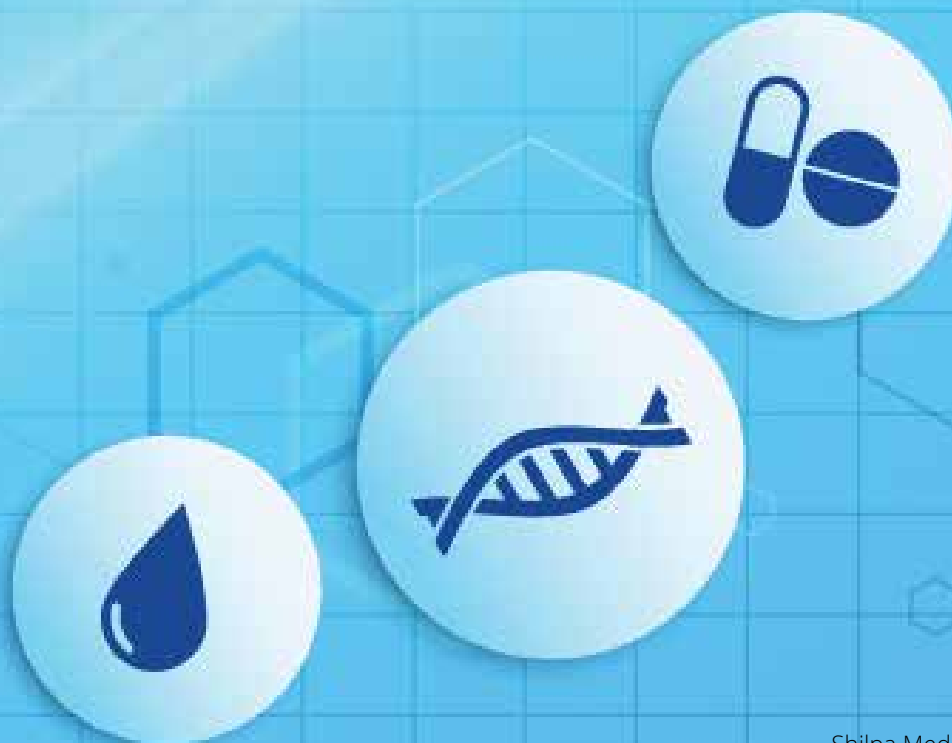
Shilpa is the first company to invest in India in containment technologies for the manufacturing of oncology drug substances in a contained environment & also the latest technologies like the Bipolar system from Japan to ensure the manufacturing process is sustainable with less consumption of natural resources & safe operations

In Biologicals 11 products in pipeline

11 biosimilars and one New Biological Entity in their pipeline and are dominated by drugs catering to the autoimmune disorders, Ophthalmics and blood substitute segments, with 6 of the top 10 biologics in its pipeline. The remaining are niche, high-margin opportunities catering to high unmet clinical needs.

Quality Management Systems

The manufacturing facilities are certified by different bodies for management systems of Quality, Safety, Environment & Health like ISO 9001-2015 for Quality systems, ISO 14001-2015 for environmental management systems, OSHAS 18001-2007 for Occupational Health & Safety systems & R&D is certified by DSIR, Govt. of India.




CONSOLIDATED FINANCIAL HIGHLIGHTS


Operating Revenue (Rs. in Lakhs)

FY22		1,14,552
FY21		90,113
FY20		90,791
FY19		73,389
FY18		79,153

PAT (Rs. in Lakhs)

FY22		6,066
FY21		14,778
FY20		15,615
FY19		10,993
FY18		10,395

PBT (Rs. in Lakhs)

FY22		10,226
FY21		19,505
FY20		18,805
FY19		13,568
FY18		13,677

EBITDA (Rs. in Lakhs)

FY22		21,810
FY21		21,179
FY20		23,673
FY19		16,956
FY18		18,384

STANDALONE RATIOS

Operating Profit (%)

FY22		18.34
FY21		25.46
FY20		27.07
FY19		22.40
FY18		22.11

PAT (%)

FY22		12.26
FY21		21.34
FY20		23.70
FY19		18.26
FY18		17.37

EBITDA (%)

FY22		23.20
FY21		30.19
FY20		31.35
FY19		27.45
FY18		26.10

EPS (Rs.)

FY22		16.87
FY21		22.62
FY20		20.63
FY19		16.65
FY18		16.68

FY22 Ratios are presented including discontinued operations for the purpose of comparison of previous years

ACTIVE PHARMA INGREDIENTS

Shilpa Medicare has two world-class State-of-art API manufacturing facilities at Raichur, supported by a strong & efficient team of R&D, IPM, Production, Engineering, Quality Control, Quality Assurance & regulatory functions with other supportive functions & well administered Human Resource management.

Research & Development API

R&D in oncology and generic space is Shilpa's key competitive advantage in API. Shilpa's R&D offers space for the development of generics meeting international development standards, including difficult-to-make complex API processes, such as those for Oncology/NON-Oncology molecules. The Raichur API team has delivered more than 10 projects successfully and taken up 20-25 new projects for process development of Onco/Non-Onco molecule including intermediate/KSM synthesis to make more cost-effective and without the dependency of outsource. Apart from this the company proposed to increase the batch size of three ongoing molecules Capecitabine USP/EP and Azacitidine and Pemetrexed with some process modifications to make a cost-effective process.

Social Value Created: Our generics business helps to reduce drug costs for individuals and governments by bringing generic drugs to market as early as possible and making them available to as many patients as possible. We supply pharmaceutical ingredients to pharmaceutical companies, which contributes to our goal of providing affordable medicine.

Environment Value Created: For environmental protection, we have introduced the bipolar membrane technique to remove the ionic impurities from the drug substance during purification/removal of resin treatment to save water for the protection of the environment.

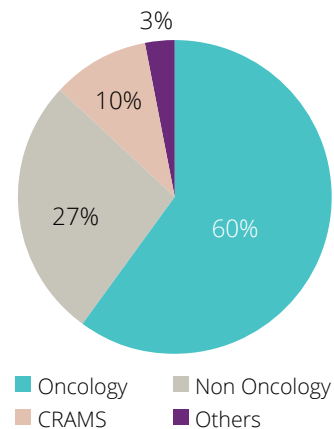
Completed the lab trial/process modification of the T-acid project to remove the ion exchange resin (Cation/anion) to minimize water usage to make the process more eco-friendly.

API - How we Performed

₹ **748** crore

API - Revenue FY22
+26% YoY

Revenue Breakup - Segments (%)



202 DMF Filings

As on 31 March 2022

30+

Oncology APIs





Expanding Product Capabilities

Expansion of Tranexamic Acid Capacity

Tranexamic acid (Non-Oncology Product) Plant is modified & also expanded from 5.5 MT to 20.0 MT/month. currently, it is supplying about 10.0 MT/m in the market from this Block.

Ambroxol Capacity

One of our other main non-Oncology Products called Ambroxol capacity expanded from 17.0MT -22.0 MT/month. other than this, Shilpa took up debottlenecking of all the blocks & created a double Bay/2 line in 2 manufacturing Onco Blocks which is helping to have multiple Products at a time with dedicated entry/exit. This increases block occupancy & productivity.

Polymer & Peptide

Shilpa commissioned its new R&D centre for polymer & peptide and created a separate wing for CDMO with its scientific head.

Expanding Intermediates capabilities

Shilpa started working for high volume blocks about 30-40KL reactors with larger scale to lead few intermediates which are required for indigenizing capabilities

FORMULATION FACILITY

SML manufactures Injectable Dosage Forms, Oral Solid Dosage Forms, Oral Disintegrating Films and various prescription and OTX products for the overseas and Indian markets. The Company has three formulation manufacturing unit located in Jadcherla and Hyderabad in Telangana and Bengaluru in Karnataka. These units comply with all regulatory requirements having received approvals from various prominent international regulatory bodies, including the USFDA.

Each of our manufacturing facilities is designed, equipped and operated to deliver high quality products within defined cost and delivery schedules. Our manufacturing facilities have flexibility to operate for wide range of batch of sizes and in various dosage forms. We are also open to collaborate for our manufacturing facilities as per the requirements of our customers.

Finished Dosage Formulation Facility

Finished Dosage Formulation Facility is a state-of-the-art manufacturing and testing facility, engaged in the manufacturing and distribution of potent Oncology and adjunct therapy drugs- which includes liquid and lyophilized injectables in vials, sterile dry powder injectables in vials, oral solid dosage form (Tablets and

hard gelatine capsules) into various regulated and rest of the world markets, including US and EU. The facility is designed for handling potent Drug Products (including Oncology products or adjunct therapies) in a fully contained manner. The facility is designed to handle potent molecules up to the OEL 4 level of containment.

The facility is approved by various regulatory agencies including EUGMP-

AGES-Austria, ANVISA, PERU, Argentina, South Africa & MEXICO COFEPRIS.

For USFDA, currently, the facility is under Import Alert, however; USFDA has exempted three products from the Import Alert. Shilpa Medicare Unit 4 is distributing these three products (Azacitidine for Injection, Erlotinib Capsules and Cyclophosphamide Capsules), in the US market.

Supplies to Europe are going on uninterrupted!

Capabilities

- **2 fully automated tablet manufacturing lines**
- **1 capsule manufacturing line**
- **2 fully automated blister packaging lines**
- **3 fully automatic injectable blocks**

Line 1 and 2 are approved by USFDA and 3rd Injectable combi-line is approved by Europe and the rest of the world markets.



Serialization (Track and Trace) is in place and implemented as per market requirements for commercial supplies. A fully equipped Utility Block is equipped with a water system (Pre-treatment and Post treatments for generation and distribution of Purified water/WFI/Pure steam), Chillers, Air compressors, Boilers, Diesel generators, HVAC etc. All world-class process equipment is provided with 21 CFR part 11 compliant SCADA systems. Fully equipped and approved chemical testing Laboratories and Microbiology laboratories are operational with trained and qualified staff. Commercial presence in various regulated, emerging markets and domestic markets in injectable and oral solid dosage forms.

Contract Manufacturing

Shilpa Medicare Limited manufactures many products in several types of dosage forms such as tablets, capsules, liquid injection (Aseptically and terminally sterilized), Lyophilized Injectable, etc for various reputed pharmaceutical organisations across the world. All products are manufactured under the same stringent quality standards for export to the USA, EU, ROW and Domestic markets.

Formulation R&D

The Research and Development team of Shilpa Medicare is committed to attaining the vision of Shilpa Medicare for affordable Health Care. Over the years R&D has played a vital and significant role in strengthening the company's competitive advantage in the global pharma sector. API Research and Development, activities of Shilpa Medicare Limited have delivered Oncology and Non-Oncology API.

Over the years Formulation, Research & Development has emerged as an

important player in delivering, generic equivalents in both oncology and non-oncology formulations (injectables and oral dosage forms).

Formulation Research Center was audited virtually by USFDA in the year 2021 and concluded with no observations.

The Formulation Research & Development Team has developed products for the treatment of Androgenic Alopecia and Phase III clinical trials are- going.

Developed a Novel Oral Disintegrating Films of Blood Thinning Agent. Also involved in the development of nutritional supplements.

For the treatment of Intra - Ocular Pressure Ophthalmic formulation with reduced dose and enhanced efficacy, all the pre-clinical phase studies are completed, with approval for clinical phase III trials from Authorities.

The formulation Team has developed a novel injectable formulation for the treatment of Breast, Head & Neck, prostate & Lung Cancer with reduced adverse events compared to the standard therapy. patches,

Scientists at Formulation Research have developed a Novel formulation for controlling haemorrhages the product is in phase III clinical trials. The Product will be a boon to saving lives during accidental injuries.

Formulation Development Group has developed a Novel Injectable formulation for the treatment of Alcoholic Liver Disease and the Product is being evaluated as part of Clinical Trials.

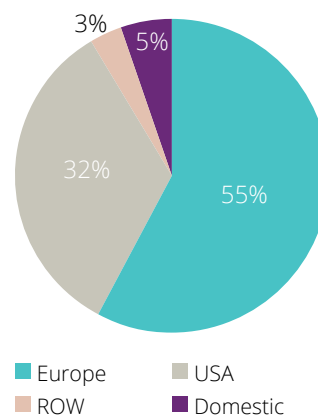
On the Analytical front, the R&D is equipped with state-of-the-art instruments to evaluate all kinds of dosage forms. State of the Art

infrastructure is built for Extractable & Leachable studies for relevant products. The facility is capable of carrying out analytical method validations for both in-house & customer products. Analytical R&D has capabilities of characterization of API, impurities, excipients and packing components.

Formulations How we Performed

₹ **353** crore
Revenue FY22
+42% YoY

Geographical Revenue Breakup (%)



381 Regulatory Filings

As on 31 March 2022

156 Approved and 225 pending

Board of Directors



Mr. Omprakash Innani
Chairman

Mr. Omprakash Innani has more than 30 years of business experience. He monitors business and functional aspects of the Company along with the operations of all the plants. He is also a Council Member in "Academy of Medical Education, Dental College & V.L. College of Pharmacy", "Taranath Shikshana Samsthe, Raichur" and a trustee in "Akhil Bhartiya Maheshwari Education Trust, Pune". He is also Managing Committee Member of "Karnataka State Cotton Association".



Mr. Vishnukant Chaturbhuj Bhutada
Managing Director

Mr. Vishnukant C. Bhutada holds Bachelor's Degree in Pharmacy and has 33 years of experience in the Pharmaceutical Industry. He is one of the founder member of Shilpa Medicare Limited and the main guiding force behind the progress of Shilpa Medicare Limited. His analytical vision and splendid knowledge of not only domestic but also international medicare market made this Company one of the biggest exporter of specialized medical ingredients and medicines. Meteoric rise of this Company and success is hugely attributed to him.



Dr. Kamal K Sharma
Independent Director

Dr. Sharma has over four decades of experience in the pharmaceutical and chemical industries, having held a variety of senior management positions managing operations, corporate development and executive management within the pharmaceuticals and chemicals industries.

Dr. Sharma is a chemical engineer from Indian Institute of Technology (IIT), Kanpur, with a post-graduate diploma in industrial management from Jamnalal Bajaj Institute of Management Studies, Mumbai, and a Ph.D. in economics from IIT, Mumbai. He also holds an advanced management degree from the Harvard Business School, Boston.

Dr. Sharma also served as the President and Chief Executive of the life sciences and specialty group and member of the management board at RPG Enterprises Ltd, Mumbai.



Mr. Sharath Reddy Kalakota
Whole Time Director

Kalakota Sharath Reddy is a PG in Pharmacy from BITS, Pilani. He obtained his bachelor's degree from Raichur, Gulbarga University. He joined Shilpa Medicare Limited in 1991 and is having an enriched experience in API manufacturing, operations & execution of greenfield & brownfield projects, quality and projects.



Ms. Sirisha Chintapalli
Independent Director

Ms. Sirisha Chintapalli is an Associate Member of The Institute of Company Secretaries of India and also an Associate Member of The Institute of Cost Accountants of India and a Semi Qualified CA from The Institute of Chartered Accountants of India. She is a member in the Managing Committee of Hyderabad Chapter of The Institute of Cost Accountants of India from 2019. She has experience of associating with L&T Shipbuilding Limited, Chennai and International Seaport Dredging Limited, Chennai and CCL Products (India) Ltd, Hyderabad. She is also a registered Insolvency Professional from IBBI.



Mr. Hetal Madhukant Gandhi
Independent Director

Mr. Hetal Gandhi has over 36 years of experience in the financial services industry that encompasses private equity investments, credit markets, investment banking and turnaround situations. He is a certified member of the Institute of Chartered Accountants of India. He has been on the Board of companies, both listed and private, actively contributing to their strategy, organization, building and execution, and helped them scale up significantly.



Mr. Arvind Vasudeva
Independent Director

Arvind Vasudeva brings over 39 years of professional work experience & being a certified CEO Coach he was a Business Head, a COO and a CEO for more than 18 years. He Holds degree in M. Pharm (Pharmaceutical Technology) and completed PG Diploma in Sales and Marketing His experience has been primarily in the Pharmaceutical Industry in leading Indian Global and Multinational Companies. In these roles handled areas like Marketing, Sales, HR, Finance, Manufacturing// Projects/R&D/CQA/GRA/GPV (FDF, API, Biotech, Milk Products), In-Licensing, Portfolio cum Project Management and Supply Chain Management.

He is Founder Trustee of Infection Control Academy of India (IFCAI) a not for profit organization dedicated to skill and Knowledge building in Infection Prevention and Control (IPC).



Dr. Anita Bandyopadhyay
Independent Women Director

Anita Bandyopadhyay holds Doctorate degree in Applied Psychology from Kolkata University and Executive MBA from SP Jain Institute of Management & Research, Mumbai. She is an acclaimed HR consultant with extensive expertise in Leadership Development, Talent Management, Performance Management, HR Processes and corporate succession planning. She has an amalgamation of strong conceptual knowledge with result-oriented application practice. She has serviced Pharmaceuticals, Glass Packaging, Education, Adhesives, Textile & Apparels Industries and has exposure to Manufacturing, Education, FMCG, Retail and B2B business sectors.

Corporate Information

Board of Directors:

Mr. Omprakash Inani - Chairman
 Mr. Vishnukant C. Bhutada – Managing Director
 Mr. Kalakota Sharath Reddy – Whole Time Director
 Mr. Rajender Sunki Reddy – Independent Director¹
 Mr. Pramod Kasat – Independent Director²
 Ms. Sirisha Chintapalli – Independent woman Director
 Mr. Naresh Patwari – Non-executive Director³
 Mr. Piyush Goenka – Independent Director⁴
 Mr. Hetal Madhukant Gandhi – Independent Director
 Mr. Arvind Vasudeva – Independent Director
 Dr. Kamal K Sharma – Additional Independent Director⁵
 Dr. Anita Bandyopadhyay - Additional Independent woman Director⁶

¹ Ceased to be Director w.e.f 28 September 2021

² Ceased to be Director w.e.f 28 September 2021

³ Ceased to be Director w.e.f 02 February 2022

⁴ Ceased to be Director w.e.f 07 February 2022

⁵ Appointed w.e.f 01 July 2022

⁶ Appointed w.e.f 11 August 2022

Board Committees.

Audit Committee

Mr. Rajender Sunki Reddy – Chairman¹
 Mr. Omprakash Inani - Member
 Mr. Pramod Kasat - Member²
 Mr. Hetal Madhukant Gandhi – Chairman³
 Ms. Sirisha Chintapalli - Member⁴
 Mr. Arvind Vasudeva – Member⁵

¹ Ceased to be Chairman w.e.f 14 October 2021

² Ceased to be Member w.e.f 14 October 2021

³ Appointed as Chairman w.e.f 14 October 2021

⁴ Ceased to be Member w.e.f 11 August 2022

⁵ Appointed as Member w.e.f 11 August 2022

Nomination and Remuneration Committee

Mr. Pramod Kasat – Chairman¹
 Mr. Omprakash Inani - Member
 Ms. Sirisha Chintapalli – Member²
 Mr. Arvind Vasudeva – Chairman³
 Mr. Hetal Madhukant Gandhi – Member⁴
 Dr. Anita Bandyopadhyay – Member⁵

¹ Ceased to be Chairman w.e.f 14 October 2021

² Ceased to be Member w.e.f 14 October 2021

³ Appointed as Chairman w.e.f. 14 October 2021

⁴ Appointed as Member w.e.f. 14 October 2021 & Ceased to be Member w.e.f 11 August 2022

⁵ Appointed as Member w.e.f. 11 August 2022

Stakeholders' Relationship Committee

Mr. Omprakash Inani - Chairman
 Mr. Vishnukant C. Bhutada - Member
 Mr. Rajender Sunki Reddy – Member¹
 Ms. Sirisha Chintapalli - Member²
 Dr. Kamal K Sharma - Member³

¹ Ceased to be Member w.e.f 14 October 2021

² Ceased to be Member w.e.f 11 August 2022

³ Appointed as Member w.e.f. 11 August 2022

Corporate Social Responsibility Committee

Mr. Rajender Sunki Reddy– Chairman¹
 Mr. Omprakash Inani – Member²
 Mr. Vishnukant C Bhutada - Member
 Ms. Sirisha Chintapalli – Chairman³
 Mr. Naresh Patwari – Member⁴
 Mr. Piyush Goenka – Chairman⁵
 Mr. Kalakota Sharath Reddy – Member⁶
 Dr. Anita Bandyopadhyay – Chairman⁷

¹ Ceased to be Chairman w.e.f 14 October 2021

² Ceased to be Member w.e.f 14 October 2021

³ Ceased to be Chairman w.e.f 11 August 2022

⁴ Ceased to be Member w.e.f 02 February 2022

⁵ Ceased to be Chairman w.e.f 07 February 2022

⁶ Appointed as Member w.e.f. 08 February 2022

⁷ Appointed as Chairman w.e.f. 11 August 2022

Risk Management Committee

Mr. Vishnukant C. Bhutada - Chairman
 Mr. Pramod Kasat – Member¹
 Mr. Kalakota Sharath Reddy - Member
 Mr. Arvind Vasudeva – Member²
 Mr. Piyush Goenka – Member³
 Dr. Kamal K Sharma – Member⁴

¹ Ceased to be Member w.e.f 14 October 2021

² Ceased to be Member w.e.f 14 October 2021

³ Ceased to be Member w.e.f 07 February 2022

⁴ Ceased to be Member w.e.f 11 August 2022

Chief Financial Officer & Compliance Officer

Chief Financial Officer: Mr. Alpesh M Dalal

Company Secretary & Compliance Officer:

Mr. V V Krishna Chaitanya¹

Ms. Ritu Tiwary²

¹ Ceased from the office of Company Secretary & Compliance officer w.e.f 16 March 2022

² Appointed as Company Secretary & Compliance officer w.e.f 23 May 2022

Secretarial Auditors:

Mr. D S Rao

Company Secretary

6-3-347-22/2, Flat No. 10, 4th Floor,
 Iswarya Nilayam, Dwarakapuri Colony,
 Punjagutta, Hyderabad
 Telangana, India - 500 082

Statutory Auditors:

Brahmayya & Co.,

Chartered Accountants¹

#403 & 404, Golden Green Apartments,
 Irrum Manzil Colony,
 Hyderabad - 500 082.

Telangana, India - 500 082

¹ Shall be ceased w.e.f the date of ensuing Annual General Meeting

Bohara Bhandari Bung and Associates LLP

Chartered Accountants

#12-10-89/1, Anagha Complex
 2nd Floor, above Canara Bank, Sath Kacheri Road,
 Raichur

¹ Subject to approval of Members w.e.f the date of ensuing Annual General Meeting

Internal Auditors

M. Bhaskara Rao & Co.,

Chartered Accountants

6-3-652, 5th Floor,
 Kautilya, Somajiguda,
 Hyderabad - 500 082

Cost Auditors

V.J. Talati & Co

602, Silver Matrurabha Building, Cama Lane
 Kirol Road, Ghatkopar (West), Mumbai

Bankers

Standard Chartered Bank Ltd
The HSBC Limited
CITI Bank
State Bank of India
Axis Bank Ltd
HDFC Bank
ICICI Bank

Registrar and Share transfer Agent

M/s. Kfin Technologies Limited
(Formerly known as M/s. Karvy
Computershare Private Limited),
Karvy Selenium Tower B, Plot No. 31
& 32 Gachibowli, Financial District,
Nanakramguda, Serilingampally,
Hyderabad, Telangana, India - 500 032

Registered Office - Raichur

12-6-214/A-1, Shilpa House
Hyderabad Road
Raichur – 584 135 Karnataka, India
Phone: 08532-238704
Fax: 08532-238876
Email: info@vbsilpa.com
Web: www.vbsilpa.com

Works

DTA – Raichur*
Plot Nos. 1A, 1B, 2, 2A, 3A to 3E & 4A
to 4C, 5A, 5B, Deosugur Industrial Area,
Deosugur - 584 170, Raichur District,
Karnataka, India

100% Export-Oriented Unit - Raichur *

33-33A, 40-47, Raichur Industrial Growth
Center, Wadloor Road, Chicksugur - 584 134,
Raichur District, Karnataka, India

*Transferred to Shilpa Pharma Lifesciences Limited
w.e.f Closing hours of 30 June 2022

SEZ Unit - Jadcherla

Plot No. S-20 to S-26, Pharma SEZ TSIC
Green Industrial Park, Pollepally Village,
Jadcherla Mandal,
Dist - Mahabubnagar - 509 301, Telangana, India

Manufacturing unit - Bangalore

Plot No. 29 A5, 4th Phase
(Awerahalli) Sompura, Industrial Area,
Honnenahalli Village, Dobaspet, Nelamangala,
Bangalore Rural – 562 111, Karnataka, India

Biologicals Unit: Dharwad

Shilpa Biologicals Private Limited
Plot No: 531, 532 (A), KIADB,
Belur Industrial Area, Dharwad – 580011,
Karnataka

Therapeutics Unit - Hyderabad:

Shilpa Therapeutics Private Limited
Plot No. 118, IDA, Phase III, Cherlapally,
Hyderabad – 500051, Telangana

Unit under Construction - Kadechur:

Shilpa Biocare Private Limited
Plot No: 286, 287 & 288, Kadechur Industrial Area,
Yadgir,
Kadechur – 585221, India.

R&D Units

Raichur R&D
Plot Nos. 33-33A, 40 to 47,
Raichur Industrial Growth Centre,
Wadloor Road, Chiksugur Cross,
Chiksugur-584134, Raichur

Bangalore R&D

Plot No. 29 A5, 4th Phase
(Awerahalli) Sompura, Industrial Area,
Honnenahalli Village, Dobaspet, Nelamangala,
Bangalore Rural – 562 111, Karnataka, India

Hyderabad R&D

01st and 02nd Floor, Plot No. 79, Road No.
15, Survey No. 125, IDA Mallapur, Nacharam,
Uppal Mandal Medchal, Malkajgiri Dist – 500 076,
Hyderabad, Telangana, India

FTF Pharma Private Limited - Ahmedabad R&D:

Block No: 193(Part) + 211 (Part),
Xcelon Industrial Park,
Chak-de India Weigh Bridge Road,
Vasana Chacharwadi,
Tal: Sanand; Ahmedabad, Gujarath -382213.

Sravathi Advance Process Technologies Private Limited - R&D

113/40, 1st Floor, 2nd Main Road,
Rajajinagar Industrial Town,
Bengaluru, KARNATAKA – 560010

Indian Subsidiaries:

Shilpa Therapeutics Private Limited
Shilpa Biocare Private Limited
Shilpa Biologicals Private Limited.
Shilpa Pharma Lifesciences Limited
(Formerly Known as Shilpa Corporate Holdings
Private Limited)
Shilpa Lifesciences Private Limited (Step-Down
Subsidiary)
INM Technologies Private Limited
INM Nuvent Paints Private Limited (Step-Down
Subsidiary)
Vegil Labs Private Limited.
FTF Pharma Private Limited.

Foreign Subsidiaries:

Shilpa Pharma Inc., U.S.A
Koanaa Healthcare Limited, UK
Koanna Healthcare GmbH, Austria
Koanna Healthcare Canada Inc.
Koanaa International FZ LLC, Dubai
Koanna Healthcare, Spain
Zatortia Holdings Limited, Cyprus
Makindus INC, USA
Indo Biotech SDN BHD, Malaysia

Joint Ventures:

Reva Pharmachem Private Limited
Sravathi Advance Process Private Limited
Sravathi AI Technology Private Limited

Associate Companies & Investment Entity

Reva Pharmachem Private Limited
Maia Pharmaceuticals Inc
Auxilla Pharmaceuticals and Research LLP
(Investment Entity)

Intellectual Property Management

Shilpa has a dedicated IPM Team which provides stage-wise IP clearances during product/process development activities and also provides frequent updates and alerts on relevant IP to R&D scientists for products/processes and suggests remedial measures. Shilpa's IPM team continues to build its future pipeline of complex products with an established robust portfolio selection process, providing early launch opportunities with intellectual property advantages.

Shilpa's strengths, across various molecules including oral, Injectable and complex differentiated products, and biologics, lie in developing intellectual property in non-infringing processes and resolving complex chemistry challenges. The API Process development is focused on developing and transferring commercially viable, non-infringing and patentable novel API technologies. The development grid selection for APIs is based on difficult-to-make API molecules and novel polymorphic forms of certain APIs for creating value addition.

Shilpa's IPM Team is involved in patenting new products, processes, methods of use, drug delivery systems and medical devices in India, the US, the EU and other countries with significant market value.

491 Patent applications

In FY 21-22, Shilpa and its group companies filed 27 patent applications taking the cumulative total to 491 patent applications in India and other countries. Shilpa received grants for 26 patents during FY 21-22.



Future Growth Drivers

Our focus on the diversification in newer areas like Biologics, portfolio expansion in Transdermal Dosage Forms, Oral Thin Films formulations and CDMO business will gain traction in FY23 and beyond.

Biologicals

The Company at its Biologicals unit is pursuing an aggressive IP strategy for Biosimilar and NBE assets with multiple product in the pipeline. The Biologicals R&D infrastructure includes clone and bioassay development platforms, high throughput multi parallel fermentation units, conventional and continuous chromatography units, high end/high throughput analytical platform, and formulation development engine.

12 products in the pipeline

11 biosimilars and one New Biological Entity in their pipeline and are dominated by drugs catering to the autoimmune disorders, Ophthalmics and blood substitute segments, with 6 of the top 10 biologics in its pipeline. The remaining are niche, high-margin opportunities catering to high unmet clinical needs.

Biosimilar Aflibercept received approval

Biosimilar Aflibercept received the approval of RCGM for filing for clinical trials in the first quarter of FY2022-23.

The first biosimilar product

The first biosimilar product is expected to be commercialized soon with India and countries in Asia being the first markets.

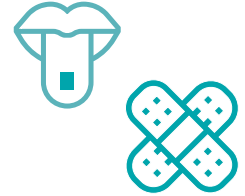
Tie-ups with leading biopharmaceutical marketing companies

The company is also entering into tie-ups with leading biopharmaceutical marketing companies in several geographies to ensure the widest possible reach for its products while focusing on its core – technology development and manufacturing. Clinical trials for the molecule are expected to commence in the coming quarters. This molecule, directed at age-related macular degeneration and macular edema, is expected to be a major revenue driver for the company in the coming years.



Transdermal Patches and Oral Films

Looking to the growing market potential in TP & OFM, the facility at Bengaluru is designed and built as a state-of-the-art Manufacturing facility for Transdermal Patch and Oral Films. The site is well connected to Bangalore Tumkur highway. This facility shall cater to Global Regulatory Market.



Qualification activities are completed and execution of filing batches in the process

Completed the execution of Exhibit/filing batches of Nine ODF products which include strength-wise 82 batches. Products are under stability and ready to file for different countries in the coming months.

Strong product pipeline at various stages of product development

Filed for Two products in the Regulated EU market viz. Betahistine ODF in UK-MHRA and Tadalafil ODF in EU. Now UK-MHRA audit is planned for May22.

Polymers Research and Technology

Polymer Research & Technology (PR&T) department was established in 2018 at Shilpa Medicare Limited. Based on recent trends in advanced polymer materials in the multidisciplinary fields, the PR&T department focused on polymers for pharma & biomedical applications and speciality polymers for electronics, coatings, automotive, and petroleum products.

Even though end-user applications differ for these polymers, polymer synthetic methodologies, required capabilities, skillsets & facilities are identical for these products. SML is considering the growth of excipients in the generic market, and the shortage of USFDA-approved sites in speciality polymers to develop a cGMP process for polymer excipients, which currently exist in the market or pipelines are an excellent opportunity for SML. In addition, SML is working on the development of molecularly-customized stimulated excipients.

SML developed various polymers for pharma and biomedical applications like polybutadiene, polyethylene oxide, and polycaprolactone-based block copolymers by anionic and ring-opening polymerization route. These block copolymers can form self-assembled morphologies and be used in drug delivery applications. SML also has the technology of the various molecular weights of linear polyethyleneimine based homo and well-defined block copolymers

First ever Anionic polymerization process established



Peptide Department

The Peptide Research Group, established in 2020 at Shilpa Medicare Limited, specializes in the long-term development of peptide-based drugs for chronic diseases.

The Peptide Research Group, established in 2020 at Shilpa Medicare Limited, specializes in the long-term development of peptide-based drugs for chronic diseases. As an established manufacturer and supplier of key oncology APIs, SML can integrate peptide production, sales, research and development activities for long-term business goals. At present, SML has research and development facilities spread across 2400 square meters, a production area of 1000 square meters, and dedicated analytical capabilities. It plans to build a production base of 12000 square meters with quality system management as per GMP global standards to manufacture various

types of peptides under the umbrella of Shilpa Medicare Limited.

The main products are high purity single molecular PEG series derivatives, polypeptide long-acting drug side chain, and intermediates and short peptide drugs disulfide bridge. Further SML is working with innovative pharmaceutical companies to build a platform for research and development of polypeptide.

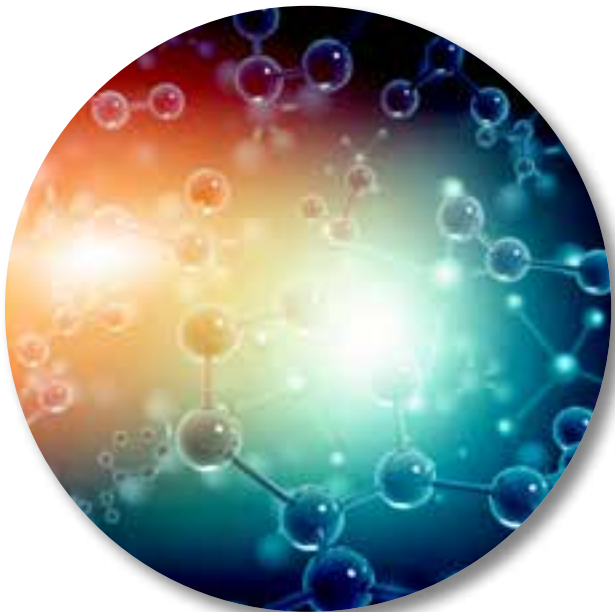
Our future projections for the generic peptides based on the requirement under process development at our well-equipped R&D facility are Semaglutide, Teriparatide, Vasopressin Acetate, Plecanatide etc. Fully equipped lab for Analytical support for in-process and final API released.

2400 Sq. Mtrs.

Research and development facility

12000 Sq. Mtrs.

Production base being planned



**6 products
under various
stages of
development**

Contract Development & Manufacturing Organization

CDMO is involved in the drug development process, starting from initial development to product manufacturing and providing end-to-end solutions to pharmaceutical and biopharmaceutical companies in the field of across oncology API's, formulations, peptides, biological and polymer excipients

The rising preponderance of various diseases of different etiologies is a significant factor in the Contract Development and Manufacturing Organization (CDMO) market growth. The rise in cancer incidences is expected to drive the demand for oncology drugs, of which biologics also form a significant share. Furthermore, the rising number of cases of rare diseases is further expected to contribute to the growth of the CDMO market. Shilpa Medicare Limited CDMO

is involved in the drug development process, starting from initial development to product manufacturing and providing end-to-end solutions to pharmaceutical and biopharmaceutical companies in the field of across oncology API's, formulations, peptides, biological and polymer excipients.

SML has state-of-the-art R&D, pilot scale and manufacturing facilities with CDMO capabilities and plans to help address the ever-evolving manufacturing needs of organizations

in all these fields. Our goal is to help accelerate drug candidates to clinics as quickly and safely as possible. Our focus will be to establish solutions for streamlining the client supply chain, increasing manufacturing predictability and managing overall risk. Our line of products and services shall be specifically designed to provide the flexibility needed to deal with uncertainty at every stage of the process.

2 CDMO Projects Completed

Successfully completed the 2 CDMO project milestones for Taiwan & US based clients in the 1st year itself



Research & Manufacturing Capabilities



Dharwad

Biologicals Manufacturing plant & R&D Facility



Jadcherla Unit

Formulations (Onco & Adjuvant Therapy, of Onco – Injectable & Oral)



Bengaluru Unit

TDS & ODF Manufacturing Facility & Formulation R&D



Hyderabad

Formulations (Oral Dissolving Films), Bio Analytical Lab, Pharmacovigilance Lab & Quality control lab



Raichur Unit I & II

API (Oncology – Non-ncology) and R&D, CRAMS, Peptide, Polymer



Ahmedabad

CRO & CDMO, R&D Formulation

Environment

The company is environmentally conscious all the waste is treated in its ZERO discharge handling facility with all downline supported systems like Stripper, MEE, ATFD, and Ficco Facco followed by Biological & RO systems to treat the waste & make it re-usable in applicable places. The company also planning to use organic waste to use as fuel in the furnace where inorganic metals are recovered.

The company has positioned fractional distillation columns, where solvents from products which requires to purify & separate to get pure material which can be used, with this all solvents are recycled.

The company is also investing in membrane technology where solvent recoveries are done without using natural resources.

The company gave high-level safety importance & designed to train all the employees involved to make them aware of the risk involved, its consequences & mitigations required. All safety requirements of the facility are taken care of in design where safety is built into the system like Air handling units, rapture disc & safety vents, interlocks, alarms & firefighting systems.

Safety coordinators & safety squads are trained by the expert to help the industry in case of any issue & also neighbours.

189, 8069 KWH/Year energy saved through adopting latest technology and other energy conservation measures

CSR

Shilpa Medicare Limited works with Shilpa Foundation to carry out various CSR activities below are few of the many activities carried out in FY'22

Education

Donation of desks to Govt. school benefiting >1700 students



Health

Donation of medical equipment's and 30 beds to set up Paediatric intensive children units



Environment and water

Supporting green Raichur initiative to plant and maintain saplings, in last 5 years >50000 saplings planted



Partnered with Exam master mind E- paper to provide digital platform for knowledge up-liftment. 100 students benefited till know



Setting up of medical camps for TB patients, in all 100 patients benefited



Supporting Desilting work of Amtalab lake



Management Discussion and Analysis

Global Economy

FY22 was the year of opportunities and challenges. Economies worldwide were coming out of the shadows of the Covid-19 pandemic and showing signs of growth. International trade and travel resumed on the back of t of wide vaccination programs undertaken by governments across the world. However, growth came at the cost of steep increase in commodity prices, supply chain disruptions and geopolitical disturbances, especially Russia's invasion of Ukraine, one of the largest humanitarian crises that has added to long-term challenges for global recovery. This was followed by central banks tightening to curb the high inflation which is posing risk of recession.

Global economy grew by 6.1% in 2021 however, various emergence of risks makes the Economists to project downturn in growth to 3.2% for 2022 (WEO, July'22), 0.4% lower than their April'22 forecasts and 2.9% for 2023. Global inflation has reached to its highest levels in decades due to food and energy prices as well as lingering supply-demand imbalances. China's Zero-Covid Policy, extended lockdowns and supply-chain disruptions have further impeded global growth recovery and increased the risk of stagflation.

Global inflation has been revised due to surging food and energy prices as well as lingering supply-demand imbalances and is anticipated to reach 6.6% in advanced economies and 9.5% in emerging markets and developing economies this year (WEO, July'22) —upward revisions of 0.9 and 0.8 percentage point, respectively.

Worldwide economies witnessed weakening of their currencies against the US dollar as a result emerging market economies are facing challenge of capital outflows and reserve losses which are exacerbating risks to their growth and financial stability.

Indian Economy

Asia, excluding China, is seeing some bright spots and is likely to outperform global economies with the resilience shown by India's economic growth. Domestic economic activity is showing signs of widening. Monsoon and reservoir levels are above normal till now which augurs well for upcoming Rabi and Kharif sowing season. As per the Reserve Bank of India's (RBI) recent statement, indicators such as production of consumer durables, domestic air passenger traffic and sale of passenger vehicles suggest improvement in urban demand. With Investment activity picking up, the production of capital goods recorded double-digit growth for the second month in

a row in May 2022 and import of capital goods also witnessed robust growth in June 2022. PMI manufacturing rose to an 8-month high in July. PMI services indicated continued expansion in July, although it fell from an over 11-year high of June. Capacity utilisation in the manufacturing sector is now above its long run average, signalling the need for fresh investment activity in additional capacity creation.

At the same time, the domestic economy faces headwinds from global forces - protracted geopolitical tensions; rising global financial market volatility; tightening global financial conditions; and global recession risks.

June 2022 was the sixth consecutive month when headline CPI inflation remained at or above the RBI's upper tolerance level of 6%.

Taking all these factors into consideration, the real GDP growth projection for 2022-23 is retained at 7.2%, a stepdown from 2021 but still higher than most of the world economies.

Global Pharmaceutical Sector

The Healthcare industry globally stepped up to help overcome the challenges from the pandemic with it fast-track vaccination rollout. This event was a lesson in preparedness for unprecedented circumstances, a pharmaceutical industry catchphrase, one that is becoming pronounced.

The global pharmaceutical market grew by 9.1% and stood at USD 1587.05 Billion in 2022 and is expected to show a robust growth of 7.7% CAGR and reach USD 2135.18 Billion in 2026.

Businesses are spending more money on R&D to discover novel treatments for new diseases as well as enhance and create efficient solutions for existing ailments. The rising number of the geriatric population due to increase in life expectancy, higher sedentary lifestyle, early diagnosis has led to rise in chronic diseases, thereby increasing the demand and dependency on various medicines.

The Pharmaceutical industry can be broadly divided into Active Pharmaceutical Ingredient (APIs) – as the name suggests, is the key ingredient in a drug and is responsible for the beneficial health effects. Other is Formulations wherein API is mixed with other intermediates to make the final medicinal product.

- APIs

As per the Fortune Business Insights - The global active pharmaceutical ingredient (API) market size was USD 159.35 billion in 2020. The market is projected to grow from USD 174.17 billion in 2021 to USD 272.44 billion in 2028 at a CAGR of 6.6% in the 2021-2028 period.

APIs or bulk drugs are a volume-driven business and requires huge capital. Building scale is necessary for businesses to achieve economies of scale, gain market share based on cost competitiveness which in return act as an entry barrier for newcomers.

- Formulations

In Grand View research's opinion - The global pharmaceutical manufacturing market size was valued at USD 405.52 billion in 2020 and is expected to grow at a CAGR of 11.34% from 2021 to 2028.

- Biologics

Biologic drugs contain components from living organisms such as humans, plants, animals, and microorganisms, and therefore making it different and more complex from traditional pharmaceuticals drugs. Biologics provide a targeted treatment approach, thereby making it a popular choice of treatment, pushing companies around the world to deep dive into the research and development of biologics and biosimilars (replica of biologics in terms of efficacy, dose size etc)

According to The Business Research company, the Global Biologics market is valued at US\$ 268.5 bn which is expected to grow at a CAGR of 12% to US\$ 420.5 bn by 2025.

- The Pharmaceutical industry can also be categorised according to therapies like – Cardiology, Dermatology, Respiratory, Oncology, Neurology etc

- Oncology Market

Cancer as we know it by, is the cause for the third-highest number of deaths in the world after cardiovascular and infectious diseases. Among all the therapies, Oncology or the study of cancer constituted 25 percent of pharmaceutical industry revenue in 2020. It is not wrong to say that "In pharma, Cancer is king". As per Global Oncology Pharmaceuticals Market 2021-2026 - The global market for oncology pharmaceuticals should grow from \$177.4 billion in 2021 to \$313.7 billion by 2026, at a compound annual growth rate (CAGR) of 12.1% for the period of 2021-2026.



With availability of advance medicine, cancer is seeing early diagnosis, which is the key differentiator in the overall treatment of the disease, given that cancer often has the ability to spread fast throughout the body. Cost of cancer drugs are still a dampener - within the medicines already available in the market, most of these are not affordable for the masses and keeps the disease untreated in a large fraction of people.

Governments have been involved in the "war on cancer" and moreover for affordable treatment options, thereby encouraging the rise of generic drugs to cut the burden on taxpayers.

Innovation in oncology segment - According to IQVIA, oncology trials accounted for 13% of the industry's clinical trial subjects in 2021 (a 15% increase over 2020).

As the collective knowledge of various diseases like cancer, diabetics and other chronic ailments is increasing globally, scientists are involved and investing in novel drug delivery system to increase the efficacy of the drugs by targeting the desired areas.

- Drug Delivery Systems - Globally, various companies are working on new and innovative modes of drug delivery systems to make it convenient and efficient for patients. The delivery system has become more targeted (cell targeted, tissue targeted, controlled release etc) making it more efficient, easy to use, less frequent dosage. The next generation of medicines are beyond orals, ointments, vaccines. Inhalers are one such example of evolved drug delivery system. New-age technologies includes implantable devices, pen injectors, novel patches, nanotech among others.

Indian Pharmaceutical Industry

Like the Indian software sector, the Indian pharmaceutical business is widely known for its significant contribution to the generics market on a global scale. Indian Pharma has become a synonym for low-cost, high-quality medicines. In fact, India has the highest number of United States Food and Drug Administration (USFDA)-compliant Pharma plants outside of

USA. The Indian pharmaceutical industry is the world's 3rd largest by volume and 14th largest in terms of value. It has consistently produced a trade surplus, boosting the health of the entire economy.

The industry has closely and tirelessly worked during on the trying times of the pandemic in ensuring faster development and manufacturing of medicines and vaccines. The inoculation program by the government of India is one of largest mass programs across the globe despite an initial slow along with issues in logistics and supply bottlenecks in the initial phase. So far, India has administered 2.04bn doses overall covering 94% of the eligible population by at least one shot.

According to IBEF, domestic pharmaceutical market stood at US\$42 bn in 2021 and is likely to reach US\$65 bn by 2024 and further to US\$ 130bn by 2030, implying 13.4% CAGR over nine years.

The value-added output of the Indian pharmaceutical industry is anticipated to expand by more than 6% yearly in 2022 and 2023 because of the continuous deployment of Covid-19 vaccines, a recovery in non-Covid related medical treatments, and a boom in generic medication exports. After being recognised as the 'sunrise sector' in the Union Budget, the Pharma Industry is expected to grow threefold over the next decade.

Despite the fact, that most drugs still come in generic form, the epidemic has forced Indian drug companies to considerably increase their R&D spending. Due to a significant supply disruption in 2020, Indian pharmaceutical businesses intend to increase domestic production of Active Pharmaceutical

Ingredients (APIs) to reduce their reliance on Chinese imports.

Indian biotech market is gearing up and growing at a faster pace. It was valued at valued at US\$63 billion in 2019, is anticipated to grow at a CAGR of 19% to reach US\$ 150 billion by 2025.

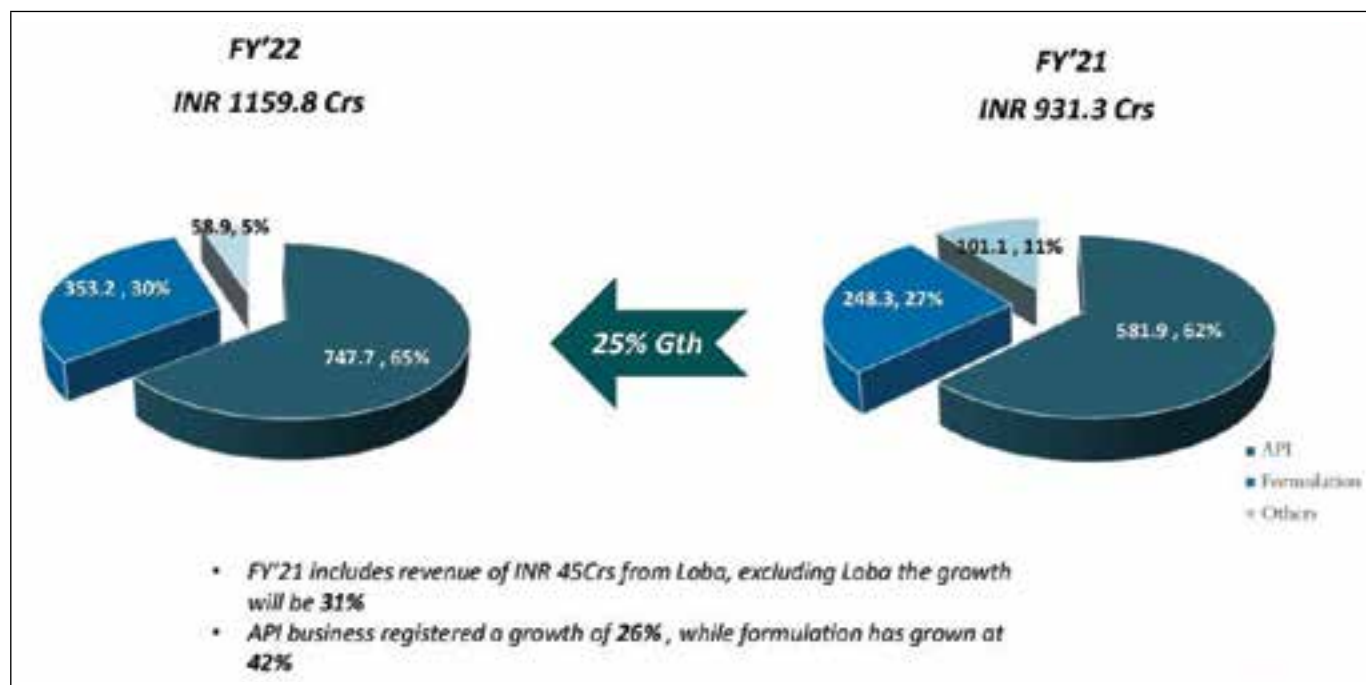
Company Overview

Shilpa Medicare Limited (SML) was incorporated in 1987 at Raichur, Karnataka. Listed on the BSE and NSE, SML is one of the leading API and formulations manufacturers with strong capabilities in the therapeutic area of oncology.

SML supplies more than 30 oncology APIs including key products such as Capecitabine, Gemcitabine Hydrochloride, Axitinib, Erlotinib Hydrochloride and Irinotecan Hydrochloride for various regulated markets including USA, Europe, Japan, South Korea, Russia, Mexico, Brazil, and other emerging markets. While SML's underlying expertise is in the field of oncology, it also derives its revenue from sale of non-oncology APIs, with key products being Ambroxol (Mucolytic agent) in Europe and Tranexmic Acid and Ursodeoxycholic acid in India.

SML has a strong R&D background including development, pathway engineering and characterization of biologics resulting in innovative products.

Shilpa Medicare realised the importance of affordable drugs and has tirelessly worked in the field for past 35 years and carved a niche for itself in Onco-API, while progressing in Onco-APIs and Formulations. The company has also made in-roads into Biologics for future growth.



A. Review of Financial Performance- consolidated

During the FY22, Operating revenue increased to INR 1,145.52 crores in FY22 from INR 901.13 crores in FY21, registering a growth of 27.1% .

Product-mix analysis of operating revenue is as follows:

(INR in crores)	FY22	FY21	Change
API	663.3	474.8	39.7%
Formulations	322.4	229.8	44.6%
CRAM	76.9	107.1	(28.1%)
Others	25.8	47.5	(45.7%)
Products	1,088.4	859.2	26.7%
License fee	57.1	41.9	36.3%
Services	57.1	41.9	36.3%
Total operating revenue	1,145.5	901.1	27.1%

Other income stood at INR 14.3 crores as against the previous year's INR 30.1 crores. As one of the subsidiary which generated other income of INR 15.92 crores has been disposed off.

Cost of raw materials (including the purchase of traded goods and changes in the stock of finished goods and work-in-progress) at INR 383.2 crores stood 35.2% of operating revenue from manufactured goods, compared to 31.5% during the previous year. Pricing pressures and escalation in the procurement cost has impacted the overall margins of the company.

Employee cost increased by 12.4% to INR 264.5 crores in FY22 from INR 235.3 crores in FY21 is driven by increments, new hiring and commercial operations of plant based in Dabaspeta Karnataka

Finance costs went up 88.2% to INR 41.17 crores from INR 21.87 crores

Depreciation and amortization amounted to INR 79.81 crores in FY22. It is 47.8% higher than INR 53.98 crores for the previous year is majorly due to start of commercial operations of plants based in Dabaspeta, Karnataka.

Other expenses for FY22 are INR 293.96 crores compared to INR 213.44 crores for FY21. This 37.7% increase comes from the lines of Incremental cost to meet US FDA requirements, Commercialisation of Dabaspeta plant, increase in operational cost.

Key ratios*

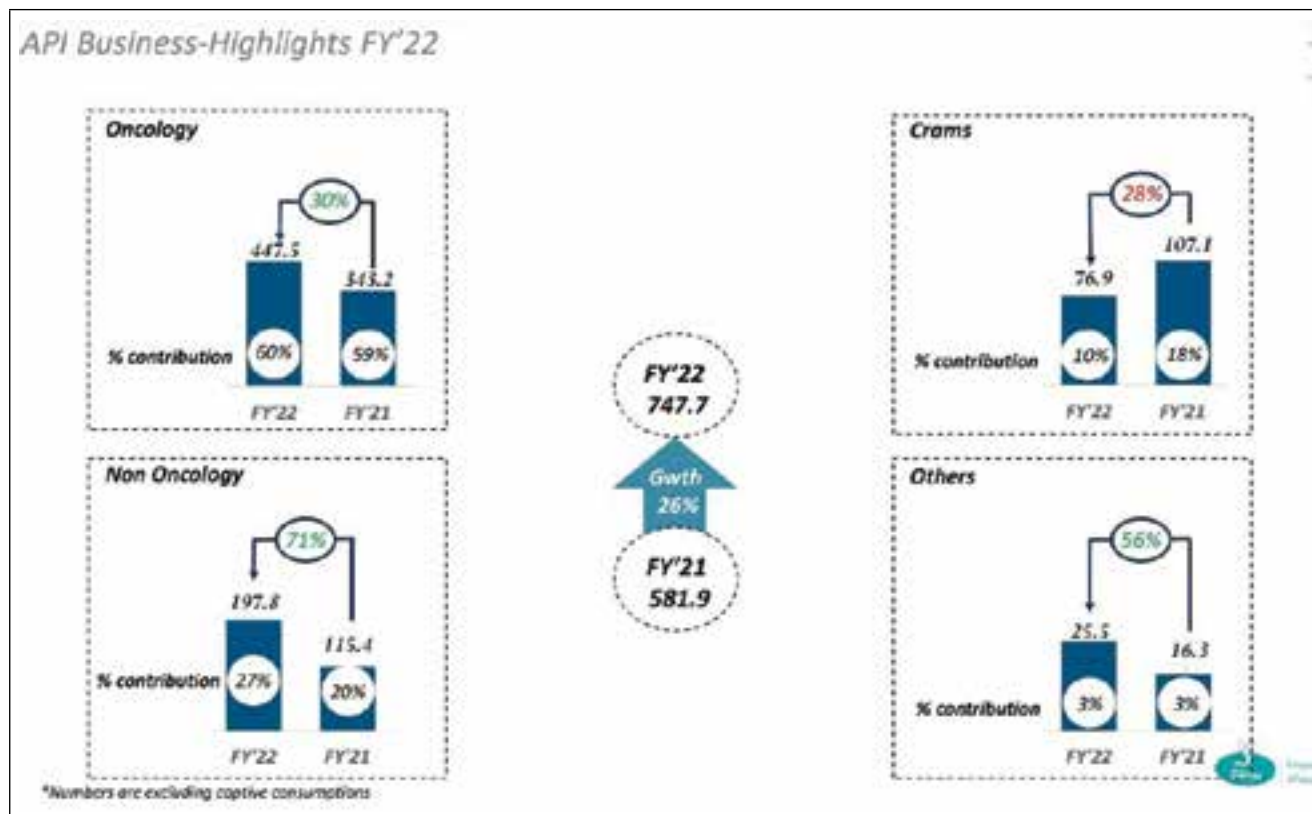
Sr No	Particulars	31st March 2022	31st March 2021
1	Current Ratio (in times)	1.45	1.50
2	Debt Equity Ratio (in times)	0.38	0.58
3	Debt service coverage ratio	1.03	1.98
4	Inventory turnover ratio (in times)	1.14	1.00
5	Return on networth (in %)	3.70%	10.48%
6	Trade receivable turnover	3.79	3.88
7	Net Profit ratio (in %)	5.29%	16.22%
8	Operating profit margin (EBITDA %)	18.80%	22.74%

*all numbers based on consolidated financials

(A) APIs

Shilpa Medicare has two state-of-the-art API manufacturing facilities at Raichur in India supported by a strong R&D, IPM, regulatory functions and quality control. The facilities are cGMP Compliant and approved by several national and international regulatory bodies like USFDA, EU, Cofepris- Mexico, PMDA-Japan, Korean FDA, TPD Canada & TGA-Australia. It has 30+ onco and 15+ non-onco APIs. The company is making continuous efforts on process optimization and efficiency improvement

During FY22, API revenues were INR 748 crores, a growth of 26%. 60% of the Company's API business comes from the oncology segment.



The company has filed 13 products worldwide during the year, taking the total number to 202 DMF filings.

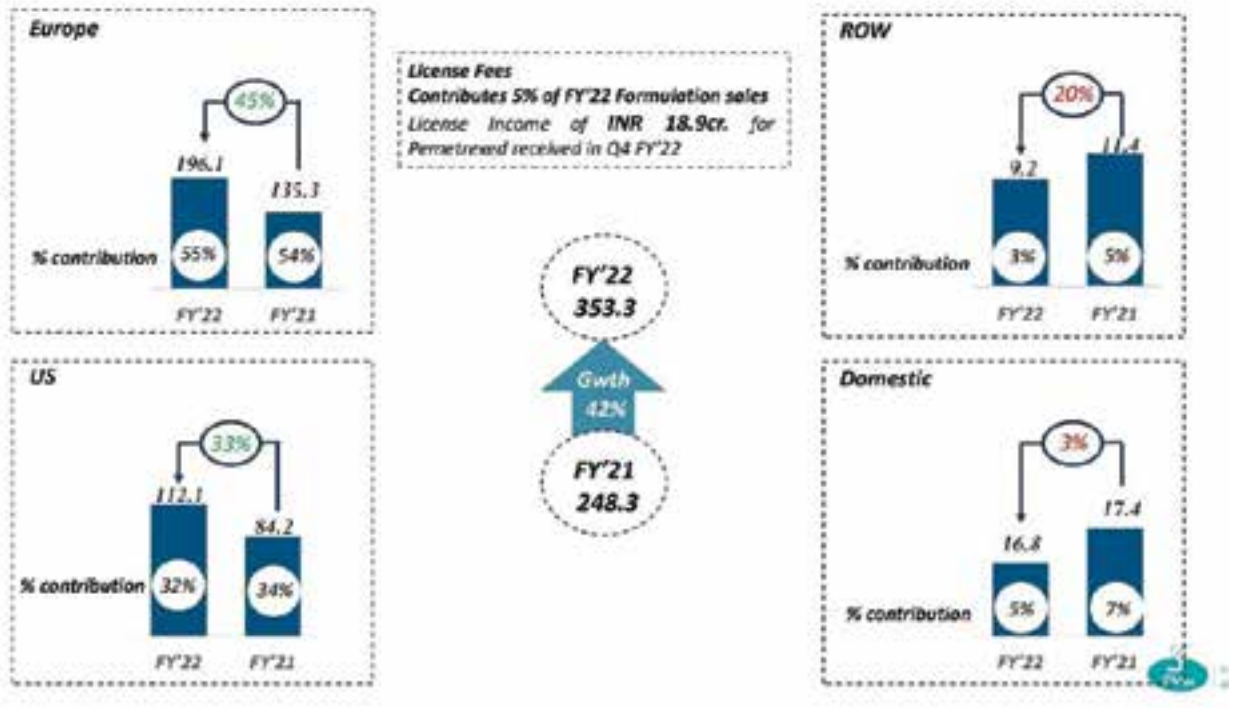
The board has decided to transfer the APIs business into a separate subsidiary. This will provide focused approach resulting in better operating efficiency with fund raising opportunity in the segregated business either from strategic investors through private placement or from investors at large through public issue.

(B) Formulations

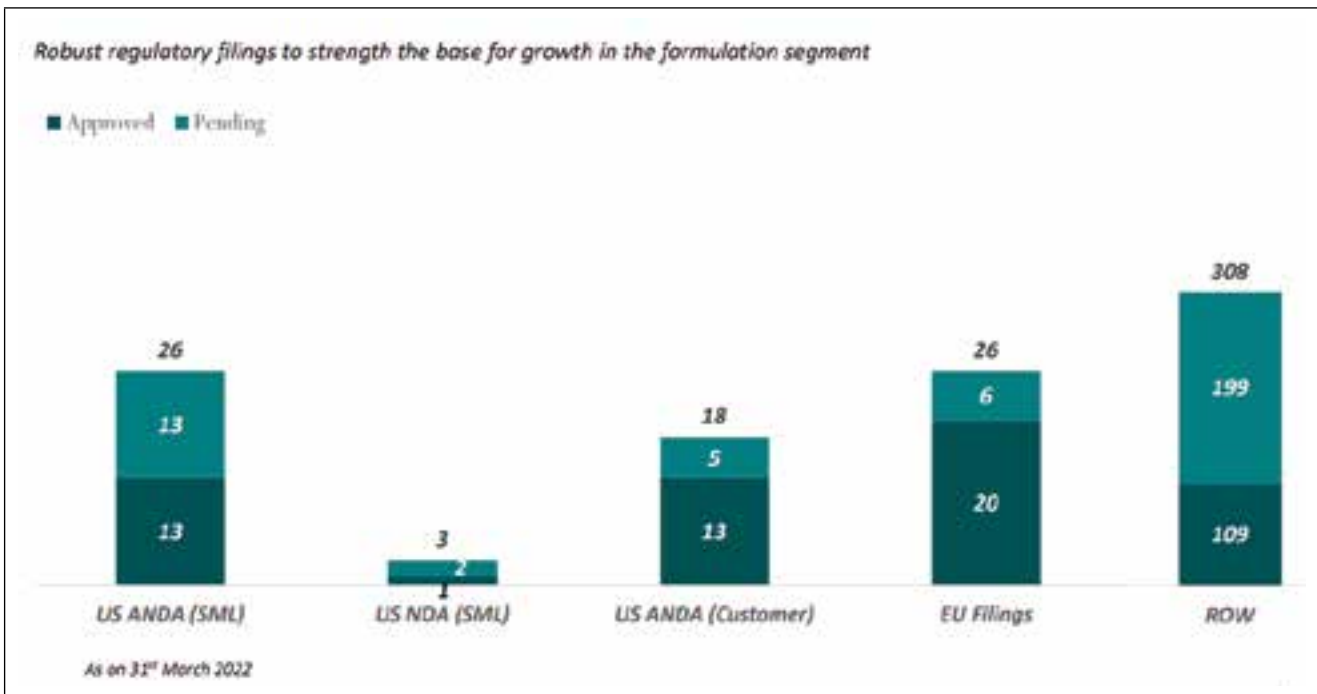
Shilpa Medicare has vertically integrated the formulations segment. It manufactures Injectable Dosage Forms, Oral Solid Dosage Forms, Oral Disintegrating Films and various prescription and OTX products for the overseas and Indian markets. The Company has three formulation manufacturing units located in Jadcherla and Hyderabad in Telangana and Bangalore in Karnataka. The manufacturing facilities have the flexibility to operate for a wide range of batch of sizes and in various dosage forms.

In FY22, formulations segment contributed INR 353 crores, a growth of 42%. Formulations constitutes 30% of overall revenues.

Formulation Business-Highlights FY'22



During FY22, we have filed xx products worldwide



SML entered the Indian Pharmaceutical Market (IPM) in November 2020 with a range of brands introduced in Gastrointestinal, Vitamins, Mineral, Nutrients, Gynaecology, Orthopaedics, Urology, Paediatrics segment etc. The aim is to provide unique ODF technology is that it is advantages to patients/ consumers with an ease of administration and better patient-compliance experience. The Company has started its product promotion through a structured field force in major cities of India. First product is expected to launch in India by Q3/Q4 FY23 and the momentum is likely to continue from there onwards. The Company also has strategic tie-ups for the international market which are expected to fructify from current year onwards, with a focus on capturing low hanging fruits first and exploring additional vaccine / MABs manufacturing tie-ups.

The Company additionally has two products in human clinicals & one in animal clinicals.

Furthermore, SML has a strong portfolio of NDDS/value added product pipeline. The Company is constantly targeting sales of complex products in key regulated/RoW markets with the help of strong strategic partnership model to enhance reach.

Patent Cliff off - The Indian pharmaceutical industry is being supported by a huge patent opportunity as drugs worth US\$ 240 bn are facing patent expiry during 2022-2030.

Import Alert – Our formulation facility at Jadcherla is under import alert from USFDA since Feb'21 however major remediation towards USFDA import alert complete and MCAP (compliance plan) has been submitted to FDA. Nevertheless, the company can de-risk the loss of US business with revenues from Europe and has posted overall growth in the segment. It also continues to supply three exempted products - Azacitidine for Injection, Cyclophosphamide Capsules and Erlotinib Tablets, in addition to site transfers of other products as a hedging strategy to de-risk against single site operations. The Company is committed to follow all the regulatory compliance and are in consistent endeavour to clear the import alert.

(C) Biologics

Biologics' share in total prescription is growing at break-neck speed. It now accounts for 37% of the total prescriptions in US signifying the importance of biologics in the overall pie. Biologics have proved effective in oncology and have become a 'go-to-therapy'.

This makes Biologics a strategic growth lever for SML, and the Company continues to make investments in the subsidiary – Shilpa Biologics Pvt Ltd. (SBPL)

The Company entered in CDMO agreements which have started contributing to top-line from last year.

SBPL, has received a NOC from RCGM, Dept of Biotechnology to approach the DCGI to conduct Clinical studies for its Biosimilar Aflibercept. The product is a biosimilar version of EYLEA® of Regeneron Pharmaceuticals Inc, USA. Currently, there is no other biosimilar version in the Indian market. This medication is used to treat wet macular degeneration and metastatic colorectal cancer.

In addition, the company has six biosimilars in limited competition space and one NBE under pipeline with significant cost advantage.

Key Product Highlights

- o Adalimumab CT progress is in progress and approval likely by Q2/Q3 FY'23
- o Albumin CT likely to be commenced by Q2 FY'23

(D) Others

Transdermal Patches and Orally Dissolving Films (ODFs)

Transdermal Patches

For more effective and easy administration of drug doses, the global healthcare sector is fast adopting transdermal dosage forms and oral thin films. A transdermal patch is a medicated adhesive patch adhered to the skin. It delivers the required dose of medicine over a scheduled period into the bloodstream through the skin.

As reported in the "Transdermal Skin Patches Market Research", the global market for transdermal patches was estimated at USD 6.36 billion in 2021, USD 7.38 billion in 2022, and is projected to grow at a CAGR of 16.22% to reach USD 15.68 billion by 2027.

Oral Dissolving Films

Oral thin films or orally dissolving films (ODFs) provide quick release of an active pharmaceutical ingredient (API) when placed on the tongue. These dosage forms are placed on a patient's tongue or any oral mucosal tissue. When wet by saliva, the film rapidly hydrates and adheres onto the site of application.

In FY22, the Company commissioned a combo line for ODF/TDS. The capability includes two dedicated lines for ODF formulations at Hyderabad facility to cater Domestic and ROW market and state-of-the-art manufacturing facility to develop and manufacture novel tech-based products at Bengaluru facility for global markets.

Peptides and Polymers

To continue with the objective of investing in niche therapies, SML has diversified into peptide & polymer products with a view to significantly strengthen the pipeline of products in the future.

Peptides

- o Dedicated non-oncology facility for peptides has been commissioned.
- o A dedicated R & D Facility has been operationalized.
- o Introduction of new technology, automated microwave synthesizer has enhanced productivity by 30% as against the conventional method.
- o Six products under various stages of development

Polymers

- o A new dedicated R&D facility has been created.
- o New GMP facility created for small volume developments.
- o First ever Anionic polymerization process established.

CDMO

To leverage the Company's manufacturing capabilities and sector expertise, SML has entered the CDMO space, a promising growth opportunity. Loss of exclusivity poses an opportunity for CDMO players as big pharmas look for cost effective options.

The Company has a vision to serve the Innovator and Generic customers from early development to cGMP manufacturing support, mainly to support new chemical entities development and cGMP supplies for clinical and commercial applications.

SML's HPAPI facility is world-class with one of the best developments and manufacturing capability for highly potent and such other niche molecules.

The Company has successfully completed two CDMO project milestones for Taiwan & US based clients in the 1st year itself

Outlook

Over the next 3 years, the management aspires to establish SML as a global CDMO brand for:

- o Integrated, one stop CMC solutions for preclinical, clinical and commercial outsourcing services of both Drug Substance and Drug Product for Small Molecules and Biologicals.
- o Complex API and high potent API solutions to Innovator Pharma and Biotech companies.
- o Specialized Chemistry one-stop solutions from development to cGMP supplies for Solid Phase Peptide Synthesis, Polymers, Flow Chemistry.
- o Integrated and standalone services to ADC and Pegylation customers for Chemistry (payload, linker, Bio-conjugation), Biology and Formulations.
- o Standalone Formulation solutions to Innovators and Generic Pharma in Novel therapeutics, 505(b)2, NDDS, Complex injectable, OSD, Transdermal and oral suspension areas.
- o Integrated, end to end solutions to Biologics Customers in Biosimilars, Novel Biologics, Vaccines, Gene and Cell therapies areas.

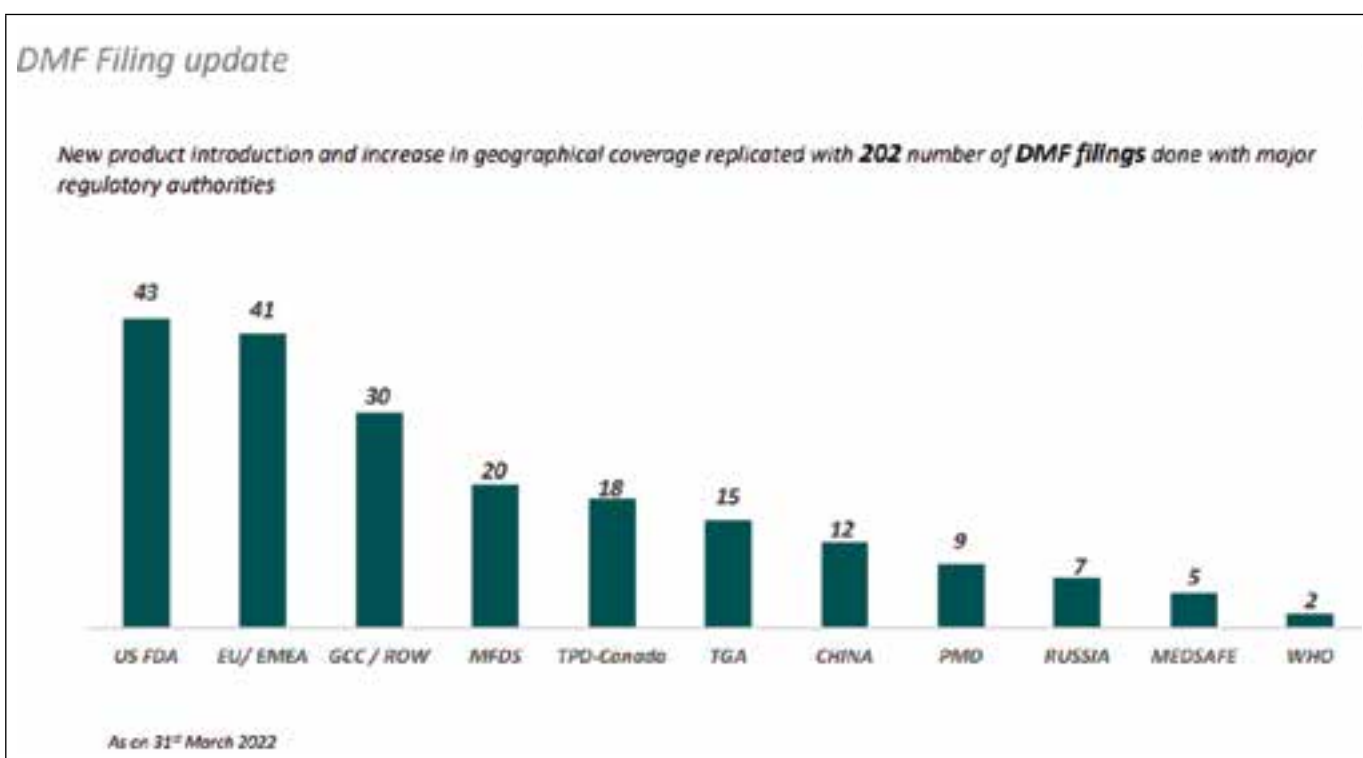
Research and Development (R&D)

In last 35 years, SML's sole purpose has been providing quality drugs at affordable prices. This has been possible only with constant focus and investments on research and development which is a backbone of the Company's operations. SML's foray into Peptides, Polymers, CDMO, in addition to a robust pipeline of complex products in both APIs and Formulations has been the result of the Company's consistent efforts towards research.

The Company has three R&D facilities catering to each of its segments – API, Formulations and Biologics

API R&D

The R&D centre in Raichur has shown good progress in terms of new projects undertaken for development and the projects which were successfully transferred to plant.

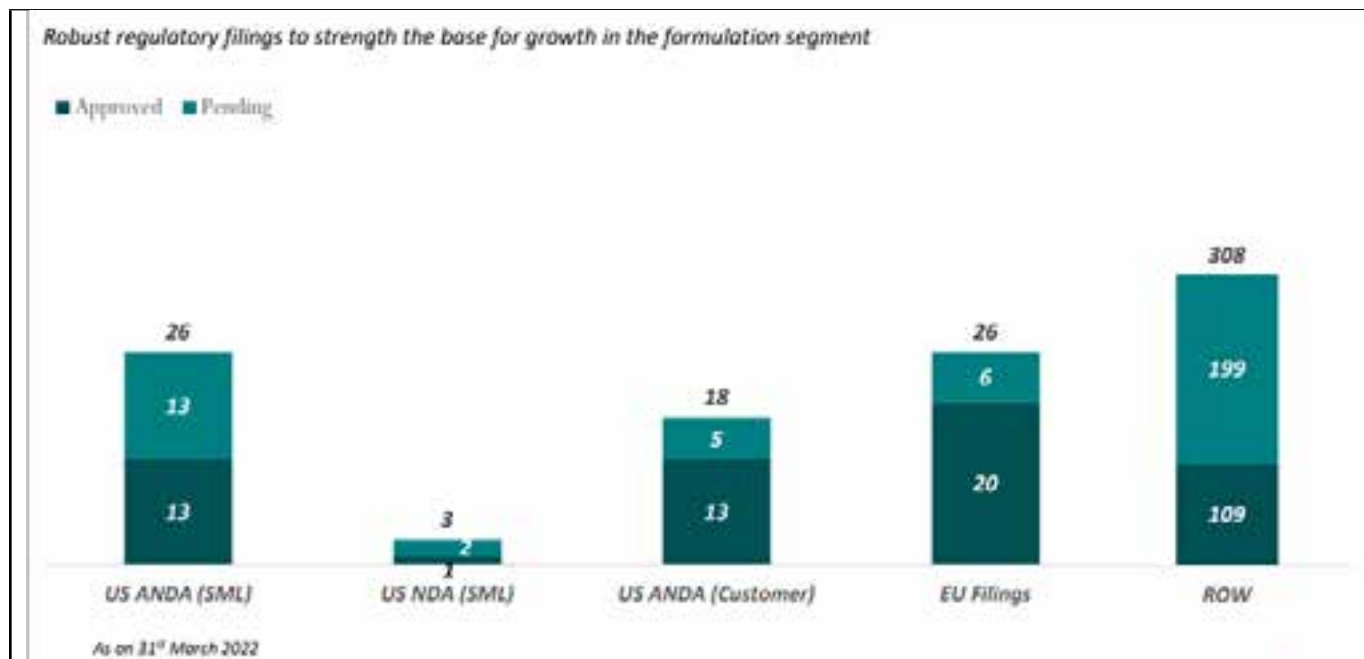


Formulations R&D

The Company has commissioned the state-of-art centralized Finished Dosages R&D Centre at Dabaspeta near Bangalore. The R&D Centre is involved in development of Oncology and Non- Oncology Injectable formulations and oral formulations. R&D also develops Transdermal patch and topical preparations, Ophthalmic formulations and Orally Disintegrating Film formulation. The R&D Centre is well equipped for development of novel formulations, Generics, Complex Generics, and value-added dosage forms involving Nano and Micro technologies like Liposomes, nano particles and specialty products. On the Analytical front, R&D is equipped with state-of-the art instruments to evaluate all kinds of dosage forms. The Facility can carry out analytical method validations for both in - house & customer products. Analytical R&D has capabilities of characterization of API, impurities, excipients and packing components. The new Research and Development Centre is a one-stop for customers looking for Product Development and can cater to the analytical method development for finished product, analytical method validation, stability

studies, characterization of impurities, evaluating extractable & leachable for packing components. Process Development Lab meets the cGMP requirement for manufacture scale-up batches to optimize the process variables and to manufacture of clinical batches is in place and ready for execution.

New Research and Development Centre can act as CRO for non-Onco products along with analytical support and for CRAMS for Oncology portfolio of customers.



Biologics R&D

At the Company's biologics unit in Dharwad, Karnataka SML is pursuing an aggressive IP strategy for Biosimilar and NBE assets. Six of the top 15 Biologics products are in the pipeline.

The Biologics R&D infrastructure includes clone and bioassay development platforms, high throughput multi parallel fermentation units, conventional and continuous chromatography units, high end/high throughput analytical platform, and formulation development engine.

Preferential issue of equity shares

In November 2021, seven investors infused INR 297.51 crores against the preferential issue of 52.75 lakh equity shares of the Company at a price of Rs.546 per share. This equity infusion would enable the company to pursue opportunities in biosimilars and the new biological entity space. It would also help the company to improve its leverage ratio.

Business reorganisation

With the approval of shareholders, the company has been taking necessary steps to transfer the Active Pharmaceutical Ingredient ("API") business undertaking to Shilpa Pharma Lifesciences Limited (SPL), a wholly-owned subsidiary of the Company as a going concern on a slump sale basis. SPL has initiated the IPO process to unlock the value of the API business.

Outlook for FY23 and beyond

In March 2022, India Ratings and Research Private Limited (Ind-Ra) affirmed the Long-Term Issuer Rating at 'IND A+' (Stable).

Internal control systems and their adequacy

The Company has implemented various internal control systems to have the reliability of financial reporting, timely feedback on the operations and compliance with laws and regulations. SAP has been set up for better financial reporting and to have proper checks to plug loopholes in financial leakages. Apart from the implementation of various monitoring software systems, several other information and control systems have been implemented to have proper checking and reporting at the production, materials and marketing departments.

The Company has internal audits on regular basis to check the proper working of the internal controls and their effectiveness. Internal Auditors as part of their regular checking of internal control systems, also identify the risks to plug. Periodically the controls will be evaluated and improved to make systems more effective and efficient.

HUMAN RESOURCES/ INDUSTRIAL RELATIONS Human resource plays a vital role in the growth and success of an organization. The Company has maintained cordial and harmonious relations with employees across various locations. The Company currently 2731 has Permanent employees. During the year under review, various training and development workshops were conducted to improve the competency level of employees to improve the operational performance of individuals. The Company has built a competent team to handle challenging assignments. During the year under review, the Company has maintained cordial and harmonious industrial relations.

Opportunities, risks, concerns and threats

It is assumed that the COVID-19 would altogether change the conventional business models forcing the companies to work on new dynamics. The Government's recent decision to promote domestic manufacturing of critical APIs and Key Starting Materials shall be good potential for the growth of the pharmaceutical industry. The increased domestic supply shall also help greatly in stabilizing the API prices. The Government has been working to revise the National List of Essential Medicines hoping that it would result in a better quality of medical care, better management of medicines and cost-effective use of healthcare resources.

Apart from the general business risks and industry-related risks, there would be several other risks such as foreign exchange fluctuations, regulatory policy changes etc. As and when the risk is identified the same will be reviewed at the concerned department level to take necessary steps or will be brought to the notice of management to address the issue.

DIRECTORS REPORT

To
The Members,

Your Directors have pleasure in presenting their Report on the business and operations of the Company along with the Standalone and Consolidated Audited Financial Statements for the year ended March 31, 2022.

Financial Summary

(All figures are in Rupees in Lakhs)

Particulars	FINANCIAL YEAR 2021-22		FINANCIAL YEAR 2020-21	
	Standalone	Consolidated	Standalone	Consolidated
Operating revenue	35695.18	114552.28	25705.05	90113.01
Other Income (Including Exceptional Item)	4086.20	1424.55	3224.58	3014.16
Profit before Interest, Depreciation, Tax and after exceptional Items from continuing operations	6254.82	22689.21	6561.67	27263.31
Interest	905.36	4116.52	607.42	2186.87
Depreciation	3481.77	7980.19	2228.06	5397.67
Net profit before tax	2748.59	10226.49	9020.99	19505.19
Provision for taxes				
a. current tax	480.23	3404.31	1577.95	4523.00
b. Deferred Tax (Net of MAT Credit)	252.52	763.96	933.69	361.83
Profit after tax from continuing operations	2015.84	6058.22	6509.35	14793.94
Discontinued operations :	-	-	-	-
• Profit/ (loss) before tax from discontinued operation	16540.71	-	16532.88	-
• Tax expense/(credit) of discontinued operation	4457.74	-	4603.07	-
Profit/(Loss) after tax from discontinued Operations	12082.97	-	11929.81	-
Profit for the year	14098.81	6058.22	18439.17	14620.37
Share of profit/(Loss) in Associates/ Joint Ventures	-	(366.03)	-	(173.58)
Share of profit/(Loss) in Non-Controlling interest	-	(8.02)	-	(157.67)
Other comprehensive incomes (expenses)	41.09	(136.33)	46.70	27.07
Total Comprehensive Income	13980.29	5929.92	18440.97	14805.11

REVIEW OF OPERATIONS:

STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS:

The Standalone and Consolidated Financial Statements of your Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

Further, a statement containing the salient features of the Financial Statements of our subsidiaries pursuant to subsection 3 of Section 129 of the Companies Act, 2013 in the prescribed form AOC-1 is appended as Annexure to the Board's Report. The Statement also provides the details of performance and financial position of each of the subsidiaries.

During the year under review, the Company reported standalone operating revenues of ₹ 35695.18 Lakhs as against ₹ 25705.05 Lakhs and Total Comprehensive Income of ₹ 13980.29 Lakhs as against ₹ 18440.96 Lakhs in the previous year,

whereas consolidated gross revenues of ₹ 114552.28 Lakhs as against ₹ 90113.01 Lakhs and Total Comprehensive Income of ₹ 5929.92 Lakhs as against ₹ 14805.10 Lakhs in the previous year.

The Company registered a growth of over 40.62 % on standalone basis and 24.53% on Consolidated in gross income and registered decline in profit by 23.53% on Standalone basis and decline of -58.56% at consolidated bases respectively over the previous year.

SHILPA MEDICARE API FACILITIES

Shilpa Medicare has two world class State-of-art API manufacturing facilities at Raichur, supported by strong & efficient team of R&D, IPM, Production, Engineering, Quality Control, Quality Assurance & regulatory functions with other supportive functions & well administered Human Resource management. The facilities are cGMP Complaint & approved by many national & international regulatory bodies like USFDA, EU, Cofepris- Mexican, PMDA-Japan, Korean FDA, TPD Canada & TGA-Australia.

The company is having about 19 API's & intermediate manufacturing blocks with segregation of Oncology and Non-Oncology manufacturing facilities. Oncology products are manufactured & handled with highly précised isolators & taking care of people & environment. Blocks designed to handle small scale, medium scale & high-volume scale to handle different levels of Batch size like 500 gm to 350 kg.

The manufacturing facilities are certified by different bodies for management systems of Quality, Safety, Environment & Health like ISO 9001-2015 for Quality system, ISO 14001-2015 for Environment management system, OSHAS 18001-2007 for Occupational Health & Safety system & R&D is certified by DSIR, Govt. of India.

Shilpa is first company to invest India on containment technologies for the manufacturing of oncology drug substances in contained environment & also latest technologies like Bipolar system from Japan to ensure the manufacturing process are sustainable with less consumption of natural resources & safe operations. These types of innovative Technologies provide us the sustainable process which are validated & commercialized. This strength provides us the tremendous opportunities to enhance competitive to improve our positions in the market place & also to find the New market.

The company being environmentally conscious all the waste is treated in its ZERO discharge handling facility with all down line supported systems like Stripper, MEE, ATFD, Ficco Facco followed by Biological & RO systems to treat the waste & make it re-usable in applicable places. Company also planning to use organic waste to use as fuel in furnace where inorganic metals are recovered.

The company has positioned fractional distillation columns, where solvents from products which requires to purify & separate to get pure material which can be re used, with this all solvents are recycled.

Company is also investing on membrane technology where solvent recoveries are done without using natural resource.

The company given high level safety importance & designed to train all the employees involved to make them aware about the risk involved, its consequences & mitigations required. All safety requirements of the facility are taken care in design where safety is built in system like Air handling units, rapture disc & safety vents, interlocks, alarms & firefighting systems.

Safety coordinators & safety squads are trained by expert to help industry in case of any issue & also neighbors.

The facility is designed to provide complete utility services & purified water systems. All utilities are designed to provide to support required to manufacture without any interruption. Well-designed coolers are used to support the systems like Process cooling & HVAC and also compressed air & nitrogen facility.

All utility system performance is tracked & ensured that it is working at optimum level.

Facility is having quality control unit with a capability of method development, method validation & testing of RM, IM & Finished products with all 21 CFR Part11 compliance sophisticated instruments like LCMS, GCMS, ICPMS, XRPD, PSD analyzer, HPLC, GC and all other supportive instruments for testing products with well trained & qualified staff.

Shilpa started new analytical laboratories in Hyderabad to enhance analytical capability be segregating the functions to support regulatory & also Product development.

Shilpa taken up many expansions in last 1 Year, one of our Main & Regular Product called Tranexamic acid (Non-Oncology Product) Plant is modified & also expanded from 5.5 MT to 20.0 MT/month. currently it is supplying about 10.0 MT/m in market from this Block.

One of our another main non-Oncology Product called Ambroxol capacity expanded from 17.0MT -22.0 MT/month. other than this, Shilpa taken up debottlenecking of all the blocks & created double Bay/2 line in 2 manufacturing Onco Blocks which is helping to have multiple Products at a time with dedicated entry/exit. This increases block occupancy & productivity.

Shilpa proved its Capability & Capacity by selling 139 MT Ambroxol & 133 MT Tranexamic acid in FY 21-22 – which is the witness of the scale of Facility.

Shilpa started working for high volume block which about 30-40KL reactors with larger scale to lead few intermediates

which are required in scale & take out the outside dependency of INDIA.

Company has segregated 80% of the block to have 2 bay or to segregate chemical & carbo treatment section which can add efficiency & productivity

Shilpa commissioned its new R&D center for polymer & peptide, created separate wing for CDMO with its scientific head.

SHILPA MEDICARE –R&D (API)

Shilpa Medicare views its R&D capabilities as a vital component of its business strategy that will provide a sustainable, long-term competitive advantage. Shilpa Medicare is among the few Indian pharmaceutical companies in India to have started its research program in support of its global ambitions. The R&D environment reflects its commitment to be a leader in the Oncology generics space. Our generics business helps to reduce drug costs for individuals and governments by bringing generic drugs to market as early as possible, and making them available to as many patients as possible. We supply pharmaceutical ingredients to pharmaceutical companies, which contributes to our goal of providing affordable medicine.

We will continue to promote affordability in significant ways and work to expand our product offering of generics, focusing on increasing access to products with significant barriers to entry. We will continue to look for new opportunities to take generics to more patients, in collaboration with other companies.

Our research and development centre offers space for the development of generics meeting international development standards, including difficult to make complex API processes, such as those for Oncology/NON Oncology molecule.

The Shilpa Medicare R&D centre in Raichur has shown good progress in terms of new projects taken for development and the projects which were successfully transferred to plant. The Raichur API team has delivered more than 10 projects successfully and taken trial/validation at plant scale and taken up 20-25 new projects for process development of Onco/Non Onco molecule including intermediate/KSM synthesis to make more cost effective and without dependency of outsource.

For environmental protection, we have introduced bipolar membrane technique to remove the ionic impurities from the drug substance during purification/removal of resin treatment to save water to protection of environment.

For further strength of our business strategy to depend less on external customers for supply of starting material and make them in-house to further reduce the cost of existing API to make more cost effective technology. For important projects starting material synthesis in-house initiated and taken some trial at plant/lab scale & some are the under lab development/

process optimization.

FINISHED DOSAGE FORMULATION FACILITY

Shilpa Medicare Limited – Finished Dosage Formulation Facility is a state of the art manufacturing and testing facility, engaged in manufacturing and distribution of potent Oncology and adjunct therapy drugs-which includes liquid and lyophilized injectables in vials, sterile dry powder injectables in vials, oral solid dosage form (Tablets and hard gelatine capsules) into various regulated and rest of the world markets, including US and EU. The facility is designed for handling of potent Drug Products (including Oncology products or adjuvant therapies) in a fully contained manner. Facility is designed to handle potent molecules upto OEL 4 level of containment.

The facility is approved by various regulatory agencies including **EUGMP- AGES-Austria, ANVISA, PERU, Argentina, South Africa & MEXICO COFEPRIS.**

For USFDA, currently the facility is under Import Alert, however; USFDA has exempted three products from the Import Alert. Shilpa Medicare Unit 4 is distributing these three products (Azacitidine for Injection, Erlotinib Capsules and Cyclophosphamide Capsules), in the US market.

Supplies to Europe are going on uninterrupted!

This facility consists of Oral Solid Block with two commercial scale tablet manufacturing and one commercial scale capsule manufacturing line. There are two blister packing lines and one Bottle filling line.

Three separate Injectable blocks consist of commercial scale manufacturing lines for liquid, lyophilised and powder filled injections. Line 1 and 2 are approved by USFDA and 3rd Injectable combi-line is approved by Europe and rest of the world markets.

Fully automatic packaging lines are available for Injectables in vial presentation and for Oral solid dosage forms in bottles and blister presentations. The Injectable Packaging lines are designed for safe packaging for Onco Injectables.

Serialization (Track and Trace) is in place and implemented as per market requirement for commercial supplies.

Fully equipped Utility Block is equipped with water system (Pre-treatment and Post treatments for generation and distribution of Purified water/WFI/Pure steam), Chillers, Air compressors, Boilers, Diesel generators, HVAC etc.

All world class process equipment are provided with 21 CFR part 11 compliant SCADA systems.

Fully equipped and approved chemical testing Laboratories and Microbiology laboratory are operational with trained and qualified staff.

Commercial presence in various regulated, emerging markets

and domestic markets in injectable and oral solid dosage forms.

Contract Manufacturing

Shilpa Medicare Limited manufactures many products in several types of dosage forms such as tablets, capsules, liquid injection (Aseptically and terminally sterilized), Lyophilized Injectable, etc for various reputed pharmaceutical organisations across the world.

All products are manufactured under the same stringent quality standards for export to USA, EU, EM and Domestic market.

Future Expansions

8 Acre Land available for further expansion. Currently a greenfield project is partially erected for facility expansion of Injectables.

FORMULATION R&D

Research and Development team of Shilpa Medicare is committed in attaining the vision of Shilpa Medicare for affordable Health Care. Over the years R&D has played a vital and significant role in strengthening the company's competitive advantage in the global pharma sector. API Research and Development, activities of Shilpa Medicare Limited have delivered Oncology and Non-Oncology API's.

Over the years the Formulation Research & Development has emerged as an important player in delivering, generic equivalents in both oncology and non-oncology formulations (injectables and oral dosage forms).

Formulation Research Center was audited virtually by USFDA in year 2021 and concluded with no observations.

The Formulation Research & Development Team has developed products for the treatment of Androgenic Alopecia and Phase III clinical trials are on – going.

Developed a Novel Oral Disintegrating Films of Blood Thinning Agent. Also involved in development of nutritional supplements.

For the treatment of Intra – Ocular Pressure Ophthalmic formulation with reduced dose and enhanced efficacy, all the pre – clinical phase studies are completed, with approval for clinical phase III trails form Authorities.

Formulation Team has developed a novel injectable formulation for the treatment of Breast, Head & Neck, Prostrate & Lung Cancer reduced adverse events compared to the standard therapy. patches,

Scientist at Formulation Research have developed a Novel formulation for the controlling hemorrhage the product phase III clinical trails completed. The Product will be a boon to save life during accidental injuries.

Formulation Development Group has developed a Novel Injectable formulation for the treatment of Alcoholic Liver Disease and Product is being evaluated as part of Clinical Trails.

On Analytical front, the R&D is equipped with state of the art instruments to evaluate the all kinds of dosage forms. State of the Art infrastructure is built for Extractable & Leachable studies for relevant products. Facility is capable of carrying out analytical method validations for both in-house & customer products. Analytical R&D has capabilities of characterization of API, impurities, excipients and packing components.

Process Development Lab meeting the cGMP requirement for manufacture scale-up batches to optimize the process variables and to manufacture of clinical batches is commissioned in place and ready for execution. New Research and Development Centre is a can as CRO for Non-Onco products for dosage forms like injectables, solid orals, liquid orals, topical, & ophthalmic along with analytical method development and validation support and for CRAMS for Oncology portfolio, along with transdermal patches and oral disintegrating films/ strips of customers.

INTELLECTUAL PROPERTY MANAGEMENT

Shilpa's success depends on the Company's ability to secure patents, protect the proprietary information and operate without infringing on the others' intellectual property rights.

Shilpa Medicare Limited Intellectual Property Management (IPM) team is responsible for building Shilpa's global generic product pipeline and 505(b)2 NDA pipeline as well as creating, managing and protecting its high value patent estate. Shilpa has a dedicated IPM Team which provides stage wise IP-clearances during product/process development activities and also provides frequent updates and alerts on relevant IP (patent, trademark etc) to R&D scientists for products/process and suggests remedial measures to deal with IP issues. Shilpa IPM team is involved in product selection activity to ensure that right products are selected for development.

Shilpa's IPM team continues to build its future pipeline of complex products with an established robust portfolio selection process, providing early launch opportunities with intellectual property advantages.

Shilpa's strengths, across various molecules including oral, Injectable and complex differentiated products, biologics, lie in developing intellectual property in non-infringing processes and resolving complex chemistry challenges. The API Process development is focused for developing and transferring commercially viable, non-infringing and patentable novel API technologies. The development grid selection for API's is based on difficult-to-make API molecules and novel polymorphic forms of certain API's for creating value addition.

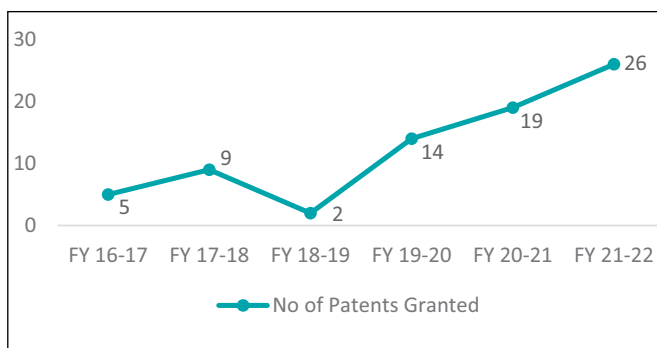
Shilpa's IPM Team is involved in patenting of new products,

processes, methods of use, drug delivery systems and medical devices in India, US, EU and other countries with significant market value.

Highlights FY 21-22:

- In FY 21-22, Shilpa has filed one ANDA with PIV certification, where brand company has not initiated litigation within the statutory stipulated timelines.
- In FY 21-22, Shilpa Pharma, Inc. a U.S operating company of Shilpa Medicare Limited (“Shilpa”) filed patent infringement lawsuit against Novartis Pharmaceutical Corporation in the United States District court for the district of Delaware seeking relief for the infringement of the US Patent No. 9,266,816 entitled “Fingolimod Polymorph and Their Processes”. Shilpa has invested significant time and effort to develop its own IP related to the drug Fingolimod. Shilpa is committed to enforce its IP in the U.S.

- Shilpa is committed to enhance our product profile by strengthening our intellectual property. Our patent portfolio is testament to our commitment. In FY 21-22, Shilpa and its group companies have filed 27 patent applications taking the cumulative total to 491 patent applications in India and other countries. Shilpa received grants for 26 patents during FY 21-22.



REGULATORY FILINGS SUMMARY

API

Particulars	Filed in FY 2021-22	Cumulative Filed	Cumulative Status	Planning to file in 2022-23	Remarks
US DMF	5 Numbers	45 Numbers	2 DMFs CA pending and other 43 DMFs were CA listed	Numbers	-
CEP-EDQM	4 Numbers	20 Numbers	16 CEP Approved 4 CEPs under review	4 Numbers	-
EDMF	4 Numbers	-	All procedures are under review	5 Numbers	-

Formulation

Particulars	Filed in FY 2021-22	Cumulative Filed	Cumulative Status	Planning to file in 2022-23	Remarks
US Submissions	3 New Submission	29 Submissions	11 - Final approvals 3 - Tentative approvals 15 -Under assessment	4 Submissions	- Pemetrexed Injection (Ready to Use) NDA site transfer completed. Approval expected in Nov 2022.

Shilpa Medicare Limited, Bangalore (Unit-III & Unit-IV)

Transdermal Patches and Oral Film Manufacturing Plant (Unit VI)

A transdermal patch is medicated adhesive patch that is placed on the skin to deliver a specific dose of medication through the skin and into the bloodstream. Transdermal patches have made their place in global market in past few decades as an alternative to conventional therapeutic for various disease indications. Transdermal patches are widely accepted among physicians and patients due to their non-invasive, pain free and easy administration. In recent years, the growth of transdermal patch market has increased and expected to increase significantly in coming years. Higher investments in research and development could be attributed to the success of transdermal patch market.

Similarly, the thin film drugs were recorded with high market acceptance due to its ease of application and high effectiveness. Moreover, developed economies such as the U.S. and countries in Europe recorded significant sale of thin film drugs. Thin film drugs achieve the desired therapeutic results. Therefore, they have gained attention in the market as a potential treatment option.

Looking to the market potential, facility is designed and build a state of art Manufacturing facility of Transdermal Patch and Oral Films at Dobaspet, Bangalore Rural District. The site is well connected to Bangalore Tumkur highway. This facility shall cater to Global Regulatory Market.

The lay outs confirming to cGMP requirements is finalized along with Utility, Administration and canteen building. The equipment's are designed to cater both Transdermal Patch and Oral Film Products. A space for future expansion is allocated for capacity increment.

Transdermal Patch and Oral Film Manufacturing Plant status highlights:

- Transdermal Patch and Oral Film Manufacturing Facility Qualification activities completed and execution of filing batches is in the process.
- We have completed execution of Exhibit/filing batches of Nine ODF products which includes strength wise 82 batches. Products are under stability and will be ready to file for different countries in coming months.
- We have files two products in regulated EU market viz. Betahistine ODF in UK-MHRA and Tadalafil ODF in EU. Now UK-MHRA is approved our facility.
- We have done scale up batches of Two TDS products which includes 8 strengths. These products are ready for manufacturing submission batches and are tentatively planned in April-June 23. Two more products are in development pipeline in 2022 which are close to scale up and few more products are initial development pipeline for Global market.

Shilpa Medicare Ltd, Biologics SBU

Background –

The past year witnessed turmoil in the global markets and biopharmaceuticals were not exempt from this turmoil, on account of Covid related disruptions in raw materials and logistics. Shilpa Biologicals Pvt Ltd too, has been affected by extended disruptions in the supply chain that continue to dog the pharma industry currently. While the company has tried to derisk itself from shortages/delays by significantly stocking up on raw materials and single use consumables, this has been a drag on the balance sheet. The disruption in the biopharmaceutical markets is expected to normalise by end of 2022, if there are no further major outbreaks.

The biosimilar programs remain on track and our first biosimilar product is expected to be commercialised in third quarter of FY2022-23, with India and countries in Asia being the first markets. Beyond this, we expect to commercialise a biosimilar every 6-8 months. The company is also entering into tie-ups with leading biopharmaceutical marketing companies in several geographies to ensure the widest possible reach for its products, while focusing on its core – technology development and manufacturing.

Biosimilar Aflibercept received the approval of RCGM for filing for clinical trials in the first quarter of FY2022-23. Clinical trials for the molecule are expected to commence in the coming quarters. This molecule, directed at age related macular degeneration and macular edema, is expected to be a major revenue driver for the company in the coming years.

FY2021-22 marked your company's first forays into contract development and manufacturing (CDMO) of vaccines and biologics – with tie-ups with DRL, Mylab-SII and Zydus Lifesciences - this has yielded mixed results thus far - the technology transfer and process validation batches being successfully completed, but projects delayed / stalled on account of the ongoing war in Ukraine and constantly changing business environment in vaccines. While this has led to delays in the revenues from the CDMO segment, our successes in the technology area has not gone un-noticed with new potential partners / customers approaching SBPL for its expertise in development and manufacturing of biologics. 2022-23 is expected to be a watershed year for the company in CDMO with 3-4 anchor partnerships bearing fruit. The CDMO market is expected to contribute meaningfully to SBPL's top and bottomline for atleast the next 3-4 years.

With the viral vector technology platforms used in the vaccines outlasting the pandemic, we expect to use similar technologies in our internal development programs in the near future and view this as a strategic investment for the long term.

Opportunity and drivers -

- a) Opportunity in regulated markets - Our single use manufacturing facility, coupled with very strong R&D backing in the area will help the company integrate vertically in biopharmaceuticals – conventional MABs as well as in cell/gene therapies. Your company expects strong international partnerships in biologics over the next 1-2 years, to drive the business in regulated markets with the development and manufacturing from our site in Belur.
- b) Opportunity in RoW markets – Your company is in the process of establishing partnerships with leading pharmaceutical players for biosimilars across different geographies. We believe this coming financial year should see at least 3-4 strategic partnerships being established. Apart from this, your company is targeting

co-development partnerships with global startups - which helps in expanding your company's footprint globally.

- c) Your company is has also received approval from the CDSCO to conduct Human Clinical Trials on its Recombinant Human Albumin (NavAlbumin) - designated as a New Biological Entity (NBE). This is expected to be major revenue driver from 2023-24 onwards - both, through direct sales and licensing opportunities for the company.

The same molecule is also being targeted at the excipient markets where test marketing of the molecule has commenced and expected to see fruition in 2022-23.

Recognising the potential of NavAlbumin as a "Pipeline in a Molecule", the asset has been hived off into a separate subsidiary of SML - Shilpa Biocare Pvt Ltd. Apart from the conduct of the clinical trials, the company is also now setting up a dedicated 165KL fermentation capacity (and associated downstream facility) for NavAlbumin at Kadachur, Karnataka. This world class facility, when commissioned will be amongst the largest globally and is also expected to go on stream in the 4th quarter of FY 2022-23 and designed to produce 15TPA of NavAlbumin, expandable to 30TPA at a later date. This is expected to contribute significantly to India's Albumin supply gap at competitive prices and as a safer alternative to the Plasma Albumin that is currently on the market. The company is also looking at global partnerships with the India facility serving as a blueprint to expand the Albumin production network across different geographies.

Shilpa Biologicals Pvt Ltd and Shilpa Biocare Pvt Ltd now have **11 biosimilars and one New Biological Entity** in their pipeline and is dominated by drugs catering to the autoimmune disorders, Ophthalmics and blood substitute segments, with 6 of the top 10 biologics in its pipeline. The remaining are niche, high margin opportunities catering to high unmet clinical needs.

Your company is forging ahead with clinical trials on 1 nos MAb, 1 nos fusion protein and 1 nos NBE, while 3 others are expected to complete preclinical studies. The combined market size of these three drugs today is about \$30 billion. 3 more are expected to be added in the next financial year to the Clinical trial pipeline, with market size of about \$17 billion.

We look forward to a challenging, but exciting year ahead!

Polymers Research and Technology (PR&T) Department

Polymer Research & Technology (PR&T) department was established in 2018 at Shilpa Medicare Limited. Based on recent trends in advanced polymer materials in the multidisciplinary fields, the PR&T department focused on polymers for pharma & biomedical applications and specialty polymers for electronics, coatings, automotive, and

petroleum products. Even though end-user applications differ for these polymers, polymer synthetic methodologies, required capabilities, skillsets & facilities are identical for these products. SML is considering the growth of excipients in the generic market, and the shortage of USFDA approved sites in specialty polymers to develop a cGMP process for polymer excipients, which currently exist in the market or pipelines are an excellent opportunity for SML. In addition, SML is working on the development of molecularly-customized stimulated excipients.

PR&T Department has the Head with more than 25 years of experience in the field of Polymer Science and also well-qualified scientists, including five personnel with PhD qualification and ten personnel with Master of Science qualification with industrial experience in respected areas.

PR&T department has the skills and capabilities to operate polymerization techniques at a g to kg scale. The facility has a high vacuum and schleck lines, gaseous monomers cryo-distillation set-ups, high purity inert gas lines and polymerization operating temperatures (-80 to 200°C) facility, dedicated solvent purification stations, catalyst preparation set-ups and storage facilities at different temperatures (-40, -20 & 2-8°C)

Based on the facility and skillset, and capabilities of SML, working for the custom synthesis, technology development projects, cGMP material supply and toll manufacturing.

SML offers well-defined polymer synthesis/ manufacturing projects using classical anionic, conventional and controlled radical (ATRP, RAFT and NMP), ring-opening, addition & condensation polymerization techniques, and polymer functionalization. Our Team has the skillset & capabilities to synthesize polymers with control of molecular weight, molecular weight distribution, composition and microstructure, branching, and chain-end functionality. In addition, our dedicated and skilled technical support experts meet the unique needs of the Client project with the highest quality in the shortest possible time.

SML developed various polymers for pharma and biomedical applications like polybutadiene, polyethylene oxide, and polycaprolactone-based block copolymers by anionic and ring-opening polymerization route. These block copolymers can form self-assembled morphologies and be used in drug delivery applications. And also, SML has the technology of the various molecular weights of linear polyethylenimine based homo and well-defined block copolymers, PLGA with various ratios of polylactide and polyglycolide (50:50, 75:25), Polymer Hydrogels, Poly [2-(N, N-dialkylamino)ethyl methacrylate] with narrow molecular weight distribution.

SML developed the novel process for the anionic hydroxyl-terminated polybutadiene (HTPB), the first indigenous technology. HTPB is an essential resin for high energy solid

propellants. In addition, SML established the in-house technology to manufacture the water-soluble polymers.

Peptide Department

The Peptide Research group, established in 2020 at Shilpa Medicare Limited, specializes in the long-term development of peptide-based drugs for chronic diseases. As an established manufacturer and supplier of key oncology APIs, SML can integrate peptide production, sales, research and development activities for long-term business goals. At present, SML has research and development facilities spread across 2400 square meters, a production area of 1000 square meters, and dedicated analytical capabilities. It plans to build a production base of 12000 square meters with quality system management as per GMP global standards to manufacture various types of peptides under the umbrella of Shilpa Medicare Limited.

The main products are high purity single molecular PEG series derivatives, polypeptide long acting drug side chain, and intermediates (Liraglutide, Semaglutide, Glucagon Hydrochloride, and Calcitonin salmon) and short peptide drugs disulfide bridge (-Desmopressin Acetate, Octreotide Acetate, Vasopressin). Further SML is aggressively working with innovative pharmaceutical companies to build a platform for research and development of polypeptide long-acting drugs, and is committed to building a systematic and diverse long-acting side chain library, establishing molecular blocks of polypeptide long-acting side chains, and providing various solutions for customers to develop polypeptide long-acting drugs. Our company adheres to the concept of "quality first, technology foremost", to provide global customers with the best products and the best service.

The current capabilities are as follows: Acetylation, formylation, acylation Amidation, Biotinylation, Branched peptides, Conjugation to polymers, Conjugation to proteins: BSA, KLH, Cyclization's, head to tail and side chain (lactam bridge, thioether), Methylation, alkylation, Multiple disulfide bond formation Phosphorylation and sulfation.

The peptide R&D team has human resources that are well-experienced and with the qualification of M.Sc.'s/M. Pharma. Further, the group is well-equipped manufacturing facility with the cGMP compliance for manufacturing generic peptides with combined medium to large-scale peptide production capabilities also include Multiple SPPS reactors, Microwave synthesizer, and preparative HPLC and Lyophilization equipment. Additionally, provides expertise in scaling complex peptides with multiple disulfide bridges or longer sequenced Peptides. At present, SML is ready with the manufacturing process of the Generic Peptides, for instance Desmopressin Acetate, Octreotide Acetate, Liraglutide and Leuprolide Acetate. Our future projections for the generic peptides based on the requirement under process development at our well-equipped R&D facility are Semaglutide, Teriparatide,

Vasopressin Acetate, Plecanatide etc. Fully equipped lab for Analytical support for in process and final API released.

Contract Development & Manufacturing Organization Services: Helping Manage Growing Demand

The rising preponderance of various diseases of different etiologies is a significant factor in the Contract Development and Manufacturing Organization (CDMO) market growth. The rise in cancer incidence is expected to drive the demand for oncology drugs, of which biologics also form a significant share. Furthermore, the rising number of cases of rare diseases is further expected to contribute to the growth of the CDMO market. Shilpa Medicare Limited CDMO is involved in the drug development process, starting from initial development to product manufacturing and providing end-to-end solutions to pharmaceutical and biopharmaceutical companies **in the field of across oncology API's, formulations, peptides, biological and polymer excipients.**

SML has state-of-the-art R&D, pilot scale and manufacturing facilities with CDMO capabilities and plans to help address the ever-evolving manufacturing needs of organizations in all these fields. Our goal is to help accelerate drug candidates to clinics as quickly and safely as possible. Our focus will be to establish solutions for streamlining the client supply chain, increasing manufacturing predictability and managing overall risk. Our line of products and services shall be specifically designed to provide the flexibility needed to deal with uncertainty at every stage of the process.

SML-API Division is one of India's leading oncology API manufacturers and supplies more than 30 oncology APIs, including key products in the portfolio. SML has non-oncology and intermediates production capability at the tonnage level. SML-CDMO team is committed to developing high-quality finished products and offering flexibility to serve multiple quantitative and qualitative customer needs. And ensure full compliance with health and environmental regulations. In addition to this, accelerate Client strategic goals with complete transparency. SML has a standardized workflow from lab to clinic to commercial supply and phases appropriate development methodology from early to late phase development.

SML R&D team has a workforce of more than 150 scientists with the qualification of PhD and MSc are working in the lab. State of the art research laboratory and pilot scale facility available to handle full spectrum of chemical reactions with different conditions from gram scale to kg to multi-metric ton. The following are the range of operations.

- High pressure reaction with Pd/Ru/Rd etc.,H2
- Cyanation
- Asymmetric synthesis

- Hydrogenation including asymmetric capabilities
- Cyclopropane Chemistry
- Indole Chemistry
- Nucleoside Chemistry
- Oxidation and reduction reactions
- Use of phase transfer catalyst

Facility including the fully integrated analytical support for in-process control and process safety lab. Expertise in chemo-enzymatic transformation. Dedicated purification teams are available at SML based on the volumes/quantity, like purification of impurities by prep HPLC and flash chromatography. Facilities have dedicated stability stations and a centralized microbiology lab.

Coming to **Flow Chemistry & Technology**, Sravathi's subsidiary of SML has unique 3D printed unique flow reactors designed based on the process. There are various reaction capabilities in the continuous flow process and highly exothermic reactions like nitration, oxidation-reduction, and fluorination.

CDMO Business Plan-US

The global Contract Development and Manufacturing Organization (CDMO) outsourcing market size is projected to reach ~USD 160 billion by 2028, from USD 80 billion in 2021, at a CAGR of 10% during 2022-2028 (MarketWatch report, 2022). Small molecule API development and manufacturing for novel chemical entities (NCEs) are expected to be the dominant segments in the CDMO market with a revenue share of ~50% in 2018. Large molecules, such as biologics, biosimilars, cell and gene therapies, are expected to witness the fastest growth over the next 5 years and the Global Biologics CDMO Market is estimated to increase from ~USD 10 billion (2020) to ~USD 19 billion by 2026, registering a CAGR of 10.9%. Among global markets, North America will maintain the lead due to the presence of some of the largest industry players, focus on innovative R&D into new treatments, increasing aging population, prevalence of chronic conditions emergence of new diseases (exemplified by the COVID-19 pandemic), as well as the relative abundance of funding from venture capital for undertaking the high-risk novel drug discovery research effort. High R&D costs, capacity and capability limitations and specialized expertise – all major constraints within pharma companies big and small - make CDMOs excellent external innovation partners to sponsors for expediting the drug manufacturing process while offering significant time, cost, and process efficiencies.

Shilpa Medicare Ltd. can expect rapid growth in the CDMO business due to its high-quality workforce, cost advantage in research and development (R&D) and manufacturing, and expertise across a range of industry verticals. In particular,

SML's capabilities in drug substance (small molecule and large molecule API) development and manufacturing, and finished drug product development and manufacturing, as well as therapeutic peptides, polymer science and performance materials, makes a compelling case for the Company to become firmly entrenched as a partner of choice for a whole range of companies across pharma and non-pharma segments.

Market strategy

Shilpa is well positioned to become a trusted and truly end to end solution provider given existing infrastructure and continuous capital-intensive investments –

- (1) specialization with a strong focus in the high growth oncology space
- (2) further strengthening of biologics capabilities and capacities, incl., vaccines
- (3) technology focus with addition of niche capabilities such as flow chemistry and AI-DD
- (4) planned introduction of new segments such as oligonucleotides

Shilpa enjoys a unique position in this respect – combining regulatory and commercial experience as a pharma company first with successful registrations of >40 complex products globally incl., in the US and EU markets, on one hand and on the services side - its experience in route scouting, synthetic chemistry, process and analytical development, ICH stability, product formulation, manufacturing, fill-finish, labeling and packaging along with AI/ML enabled drug discovery for a truly integrated approach to drug R&D. That combined with a structured program management approach assures customers of full support and high-quality execution from lab to clinic to market.

We will follow a fundamentally partnership driven approach to the market with a focus on brand building, innovation, impeccable delivery, and long-term supply chain assurance as the key pillars of customer engagement and success. We will follow a Deep Science methodology based on deep know-how of clients' clinical pipelines, chemistry and biology that will position Shilpa as a research-driven CDMO and facilitate the acquisition of net new logos. We will establish a Program Management approach to delivery that transitions clients from a PO based practice to a full ownership and full lifecycle model and assure Speed to Clinic and Speed to Market. We will create a Pharmaceutical Sciences Platform that offers clients a full-value chain solution incorporating integrated CMC and program delivery from lead selection to IND within 10-12 months where technical teams will work across functions to ensure knowledge retention from early to late phase incl., scale up, clinical trial materials and cGMP manufacturing. We will establish a Governance Framework to ensure tight integration with key stakeholders (client sponsors,

technical, clinical, quality, regulatory, commercial heads) with the objective to evolve from a project-based into a long-term value-based partnership and ensuring consistent delivery.

We will develop and execute consistent omnichannel (print and digital) marketing campaigns to evangelize company's capabilities (website, email, print and video), incl., Japanese language messaging on LinkedIn and other social media channels. We will utilize sales automation and analytics to derive actionable intel and insights on markets and customers (e.g., dormant accounts, underserved territories, BD productivity metrics, win/loss stats, and so on).

Focus areas

- (1) **Small and large molecule API:** The US Food and Drug Administration (USFDA) approved 53 new molecular entities (NMEs) in 2020, of which 40, or 75%, were small molecules. Accordingly, a major focus for the company will be to strengthen its position and penetration in this segment. Spending on cancer therapeutics, across small molecules, biologics, and emerging modalities, such as cell and gene therapies, rose to \$164 billion globally in 2020 at an average of 14.3% between 2015 – 2020 (IQVIA report, 2020). As oncology specialists, we will place a significant emphasis on high value niche areas such as highly potent active pharmaceutical ingredients (HPAPIs), anti-cancer and cytotoxic agents.
- (2) **Vaccines:** The COVID-19 pandemic has brought pharma companies face to face with unprecedented challenges in the development of safe and effective therapies under stringent timelines, especially, in vaccines. Contract manufacturers have worked side by side with vaccine producers to meet the tremendous demand and has validated the Company's ability to jump into action and leverage its expertise to supply vaccine APIs to a number of pharmaceutical companies such as Zydus, Dr Reddy's and the Serum Institute, thereby playing an important role in India's public health efforts against the spread of the virus. This achievement highlights a key aspect of the company's culture – the ability to provide purpose-built and customized solution for a client introducing a new product with unique characteristics and regulatory requirements. The global vaccine market has undergone a radical transformation as a result of the pandemic. There were 394 COVID-19 vaccines in development between discovery and Phase III in 2020 (GlobalData report, 2020). The vaccine market value is estimated to reach \$57 billion in 2025, expanding at a CAGR of 7.4% between 2020 and 2025 (IMARC Group, 2020). Currently representing less than 5% of the vaccines market, the contract manufacturing sector has significant room for expansion and biomanufacturing is a thrust area for the company that will continue to see significant traction and revenues from India and regulated markets.
- (3) **Antibody-drug conjugates (ADCs):** An increasing number of ADCs are entering clinical trials and our experience with handling cytotoxic payloads, linker technologies, bioconjugation reactions and antibody development, as well as large in-house manufacturing capacity and the required containment and engineering controls - all under one roof - means we can quickly emerge as a front runner in this space. Given their complexity, more than 70% of ADC projects are outsourced to CDMOs and this is therefore another thrust area for the company. Analysis of companies going public or raising fresh capital indicates nearly 50% of the companies have small-molecule pipelines while 20% are focused on monoclonal antibodies and recombinant proteins and 20% are developing cell and gene therapies. So, while the focus will be on small and large molecules, a future proof strategy will include forward investments into new capabilities in gene and cellular therapies.
- (4) **Therapeutic peptides:** The global peptide CDMO market was valued at ~USD 2.0 billion in 2021, and is expected to double by 2030, with a CAGR of 9.0% during this period (InsightAce Analytic Pvt. Ltd., 2022). Peptide therapeutics play an essential role in addressing unmet medical needs and several peptide drugs have reached the market for diseases such as cancer, multiple sclerosis, diabetes, osteoporosis, chronic pain, and HIV infection. This is a high growth market due to advancements in peptide design technologies, incl., use of bioinformatics and systematic biological approaches, rising R&D investments in peptide-based therapies, and inherent favorable properties such as high specificity and tolerability. Shilpa is extremely well positioned in this space given our proven expertise in development, synthesis, incl., advanced technologies such as microwave synthesis, and formulation of peptide products.
- (5) **AI/ML led drug discovery:** Artificial intelligence (AI) and machine learning (ML) are engendering a paradigm shift in drug discovery R&D and are being adopted by pharma companies to enhance speed to market. The global healthcare AI market is estimated to grow from ~USD 5 billion in 2020 to USD45 billion by 2026 (Markets and Markets, 2020). Applications of AI are being integrated into drug discovery processes with 40% of start-ups exploiting AI to identify new drug candidates, 28% to identify new targets, and 17% for de novo drug design. Shilpa through its subsidiary company Sravathi AI brings the ability to combine deep learning algorithms and domain expertise and the opportunity to position itself as a highly differentiated CDMO to big pharma customers.
- (6) **Polymers and performance materials:** Shilpa brings specialized expertise in specialty polymers from custom synthesis through a range of mechanisms, such as free

radical polymerization, ring-opening polymerization, anionic and cationic polymerization, ATRP polymerization, RAFT polymerization, and condensation polymerization. We bring specialized expertise in PEGylation chemistry (incl., high MW pegylations), application of poly(butadiene)-b-poly(ethylene oxide) for controlled drug release as well as a range of capabilities in development of derivatives (e.g., functionalization of polybutadienes, and other polymers) and can deliver high quality and cost-effective products at any commercial scale from our USFDA approved facilities.

Customer segmentation: Large pharmaceutical companies are consolidating their supplier base to minimize overheads and complexities of dealing with multiple outsourcing partners. Small and medium-sized biotech and biopharma companies are increasingly introducing products into the market on their own and account for a significant proportion of R&D innovation. In 2017, for example, they made up 51% of USFDA market approvals, a trend that is expected to rise in the coming years as they gain experience and successfully bring products to market. Additionally, small, and medium-sized biotech companies do not invest in developing expensive cGMP production facilities in house and makes this the top focus market for us. Big pharma companies were the originators in 28% of USFDA approvals and remain a very attractive market due to the sheer size of their developmental pipelines. Our major focus will together be on the growing segment of small and medium-sized (smid) and specialty biopharma companies.

The buying criteria for big pharma are different than those of the smid pharma incl., for example, access to technology not available in-house in early phase, access to manufacturing capacity and price rationalization for established or mature products, on the other end of the spectrum. We will continue to engage with big pharma along both these lines. Biopharma companies raised \$88 billion in new equity in 2020, including sources such as venture capital, initial public offerings (IPOs), and secondary offerings by publicly listed companies (Jefferies report, 2020). This is a 76% increase in the amount raised over the previous year with most of the capital flowing into emerging biopharma companies. In turn, this will fuel growth of CDMOs and clinical contract research organizations (CROs) for pharmaceutical and clinical development of pipeline candidates.

US based CDMO team: Shilpa's unique and specialized capabilities will be showcased to US-based customers through the recruitment of client facing CDMO business development team with one dedicated specialist BD/sales manager focused on each of the 4 key segments (small molecule API, large molecule API, specialty peptides and therapeutic peptides). These individuals will bring specialized experience in their respective areas and will be based in the key biopharma hubs

such as NY, NJ, PA, MA, NC on the East Coast. They will bring an existing network and the ability to convert relationships into high value RFPs and realized revenues of USD 2-3 Million in Year 1 and ramping up to USD4-5 million in Year 2 and thereafter build a steady growth YOY. The BD team will engage net new customers through one-on-one meetings on site at the customer's facilities as well as through face to face or virtual meetings with prospective customers at several major industry/trade shows such as CPhI, DCAT, BIO, and others. We will also engage senior industry consultants as advisors who will enable reach into C-suite leadership among Fortune 500 companies and establish strategic long-term relationships that provide steady year on year multi-million dollar revenues. With the entire team in place, revenue estimates for the CDMO business for 2022-23 will be ~USD 10 million.

Conclusions: Shilpa Medicare Ltd. is extremely well positioned to leverage its excellent track-record, technical expertise, qualified workforce, and state-of-the-art infrastructure to build a robust US business with a singular focus on trust, reliability, consistency, and delivering value to customers through innovation.

CDMO

The global market for pharmaceutical contract manufacturing represents one of the fastest growing markets and it is expected to proffer enormous opportunities in the near future. Contract manufacturing contributes significantly to the overall outsourcing market, owing to its popularity and widespread adoption by pharmaceutical companies.

Contract Development & Manufacturing organization (CDMO) has evolved as a strategic option, offers the certain benefits such as cost reduction, improved product quality, product portfolio and reduction in time to market.

At Shilpa Medicare Ltd (SML), we offer tailor-made CDMO services as per customer requirements for both Niche small pharma & global pharma companies. We aim to serve generic & innovator customer from early development to cGMP manufacturing support. We are Mainly focused on End to solution & support for new chemical entities development and cGMP supplies for clinical and commercial applications.

SML is having expertise & state of the art facilities for HPAPI, Peptide, Polymers, Formulations (Oral, liquid, Parenteral, Topical etc.) and Biologics which is audited & approved by all the major regulatory agencies. SML HPAPI and Peptide facility can develop and manufacture molecules up-to occupational exposure band (OEB) five. SML integrated supply chain and in-house capabilities are well poised to solve toughest problems for Pharma, Bio-Pharma, Biotech and non-Pharma customers which make us a partner of choice in CDMO market place.

SML has proven track record in successful CDMO operations in past, supporting various global programs and we aim to

establish SML as global CDMO brand for

1. One stop CMC solutions for preclinical, clinical and commercial outsourcing services of both Drug Substance and Drug Product for Small Molecules and Biologicals.
2. Complex API and high potent API solutions to Innovator Pharma and Biotech companies.
3. Specialised Chemistry one stop solutions from development to cGMP supplies for peptides, Polymers, Flow Chemistry.
4. Integrated and standalone services to ADC and Pegylation customers for Chemistry (payload, linker, Bio-conjugation), Biology and Formulations.
5. Standalone Formulation solutions to Innovators and Generic Pharma in Novel therapeutics, 505(b)2, NDDS, Complex peptide injectable, OSD, Transdermal and oral suspension areas.
6. End to end solutions to Biologics Customers in Biosimilars, Novel Biologics, Vaccines, Gene and Cell therapies areas

API Business Strategy

The global API industry was valued at around USD 177.05 billion in 2021, and it is expected to reach USD 258.60 billion by 2027, of which merchant API accounts for 40%. Specialty small molecules represents close to 13% by value of this.

Shilpa Medicare is active in the USD 9Bn merchant API market with focus on small specialty molecules. Outsourcing by pharma companies is showing an increasing trend and Shilpa is focusing on the small molecule specialty API market that is typically characterized by complex manufacturing and high entry barriers.

The global merchant API market is expected to grow at 7.50% p.a driven by strong outsourcing trends and ongoing genericization driven by patent expires. Shilpa's revenue is generated mainly with off patent drugs. The Indian API industry is expected to expand at a CAGR of around 8.6% during 2020-24 signifying its future potential and global importance.

As of January 2022, the top 2 therapeutic areas with largest number of R&D products are Anticancer and Immunomodulators . Anticancer and immunomodulators has 4275 products under R&D and represent 42% of R&D Basket globally.

The Indian pharma industry has shown remarkable proactiveness in ramping up production of medicines and vaccines during the pandemic period.

The pandemic highlighted numerous opportunities in raw materials and Intermediates for the manufacturing sector and hence capacity building in this segment .

The Government's Production Linked Incentive (PLI) scheme can significantly strengthen domestic Pharma manufacturing .

Shilpa with its technological capabilities, process efficiencies, high quality manufacturing standards and facilities meeting regulatory standards of all major markets, occupies a sweet spot in the API industry. With global spending on treatment for cancer on the rise , Shilpa has a role to play in offering cost competitive oncology APIs to the global generic industry and thereby try and reduce the cost for patient treatment. The company focusses on sustainable growth through continuous cost reduction measures. With 9 dedicated oncology manufacturing blocks and multi product capability, we are ready to meet the growing demand for oncology APIs.

While we continue to develop new oncology APIs to meet the demand for off patent products , we are also now developing a range of non oncology API molecules to cater to the growing outsourcing demand from India. 7 production blocks cater to this segment .

Continuous supply disruptions from China , either due to pollution related issues or the recent pandemic , has induced global generic companies for mitigating supply chain risks associated with one country source, to look at India in their "China +" strategy for their API requirements.

Shilpa plans to increase capacities to meet this increasing demand , backward integrate to produce our own key starting materials and use advanced process flow chemistry techniques to be cost competitive and gain global market share. We plan to introduce at least 5 non oncology API molecules every year.

Shilpa is investing heavily on API R&D (around 12% of sales) and augmenting its capabilities across various API segments (Peptides , niche oncology , Intermediates). The API business is expected to grow on account of increased capacity and backward integration which will lead to operational efficiencies. The commercialization of Peptide block would also lead to incremental revenues.

The genericization of a large number of drug products, rising number of small molecules in Phase II clinical trials, increasing tendency by big pharma to outsource development & manufacturing activities and increasing healthcare spend by most Governments , the demand for synthetic APIs is here to stay and for the moment it is advantage India.

Globally the synthetic production process which was largely employed is slowly giving way to biotech production process. HPAPIs have progressed into important treatment areas such as cancer. The growing acceptance of these compounds and the increase in R&D for the development of newer HPAPIs will drive the market growth considerably.

The European active pharmaceutical ingredients market was valued at \$49.52 billion in 2021 and will grow by 7.3% annually over 2021-2028, with Germany, France, Italy, Spain & UK being the major markets.

Shilpa has the requisite approval from European Health

Authorities to sell APIs in the EU markets. With 16 valid CEP certifications and 45 active US DFMs and more on the anvil, Shilpa is well poised to grow business in this part of the globe. A strong pipeline of APIs at various stages of development will contribute to the growth of business year on year. The company maintains the most stringent quality standards for all its products.

Amongst the emerging markets, there is a sharp focus on Brazil & Russia.

Recently concluded audit by the Russian Health Authorities will result in strong momentum in this market, once approvals are in place.

Ability to meet the CADIFA guidelines will enable traction in Brazilian market.

Our wide range of APIs, early entry opportunity for customers due to non infringing chemistry and supply security, will position Shilpa as a preferred partner for API supplies. Our long standing relationships with existing partners, whom we have supported in establishing leading market positions, will help enhance our share of business with them.

With a large number of products in Shilpa's API portfolio getting genericized between 2021 and 2025, we expect business from commercialisation of these molecules to sustain our growth momentum. The addition of new products into our non oncology portfolio will add to the pace of growth. Overall, the growth outlook for the API business remains healthy.

Attaining cost leadership, product differentiation, capacity augmentation, backward integration, customer centric approach form the pillars of our business strategy.

Domestic market overview

- Indian Oncology Market was valued at INR 4500 Crs. as of June MAT 21 with a growth rate of 4.96% over June MAT 20.
- The market reported a 4-year CAGR of 11% (2017-2020)
- Increased competition
- Price erosion in generics
- Customer oriented business
- Strategical approach towards potential doctors
- Prescription focused marketing

SUBSIDIARIES, ASSOCIATES & JOINT VENTURES

The Company has direct and step down subsidiaries in India and overseas. Consolidated financial statements have been prepared by the Company in accordance with the requirements of Ind AS 27 issued by Institute of Chartered Accountants of India (ICAI) and as per the provisions of the Companies Act, 2013 ("the Act").

As per the provisions of Section 136 of the Act, separate audited financial statements of subsidiaries are placed by the Company on its website at www.vbshilpa.com. Statement containing the salient features of the financial statement of subsidiaries and associate company for the year ending March 31, 2022 in Form AOC-1 (Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014) is attached at the end of the notes to "Accounts to Financial Statements.

Koanaa Healthcare Canada Inc

Koanaa Healthcare Canada Inc was incorporated on April-24th-2020. The Senior Management implemented the B2B strategy model (out-licensing products to partners). In 2021, the company faced some challenges relating to Covid-19 and the FDA Warning letter. No regulated agencies were travelling to audit manufacturing sites and Health Canada was not reviewing any dossiers that came from Shilpa's Unit IV manufacturing site. Also, Koanaa Canada cancelled the DEL (Drug Establishment License) in March. Despite these challenges, Koanaa Canada recorded revenues by temporally changing the focus of selling products that were not impacted by the warning letter and by promoting FTF Pharma (CDMO) products/services. The company was able to secure great business deals with strong partners in Canada. Most of the partners were able to file dossiers at Health Canada and which are under review now (waiting to be approved). Recently, Health Canada communicated to Koanaa Canada that they plan to perform an audit of Shilpa's Unit IV manufacturing site in August/September 2022. If the audit is favorable, then the company will operate under normal circumstances and should facilitate the negotiations for more licensing deals.

SHILPA THERAPEUTICS PRIVATE LIMITED (STPL)

Shilpa Therapeutics Pvt. Ltd. situated at Cherlapally, IDA Phase-III, Medchal-Malkajgiri District, Hyderabad, Telangana, India - 500051, a progressive novel drug delivery company with an international outlook is dedicated to the development and commercialization of innovative and patient compliant novel drug delivery systems such as fast disintegrating oral strips.

Molecule	Category
Ondansetron Hydrochloride 2mg, 4mg & 8mg Orally Disintegrating Strips	For the prevention of chemotherapy induced nausea and vomiting (CINV)
Simethicone 62.5mg Orally Disintegrating Strips	Anti-Flatulent.
Sildenafil Citrate 25mg & 50mg Orally Disintegrating Strips	For the treatment of erectile dysfunction (ED)
Tadalafil 5 mg, 10mg & 20mg Orally Disintegrating Strips	For the treatment of erectile dysfunction (ED)
Methylcobalamin 1500 mcg Orally Disintegrating Strips	For the treatment of Diabetic Neuropathy and Peripheral Neuropathy
Montelukast Sodium 4 mg, 5 mg & 10 mg Orally Disintegrating Strips	For the Prophylaxis and Chronic Asthama
Melatonin 3 mg Orally Disintegrating Strips	For the treatment Jet Lag
Vitamin D3 2000 IU Orally Disintegrating Strips	Vitamin D3 Supplement
Betahistine Dihydrochloride 16mg & 24 mg	For the treatment of Menier's syndrome characterised by unilateral or bilateral Vertigo, sensorineural hearing loss.
Green Tea Film (FSSAI)	For Household drink for therapeutic benefits.
Menthol Mouth Freshener in different flavour	Mouth Fresheners
Paracetamol 60 mg & 120 mg ODS	For Paediatric Pain Reliever and a Fever Reducer.
Prucalopride 1mg & 2 mg ODS	For Treatment of Chronic Constipation

➤ Products in the Pipeline

The following formulations are under various stages of Research & Product Development along with several others in the initiation phase.

Molecule	Category
Rizatriptan 10 mg Orally Disintegrating Strips	For Treatment of Migraine
Methylcobalamin 1500 mcg + Pregablin 75 mg Orally Disintegrating Strips	For Treatment of Pain and for Diabetic and Peripheral Neuropathy
Risperidone 1mg, 2mg, 3mg & 4mg ODS	Anti - Psychotic
Pregabalin 25 mg/ 50 mg/ 75 mg ODS	For Treatment of Pain
Ketorolac Tromethamine 10mg ODS	Anti - Inflammatory

Sravathi AI Technology Pvt Ltd

Sravathi AI Technology Pvt Ltd is established its Research & Development facility in Rajajinagar, Bengaluru-10 has completed first financial year as company.

- Developed entire capabilities for Drug Discovery using Artificial Intelligence and Molecular Modelling In-silico techniques. This reduces discovery of Drugs time order of magnitude.
- Started Sravathi own Drug Discovery programs and got some promising initial results (binding energy) for two programs.
- Developed entire capabilities for Drug Repurposing in this year and validated program.
- Further strengthened multi-disciplinary team consists of all required disciplines. Present team strength is ~30.
- Developed several Platforms for Reactions using Artificial Intelligence program. Namely, Route of synthesis and prediction of reaction for major product and impurity identification.
- Developed entire platform for Reaction Yield prediction and Yield optimization platforms. Web interfaces for all of these platforms also developed internally. This platform unique and first in the world. Experimental validation is in progress.
- Developed Formulation platform, mainly for Solubility predictions.
- Generated first revenues in this financial year through external customer.
- Signed CDAs with >10 customers in this financial year.

FTF Pharma Pvt. Ltd.

Founded in 2012, FTF Pharma is the trusted, well-known name amid various big and medium sized pharmaceutical players across the globe as CRO. FTF Pharma now employs about 80 employees and owns a state-of-the-art R&D centre in Ahmedabad, Gujarat in India spread into 40,000 square feet area with dedicated FnD labs, AR&D labs and facility for handling highly potent drugs, all equipped fully with modern equipment & sophisticated instruments.

As a CRO, FTF focuses on the development of high valued first-to-file generic products covered by ANDAs, complex generic products & innovative new drug products covered by 505b2 applications. FTF's interest lies predominantly in the development of products comprising small molecules & peptide molecules. Since its inception, FTF has developed & partnered more than 100 products for major regulated markets (such as US, Europe, Canada) & RoW markets. FTF's development partners are all front end generic players from all over the world that makes FTF a leading CRO globally and partner of choice.

FTF strongly believes in adding value to its innovations through generation of IPRs of proprietary technologies. And therefore, so far, FTF has filed more than 75 patent applications in different jurisdictions and earned 3 US patents, 1 EU patent & 2 Indian patents covering FTF's 505b2 oral & parenteral drug products.

Having its expertise in the development of different types of solid, liquid, lyophilized & topical dosage forms, FTF is also working on new-edge technologies such as Nano-emulsions, SMEDDS, micellar formulations and lipid nanoparticles. FTF's expertise lies largely in the development of tablets, hard gel capsules, low & high volume parenterals (ready-to-use/dilute solutions, suspensions), lyophilized solids, oral thin films, strips, patches, prefilled syringes, ophthalmic solution & drops, coated/uncoated/sugar coated/film coated pellets/beads in capsules, matrix dosage forms, orally disintegrating tablets, IR/ER/PR/SR/DR/MR dosage forms, bi-layered tablets, and combination products.

Continuously striving towards its mission & vision, through all these years, FTF has been successfully offering following services: Research and Formulation Development, Technology transfer & Contract Manufacturing, Non-infringing developments, Regulatory filing strategies, and BA/BE & clinical support.

After acquisition by Shilpa Medicare Ltd., FTF is all set to achieve new milestones in its growth journey. FTF has increased footprints in US, Europe, Canada, China and other emerging markets.

REVA MEDICARE (P) LTD

The company achieved its goals for the financial year on its

sales and BD plan. The Market access has been structured into formidable projects across verticals with business build-up across regulated and the emerging markets.

There is a working plan for Biosimilars with Oncology & Diabetics as the core drivers, the team is confident to lay-out its implementation in year 2022-23. At 71% oncology is still the leading class followed by Anti-diabetics with 64% and Immunology being the next. The focused regions are; Europe, Japan and selective emerging nations. Covid and the Pandemic played its toll for markets of North Africa, Asia which has resulted in dampening of sales and delay in payments. As a company we hold no debt nor any receivables payable against sales. Also, we were hit by political turmoil in Afghanistan thus hampering shipments of medicines against tenders in pipeline with Ministries of Interior & Health for the country.

SHILPA PHARMA INC., USA (Wholly Owned Subsidiary)

Shilpa Pharma Inc. has been promoted with the vision to register, create and develop marketing network for the products of the Company in North American countries, particularly aimed at USA and also to co-ordinate with the USFDA authorities directly on a regular basis for obtaining approvals. The business plan of the Company in USA has been enumerated above.

KOANAA HEALTHCARE SPAIN (Wholly Owned Subsidiary)

S.L., Headquarters of Shilpa B2B Europe, became active in April 2020.

Currently, there are three executives (Vice President, and recently incorporated, Head of Business Development and Head of Regulatory Affairs), employed and located near Barcelona, Spain.

The main business model for Europe is a B2B License and Supply model, in which we out-license our high-quality Dossiers to European end customers who will market the products, supplied by Shilpa, under their own brand name.

Our aim is to become the preferred partner of choice, by providing a high-level quality of service and information, combined with a continuously growing strong, competitive and innovative portfolio.

KOANAA INTERNATIONAL FZ-LLC

Koanaa International FZ-LLC is a Rakez Free Zone Limited Liability Company FZ-LLC in United Arab Emirates.

Koanaa International is offering its services to Africa and Middle East where they provide sales and marketing information. The Company also offers analytical data in pharmaceutical for Africa and Middle East countries.

The Company also manage the healthcare Companies specific project like sales and distribution channel, Pharmaceutical Research and development, supply chain management and all

the Pharmaceutical companies related project.

The Company also offers the consultancy services for appointing distributor channel and poestablishing a company sales and distribution in Africa and Middle East

SHILPA BIOCARE PRIVATE LIMITED (A WHOLLY OWNED SUBSIDIARY)

Shilpa Biocare Private Limited is a 100% subsidiary of Shilpa Medicare Ltd, & is establishing a state of art Manufacturing Facility for Recombinant Human Albumin manufacturing.

This Product is developed by Shilpa Biologicals as a novel biological entity – a program part funded by the Department of Biotechnology, GoI, through its BIRAC arm. The program was also recognized as amongst the most innovative by DBT in 2012 and again in 2014/15.

While the estimated Global demand is 1000 MT per annum for Albumin, hardly a fifth of this requirement is being catered to currently. The current market for Albumin is \$1 billion based on the current supply condition

Having recognised this as a important potential business opportunity, The Company has invested in developing a synthetic route for generation of Human Albumin (outside of the human body) and came up with a technology that has been scaled up

The company has global patent granted for this technology and intends to pursue this vigorously.

The company with permission from the RCGM (regulatory body) and DCGI, is conducting the clinical studies on the said Product . The European Union has also waived off a part of the clinical trials required to release the protein on the market after having gone through the data generated so far. Hence the company is setting up a large scale production unit for its recombinant Human Albumin at Kadachur Industrial Area.

The clinical studies data & approval will be obtained in the ist quarter of 2022. There after the company will cater to global demand for Albumin from this site – thus keeping Shilpa Biocare on the Global Biotechnology map.

SHILPA PHARMA LIFESCIENCES LIMITED (A WHOLLY OWNED SUBSIDIARY)

Shilpa Pharma Lifesciences Limited (Formerly known as Shilpa Corporate Holdings private Limited) is a wholly owned Subsidiary Company of Shilpa Medicare Limited.

The Company has purchased the Active Pharmaceutical Business of Shilpa Medicare Limited consisting of Unit-1 and Unit-2 situated at Raichur, Karnataka via Slumpsale which is complete and effective from the Closing hours of 30 June 2022.

SHILPA LIFESCIENCES PRIVATE LIMITED.

This is a Step down Subsidiary of Shilpa Medicare Limited, currently the Company is setting up a project for manufacturing intermediates

CHANGE IN THE NATURE OF BUSINESS

During the year under review, there was no change in the nature of business carried out by your Company. However, In order to build an independent business of API and to rationalize the corporate entities of the group, the Shareholders of the Company have approved the Slump sale of Active Pharmaceutical Ingredient (API) Business of the Company consisting of Unit-1 and Unit-2 situated at Raichur, Karnataka to its wholly owned subsidiary 'Shilpa Pharma Lifesciences Limited. the Company, has duly executed the Business Transfer agreement with Shilpa Pharma Lifesciences Limited (Formerly known as Shilpa Corporate Holdings Private Limited) which is complete and effective from 30 June 2022, closing of business hours.

DIVIDEND:

Your Directors recommended a dividend of ₹ 1.10 Per Equity Share of ₹ 1 /- each (i.e. 110 %) for the FY 2021-22, absorbing an amount of ₹ 954.82 Lakhs from the profits of FY 2021-22.

The Dividend Distribution Policy of the Company is set out as Annexure-2 and the same is uploaded on the Company's website at <https://www.vbshilpa.com/pdf/Dividend-Distribution-Policy.pdf>.

SHARE CAPITAL:

The paid up share capital of your Company is ₹ 8,68,01,898/- (Rupees Eight Crore Sixty Eight Lakhs One Thousand Eight hundred and Ninety Eight) divided into 8,68,01,898 equity shares of ₹ 1/- each.

During the year the Company has allotted 52,75,000 Equity Shares of Re.1/- each by way of Preferential Allotment pursuant to the Provisions of Companies Act, 2013 and SEBI Regulations.

Pursuant to the provisions of section 124 (5) of the Companies Act, 2013 read with the IEPF Rules, the Company has transferred 79813 shares, belonging to the shareholders who did not continuously claim dividend for seven years from the financial year 2013- 14 to IEPF Account, the details of which are placed on the website of the Company.

LISTING OF EQUITY SHARES:

The securities of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). Further, the Company has no equity shares carrying differential rights.

TRANSFER TO RESERVES:

During the financial year under review, your Company has not transferred any amount to the general reserve.

DIRECTORS OR KEY MANAGERIAL PERSONNEL:

Mr. Om Prakash Inani (DIN No.01301385), Non-Executive Director will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Mr. Kalakota Sharath Reddy (DIN: 03603460), Whole Time Director of the Company, whose tenure of 3 yrs is about to complete, being eligible, offers himself for reappointment.

CHANGE IN DIRECTORSHIP

During the year Mr. Rajender Sunke Reddy & Mr. Pramod Kasat-Independent Directors of the Company ceased from the office of Directorship w.e.f 28 September 2021 due to completion of their tenure. In place of the retiring Directors Mr. Hetal Madhukant Gandhi & Mr. Arvind Vasudeva were appointed as Independent Directors in the Company for a period of 3 years.

Further, Mr. Naresh Patwari & Mr. Piyush Goenka ceased from the office of Directorship of the Company w.e.f 02 February 2022 & 07 February 2022 due to their pre-occupancy.

Dr. Kamal K Sharma & Dr. Anita Bandyopadhyay were appointed as Additional Directors w.e.f 01 July 2022 & 11 August 2022 respectively.

Their appointment as Independent Directors for a period of 3 years is subject to approval of members of the Company at the ensuing Annual General Meeting

CHANGE IN KEY MANAGERIAL PERSONNEL

Mr. Alpesh M Dalal was appointed as Chief Financial Officer of the Company w.e.f. 31 May 2021. Mr. V V Krishna Chaitanya resigned from the office of Company Secretary & Compliance Officer w.e.f 16 March 2022 & Ms. Ritu Tiwary was appointed a Company Secretary and Compliance officer of the Company w.e.f 23 May 2022.

NUMBER OF MEETINGS OF THE BOARD:

During the financial year, Nine Board Meetings were held as detailed below which are in compliance with the provisions of the Companies Act, 2013, the Listing Regulations and Secretarial Standards on Board meeting:

1. 31 May 2021
2. 17 July 2021
3. 14 August 2021
4. 02 September 2021
5. 14 October 2021
6. 29 October 2021
7. 12 November 2021

8. 08 February 2022

9. 29 March 2022

STATEMENT OF DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149:

The Independent Directors have submitted their declaration of Independence, as required under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in Section 149(6) and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

AUDITORS:

Statutory Auditors:

M/s. Brahmayya & Co., Chartered Accountants (Firm Registration No. 000513S), were appointed at the 30th Annual General Meeting as the Statutory Auditors of the Company for a term of five years to hold office till the conclusion of the ensuing 35th Annual General Meeting.

The Board of Directors at their Meeting held on 11 August 2022 recommended appointment of M/s. Bohara Bhandari Bung & Associates LLP, Chartered Accountants, Raichur FRN:008127S/S200013, as the new statutory auditors of the Company to hold office for one term of 5 years commencing from conclusion of the ensuing 35th Annual General Meeting up to the 40th Annual General Meeting of the Company. The Company has received a certificate from the M/s. Bohara Bhandari Bung & Associates LLP, Chartered Accountants, to the effect that their appointment, if made, shall be in compliance with the provisions of Section 139 and 141 of the Companies Act, 2013. Accordingly, the Board proposes appointment of M/s. Bohara Bhandari Bung & Associates LLP, Chartered Accountants, to hold office from the conclusion of this AGM until the conclusion of the 40th AGM of your Company. Necessary resolution has been provided in the AGM notice seeking approval of shareholders.

Cost Auditors:

The Board, on the recommendation of the Audit Committee, has appointed M/s. V.J. Talati & Co., Cost Accountants, for conducting the audit of cost records of various segments of the Company for the financial year 2022-23. As required under Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, a resolution is being placed at the ensuing Annual General Meeting for ratification of remuneration payable to the said Cost Auditors.

Secretarial Auditors:

Mr. D.S. Rao, Practising Company Secretary was appointed to conduct the Secretarial Audit of the Company for the financial year 2021-22, as required under Section 204 of the Companies Act, 2013 and Rule 9 framed thereunder. The Secretarial Audit

Report, in form MR-3, for the financial year 2021-22 forms part of this Report as **Annexure - 3**.

The Board on the recommendation of the Audit Committee has appointed Mr. D S Rao, Practicing Company Secretaries, as Secretarial Auditors of the Company for the financial year 2022-23.

Internal Auditor:

Pursuant to the provisions of section 138 of the Companies Act, 2013 and rules made thereunder, the Board on the recommendation of the Audit Committee has appointed M/s M. Bhasakara Rao and Co., Chartered Accountants as Internal Auditors of the Company for the financial year 2022-23.

COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMERS:

Statutory Auditors:

As there is no qualification, reservation or adverse remark in the reports given by the Statutory Auditors, your directors need not provide any clarification on the same.

Secretarial Auditors:

As there is no qualification, reservation or adverse remark in the reports given by the Secretarial Auditors, your directors need not provide any clarification on the same.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE OUTGO:

Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is enclosed herewith as **Annexure – 4**

RISK MANAGEMENT POLICY:

Pursuant to Regulation 21(4) of SEBI (LODR) Regulations, 2015, the Board of Directors have formulated and implemented a Risk Management Policy, which identifies various elements of risks, which, in its opinion, may threaten the existence of the Company and contains measures to mitigate the same. The Risk Management Policy of the Company is hosted on the Company's website: www.vbshilpa.com.

A Risk Management Committee has been constituted as per the terms of Regulation 21 of SEBI (LODR) Regulations, 2015 to monitor and review the major risks faced by and the risk management plan of the Company periodically.

During the year two Risk Management Committee meetings were held on 23 December 2021 & 28 March 2022

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY:

In terms of the provisions of Section 135 read with Schedule VII to the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, a Corporate Social Responsibility Policy (CSR Policy), indicating the activities to

be undertaken by the Company, as framed by the Corporate Social Responsibility Committee (CSR Committee) has been adopted by the Board of Directors. Accordingly, the Company has transferred the CSR amount to 'Shilpa Foundation', a public charitable trust taking up various social public causes of the society in and around Raichur, Karnataka and the activities of the said trust are covered under the Schedule VII of the Companies Act, 2013. A report on the CSR activities, as required under Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014, is enclosed herewith as **Annexure – 5**.

The Company has constituted the CSR Committee for monitoring the activities undertaken by the Company in this regard. The CSR Policy of the Company and other details as required is are placed on the Company's website at https://vbshilpa.com/pdf/CSR_Policy.pdf

NOMINATION AND REMUNERATION POLICY:

A Committee of the Board named as "Nomination and Remuneration Committee" has been constituted to comply with the provisions of Section 178, Schedule IV of the Companies Act and Regulation 19 of SEBI (LODR) Regulations, 2015. It has been entrusted with the task to recommend to the Company the prospective directors and KMP who possess the requisite skills and positive attributes as specified in the Nomination and Remuneration Policy.

The Nomination and Remuneration Committee has formulated a Nomination and Remuneration Policy which recommends the guidelines based on which the annual performance of the Independent Directors, Board and Individual Directors is carried out by the Board.

The Nomination and Remuneration Policy of the Company is placed on the Company's website at <https://vbshilpa.com/pdf/NominationRemunerationPolicy.pdf>

FORMAL ANNUAL EVALUATION MADE BY THE BOARD OF ITS OWN PERFORMANCE AND OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS:

The Board of Directors have carried out an annual evaluation of its own performance, as well as that of its Committees and individual directors pursuant to the provisions of the Sections 134 and 178 read with Schedule IV to the Companies Act, 2013. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, execution and performance of specific duties by the Board of Directors, independence governance, ethics and values, attendance and contribution at meetings etc.

The performances of the Independent Directors were evaluated by the Board after seeking inputs from all the directors on the effectiveness and contribution of the

Independent Directors.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members based on the criteria such as the composition of Committees, effectiveness of Committee Meetings, etc.

The Board reviewed the performance of the individual directors on the basis of criteria such as the contribution of the individual director to the Board and Committee Meetings, like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in Meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of Independent Directors, performance of the Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The Independent Directors also assessed the quality, quantity and timeliness of flow of information between the Board and the management that is necessary for the Board to perform its functions reasonably and effectively. The same was discussed in the Board Meeting that followed the meeting of the Independent Directors.

FINANCIAL STATEMENTS:

In accordance with the provisions of Section 129 (3) of the Companies Act, 2013, the Standalone and Consolidated Financial Statements, drawn up in accordance with the applicable Accounting Standards, form part of this Annual Report.

In accordance with Rule 8 (1) of Companies (Accounts) Rules 2014, the highlights of performance of the Subsidiaries, Associates and Joint Ventures and their contribution to the overall performance of the Company have been detailed in **Annexure - 1** enclosed to this report.

Further, the annual accounts of all the subsidiary companies are available on the Company's website -www.vbshilpa.com.

Annual accounts of the Subsidiary Companies and related detailed information will be available for inspection by the members, at the registered office of the Company and will also be made available to the members upon request.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Company has Internal Control Systems, commensurate with the size, scale and complexity of its operations.

Various Audit systems in the Company monitor and evaluate the efficacy and adequacy of the internal control systems of the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the audit reports, the concerned department/unit undertakes corrective action in the respective areas

and strengthens the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board periodically.

The Board of Directors of the Company have adopted various policies like Related Party Transactions Policy, Whistle Blower Policy, Policy to determine Material Subsidiaries, Code of Conduct for Regulating, Monitoring and Reporting Insider Trading and such other procedures for ensuring orderly and efficient conduct of its business for safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information.

DETAILS OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR UNDER REVIEW:

The following instances took place during the year under review which need to be reported in accordance with Rule 8(5) (iv) of Companies (Accounts) Rules, 2014:

- a. During the year, two new Companies were incorporated during the year i.e., Vegil Labs Private Limited and Shilpa Lifesciences Private Limited. A project for Manufacturing of Intermediates is being set up in the Shilpa Lifesciences Private Limited & Vegil Labs Private Limited is holding investments in Sravathi AI technologies Private Limited & Auxilla Pharmaceuticals & Research LLP as on 31 March 2022.
- b. Your Company has filed a Second Stage petition with National Company Law Tribunal for effecting the amalgamation with INM Technologies Private Limited being the wholly owned subsidiary, The Company is awaiting for the final order of the Hon'ble tribunal in this regard.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134 (5) of the Companies Act, 2013 Your Directors' confirm that:

- In preparation of annual accounts for the financial year ended 31 March 2022 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2022 and of the profit and loss of the Company for the year;
- The Directors have taken proper and sufficient care for their maintenance of adequate accounting records in accordance with the provisions of the Companies Act

for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- The Directors had prepared the annual accounts on a 'going concern' basis;
- The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXTRACT OF ANNUAL RETURN:

In accordance with Section 92(3) of the Act and rule 12(1) of the Companies (Management and Administration) Rules, 2014 (as amended), a copy of the Annual Return of the Company has been placed on the Website of the Company at <https://www.vbshilpa.com>.

OTHER DISCLOSURES:

Committees of Board:

Your Company has the following committees, namely:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

The constitutions of all the committees are as per the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The details of the constitution are mentioned in Corporate Governance Report, which forms part of this Annual Report.

CORPORATE GOVERNANCE REPORT:

Regulation 15 of SEBI (LODR) Regulations, 2015 is applicable to your Company and as such the details as specified in Schedule V(C) of SEBI (LODR) Regulations, 2015, with regard to Corporate Governance Report including Practicing Company Secretary's Certificate on compliance with the conditions of Corporate Governance specified in Schedule V(E) of SEBI (LODR) Regulations, 2015 as well as a certificate as specified in Schedule V(C)(10)(i) of SEBI (LODR) 2015 forms part of the Annual report as **Annexure- 6**.

MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34 read with Schedule V (B) to the SEBI (LODR) Regulations, 2015 is annexed hereto and forms part of this Annual Report.

VIGIL MECHANISM:

In pursuance to the provisions of Section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015, a vigil mechanism for directors and employees to report genuine concerns has been established. The Policy on vigil mechanism i.e. Whistle Blower Policy may be accessed on the Company's website at <https://www.vbshilpa.com>. The policy provides for a framework and process for safeguard against victimization of director(s) or employee(s) or any other person who avail the mechanism and allow direct access to the Chairman of the Audit Committee in exceptional cases. Your Company adheres to uncompromising integrity in conduct of its business and strictly abides by well-accepted norms of ethical, lawful and moral conduct. It has zero tolerance for any form of unethical conduct or behaviour. Directors and employees are at liberty to report unethical practices.

REMUNERATION RATIO OF THE DIRECTORS/KEY MANAGERIAL PERSONNEL/EMPLOYEES:

Statement showing disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed herewith as **Annexure-7**.

PARTICULARS OF EMPLOYEES:

Statement of employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as **Annexure - 8** to the Board's Report.

COST RECORDS AND COST ACCOUNTS:

The Company is maintaining cost records and accounts as specified by the Central Government under subsection (1) of section 148 of the Companies Act, 2013.

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

Your Company has always provided a safe and harassment free workplace to every individual working in its premises through various policies and practices. Your Company always endeavors to create an environment that is free from discrimination and harassment, including sexual harassment. Your Company has been actively involved in ensuring that the clients and all the employees are aware of the provisions of the POSH Act, 2013 and the rights available to them there under.

Your Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to

redress the complaints received regarding sexual harassment. Your Company did not receive any complaints during the period under review.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Details of the loans granted, guarantees given, securities provided and investments made during the year under review, as covered under Section 186 of the Companies Act, 2013, are detailed in the notes to the financial statements which may be read as a part of this Report.

DEPOSITS:

During the year under review, your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

RELATED PARTY TRANSACTIONS:

Related Party Transactions entered into during the financial year under review are disclosed in Note No. 45 to the Financial Statements. These transactions were at an arm's length basis and in the ordinary course of business. There were no materially significant Related Party Transactions with the Company's promoters, directors, management or their relatives which could have had a potential conflict with the interests of the Company. Form AOC-2, containing a note on the aforesaid Related Party Transactions is enclosed herewith as **Annexure - 9**.

Related Party disclosures as per Schedule V of SEBI (LODR) Regulations, 2015 are enclosed herewith as **Annexure - 10**.

The policy on Related Party Transactions, as approved by the Board may be accessed on the Company's website https://www.vbshilpa.com/pdf/related_party_policy.pdf

BUSINESS RESPONSIBILITY REPORT:

Pursuant to Clause 34(2)(f) of the SEBI (LODR) Regulations, 2015 Business Responsibility Report, being applicable to the Company, forms part of the Board Report as **Annexure - 11**.

GENERAL:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme.

- Neither the Managing Director nor the Whole-time Director of the Company received any remuneration or commission from any of its subsidiaries.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- No frauds were reported by the auditors during the year under review.
- There are no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which the financial statements relate and the date of the report.
- No applications were filed before or any proceedings pending under the Insolvency and Bankruptcy Code, 2016
- The details of Difference between valuation done at the time of one time settlement and the valuation done while taking loan from the banks and financial institutions along with the reason thereof – Not Applicable.

The Company has complied with Secretarial Standards, i.e. SS-1, and SS-2 relating to Meetings of the Board of Directors and General Meetings respectively, issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.

ACKNOWLEDGEMENT:

Your Directors wish to express their gratitude to the Central and State Governments, investors, analysts, financial institutions, banks, business associates and customers, the medical profession, distributors and suppliers for their whole-hearted support. Further, Your Directors wish to express their deep gratitude to all the employees of your Company for their continued dedication, significant contributions, hard work and commitment towards achieving the objects of the Company.

**For and on behalf of the Board of Directors
Shilpa Medicare Limited**

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Place: Raichur
Date: 11 August 2022

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the financial statement of subsidiaries/Associate Companies/Joint Ventures

Part A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in lakhs)

Particulars	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	Wholly Owned Subsidiary	
Name of Companies	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	
Shilpa Therapeutics Private Limited (Audited)	INM Technologies Private Limited (Audited)	Koanaa Healthcare Limited (Unaudited)	Zatortia Holdings Limited (Audited)	Loba Feinchemie GmbH (Unaudited)	Makindus INC (Unaudited)	Koanaa Healthcare GMBH (Unaudited)	INM Nuvent Private Limited (Audited)	Shilpa Pharmaceuticals Private Limited (Audited)	Shilpa Biocare Pvt. Ltd. (Audited)	Shilpa Biologicals Private Limited (Audited)	Shilpa Pharma Inc. (Unaudited)	Shilpa Biocare Pvt. Ltd. (Audited)	
31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	31-03-2022	
223.76	4,396.77	0.10	2.90	-	2.57	84.66	1.00	0.08	3,000.00	2,000.00	1.00	951.00	
(2,524.56)	(3,862.31)	(233.33)	2.34	-	(374.45)	(2,565.40)	(659.06)	(921.82)	(5,266.20)	(25.90)	(0.15)	(9.97)	
5,054.45	2,025.89	565.27	8.27	3.16	5,244.72	48.60	396.06	61,033.71	13,637.75	252.25	1,861.01	1,861.01	
7355.25	1491.43	798.51	3.03	-	375.04	7725.47	706.66	1317.80	63299.92	11633.66	251.40	919.98	
Share capital (Equity + Preference)	223.76	4,396.77	0.10	2.90	-	2.57	84.66	1.00	0.08	3,000.00	2,000.00	1.00	951.00
Other equity	(2,524.56)	(3,862.31)	(233.33)	2.34	-	(374.45)	(2,565.40)	(659.06)	(921.82)	(5,266.20)	(25.90)	(0.15)	(9.97)
Total assets	5,054.45	2,025.89	565.27	8.27	3.16	5,244.72	48.60	396.06	61,033.71	13,637.75	252.25	1,861.01	1,861.01
Total Liabilities	(2,524.56)	(3,862.31)	(233.33)	2.34	-	(374.45)	(2,565.40)	(659.06)	(921.82)	(5,266.20)	(25.90)	(0.15)	(9.97)
(Excluding Share Capital & Other Equity)	7355.25	1491.43	798.51	3.03	-	375.04	7725.47	706.66	1317.80	63299.92	11633.66	251.40	919.98
Investments	0.75	-	-	-	-	-	25.76	-	-	-	-	-	910.02
Turnover	647.01	-	19.37	-	-	7,498.85	118.82	101.73	1,644.17	-	-	-	60.87
Profit/(Loss) before taxation	(1,059.98)	(339.62)	(88.00)	(57.76)	-	415.02	(30.17)	(219.41)	(1,557.87)	(19.90)	(0.15)	(9.97)	35.70
Provision for taxation	(260.43)	(116.17)	(150.88)	0.72	-	25.89	1.92	(250.62)	576.74	(6.10)	-	-	6.23
Profit after taxation	(799.55)	(223.46)	62.88	(58.47)	-	389.13	(32.09)	31.21	(2,134.61)	(13.80)	(0.15)	(9.97)	29.47
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-
% of shareholding	100%	100%	100%	99.99%	55.78%	100%	75%	100%	100%	100%	100%	100%	100%
1 Conversion rate 1 GBP = for Balance Sheet & Profit & Loss A/c 1 GBP = ₹ 99.55	7 Conversion rate 1 CAD = for Balance Sheet & Profit & Loss A/c 1 CAD = ₹ 60.50	2 Standalone Financial Statements are prepared in GBP.	8 Standalone Financial Statements are prepared in CAD.	3 Conversion rate 1 Euro = for Balance Sheet & Profit & Loss A/c 1 Euro = ₹ 84.65	9 Conversion rate 1 AED = for Balance Sheet & Profit & Loss A/c 1 AED = ₹ 20.55	4 Standalone Financial Statements are prepared in Euro.	10 Standalone Financial Statements are prepared in AED.	5 Conversion rate 1\$ = for Balance Sheet & Profit & Loss A/c 1\$ = ₹ 75.81	11 Conversion rate 1 MYR = for Balance Sheet & Profit & Loss A/c 1 AED = ₹ 20.55	6 Standalone Financial Statements are prepared in USD.	12 Standalone Financial Statements are prepared in USD.		

Part "B": Associates and Joint Ventures

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

(₹ In Lacs)						
Name of Associates/Joint Ventures	Maia Pharmaceuticals INC (Associates)	Reva Medicare Private Limited (JV)	Reva Pharmachem Private Limited (Associates)	Sravathi Advance Process Technologies Private Limited (JV)	Auxilla Pharmaceuticals and Research LLP (Investment Entity of Wholly Owned Subsidiary)	Sravathi AI Technologies Pvt. Ltd. (JV of Wholly Owned Subsidiary)
	(Un-audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
1. Latest Balance Sheet Date	3/31/2022	3/31/2022	3/31/2022	3/31/2022	3/31/2022	3/31/2022
2. Shares of Associate/Joint Ventures held by the company on the year end						
No. of Shares (Equity)	-	5001	100000	65000	-	55000
No. of Shares (Preference Shares)	1400000	-	-	2843500	-	441000
Amount of Investment in Associates/Joint Venture in Equity shares	795.69	0.50	1.00	600	6.50	600
Extent of Holding %	50.01	50.01	33%	65	40	55
3. Description of how there is Significant influence	Shareholding	Jointly Controlled Entity	Shareholding	Jointly Controlled Entity	Investment Entity of Wholly Owned Subsidiary	JV of Wholly Owned Subsidiary
4. Reason why the associate/joint venture is not consolidated	NA	NA	NA	NA	NA	NA
5. Net worth attributable to shareholding as per latest Balance Sheet		478.88	(0.01)	(675.50)	953.87	(236.95)
6. Profit/(Loss) for the year	-	139.63	(1.68)	(410.29)	(121.14)	(219.47)
i. Considered in Consolidation	-	69.83	(0.67)	(266.69)	(48.46)	(120.71)
ii. Not Considered in Consolidation	-	69.80	(1.01)	(143.60)	(72.68)	(98.76)

Annexure-2

DIVIDEND DISTRIBUTION POLICY

1. REGULATORY FRAMEWORK AND EFFECTIVE DATE

The Securities Exchange Board of India (SEBI) on 8 July, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016. Vide these regulations, SEBI has inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements), 2015, which requires to five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy (the "Policy").

Further the SEBI Circular amendment dated on 5 May, 2021 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021. Vide these regulations, SEBI has inserted Regulation 43A in SEBI (Listing Obligations and Disclosure Requirements), 2015, which requires to top 1000 listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy (the "Policy").

Shilpa Medicare Limited (SML) being one of the top Thousand listed companies, as per the market capitalization as on 31 March, 2022 of the immediately preceding financial year, has approved and adopted the Policy at the meeting of the Board of Directors.

2. DEFINITIONS

- i. "Act" shall mean the Companies Act, 2013 and the rules made thereunder, as amended from time to time.
- ii. "Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
- iii. "Board" shall mean Board of Directors of the Company.
- iv. "Listed Entity/Company" shall mean Shilpa Medicare Limited.
- v. "Dividend" shall mean Dividend as defined under the Companies Act, 2013.
- vi. "Policy" shall mean Dividend Distribution Policy.

3. POLICY

A. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS CAN OR CANNOT EXPECT DIVIDEND:

The shareholders of the Company may not expect Dividend in the following circumstances, subject to the discretion of the Board of Directors:

- i. Whenever the Company undertakes or proposes to undertake, significant expansion plan(s) requiring higher allocation of capital;
- ii. Requirement of higher working capital for the purpose of business of the Company;
- iii. To undertake any acquisitions, amalgamation, merger, joint ventures, new product launches etc., requiring significant allocation of capital;
- iv. Proposal for buy-back of securities;
- v. In the event of inadequacy of profits or whenever the Company has incurred losses

B. FINANCIAL PARAMETERS:

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- i. Working capital requirement(s);
- ii. Capital expenditure requirement(s);
- iii. Business expansion and growth;
- iv. Additional investment in subsidiaries and associates of the Company;
- v. Consolidated net operating profit after tax
- vi. Operating cash flow of the Company;
- vii. Outstanding borrowings;
- viii. Cost of Borrowing;
- ix. Profit available for distribution;
- x. Past dividend payout ratio.

C. INTERNAL AND EXTERNAL FACTORS

The Board of Directors of the Company would consider the internal factors stated above and the following external factors before declaring or recommending dividend to shareholders:

External Factors:

- Applicable laws and regulations;
- Global conditions;
- Macro-Economic environment;
- Social/Geo-political factors/risks;
- Prevalent market practices

D. UTILIZATION OF RETAINED EARNINGS

The Company would utilize the retained earnings, in a manner which is beneficial and in the interest of the Company and its stakeholders, but not limited to the parameters mentioned above or for such other purposes the Board may deem fit from time to time in the interest of the Company and its stakeholders.

E. PROVISIONS IN REGARD TO VARIOUS CLASSES OF SHARES

Currently, the Company does not have any other class of shares, other than equity shares. In the absence of any other class of shares, the entire distributable profit(s) for the purpose of declaration of dividend is considered for the equity shareholders only.

4. CONFLICT IN POLICY

In the event of a conflict between the policy and the regulations, the regulations shall prevail.

5. REVIEW OF POLICY

The board of directors of the Company will review the policy, as and when it is necessitated. If the Board proposes to declare dividend on the basis of criteria in addition to those specified in the policy or proposes to modify the criteria, it shall disclose shall changes along with rationale for the same on the Company's website and in the Annual Report.

6. DISCLOSURE OF POLICY

The policy will be available on the Company's website and will also be disclosed in the Annual Report.

For and on behalf of
Shilpa Medicare Limited.

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Date: 11 August, 2022
Place: Raichur

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

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

To

The Members**Shilpa Medicare Limited**

We have conducted the Secretarial Audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by Shilpa Medicare Limited, (hereinafter referred to as "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, we hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper board processes and compliance mechanisms 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 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") (applicable sections as on date) 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 by the Securities and Exchange Board of India ("SEBI") thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder, to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations");
 - d. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
 - e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (vi) Provisions of the following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") were not applicable to the Company during the Financial Year under review:-
 - a. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - b. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
 - c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
 - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- (vii) The Pollution and Labour laws that are applicable to the Company are as follows:
 - a. The Water (Prevention and Control of Pollution) Act, 1974;
 - b. The Air (Prevention and Control of Pollution) Act, 1981;
 - c. The Environment (Protection) Act, 1986;
 - d. The Public Liability Insurance Act, 1991;
 - e. The Factories Act, 1948;
 - f. The Employees Provident Fund & Miscellaneous Provisions Act, 1952;
 - g. The Employees State Insurance Act, 1948;
 - h. The Contract Labour (Regulation and Abolition) Act, 1970; and

- i. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
(viii) The Industry specific and other laws that are applicable to the company are as follows:

- a. Drugs and Cosmetics Act, 1940;
- b. Drugs Price Control Order, 2013 and notifications made thereunder;
- c. Electricity Act, 2003;
- d. Indian Boilers Act, 1923;
- e. SEZ Act, 2005;

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

- (i) Secretarial Standards SS-1 and SS-2 with respect to meetings of the Board of Directors and General Meetings, respectively, issued by The Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.

We report that, during the period under review, the Company has duly complied with the provisions of the Companies Act, 2013, the regulations of SEBI and other Acts, as specified above, applicable to the industry of the Company.

We further report that:

The Board of Directors of the Company is duly constituted with a proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the period under review, the following changes took place in the composition of the Board of Directors:

Sr. No.	Name of the Director	Appointment/ Cessation/ Reappointment	Our Comments
1	Mr.Arvind Vasudeva	Appointment	Appointed as an Independent Director w.e.f. September 2, 2021 with the approval of shareholders at 34th AGM held on September 28, 2021 to hold office for a period of 3 years i.e. till the conclusion of AGM to be held in the year 2024.
2	Mr.Hetal Madhukant Gandhi	Appointment	Appointed as an Independent Director w.e.f. September 2, 2021 with the approval of shareholders at 34th AGM held on September 28, 2021 to hold office for a period of 3 years i.e. till the conclusion of AGM to be held in the year 2024.
3	Ms.Sirisha Chintapalli	Reappointment	Reappointed as an Independent Director with the approval of shareholders at 34th AGM held on September 28,2021 to hold office for a period of one year i.e. till the conclusion of AGM to be held in the year 2022.
4	Mr.Pramod Kasat	Cessation	Retired from Independent Directorship w.e.f. September 28, 2021
5	Mr.Rajender Sunki Reddy	Cessation	Retired from Independent Directorship w.e.f. September 28, 2021
6	Mr.Naresh Patwari	Cessation	Resigned from the Directorship of the Company w.e.f.February 2, 2022
7	Mr.Piyush Goenka	Cessation	Resigned from the Directorship of the Company w.e.f.February 7, 2022

Based on our verifications and the declarations received from the respective directors, we further report that, the directors are not disqualified to act as such under the provisions of the Companies Act, Orders/ Circulars/ Regulations issued by SEBI or such other acts, for the time being enforceable.

Adequate notice was given to all the directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As a general practice of the Board, decisions were taken on unanimous consent.

We further report that, during the period under review, no prosecutions were initiated and no fines or penalties were imposed during the year under the Companies Act, FEMA, the SEBI Act, the SCRA or other SEBI Regulations on the Company or its directors and officers.

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

We further report that during the year 52,75,000 Equity Shares of Rs.1/- each were issued and allotted at a premium of Rs.563/- on preferential basis and raised an amount of Rs.297.51 Cr.. With this the equity capital increased to Rs. 8,68,01,898/-

We further report that during the year under review in terms of the provisions of section 124(5) of the Act, Rs.2,91,068 Unpaid/ Unclaimed Dividend relating to the FY 2013-14 belonging to 221 shareholders, was transferred to the Investor Education and Protection Fund (IEPF).

We further report that during the year under review in terms of the provisions of section 124(6) of the Act, 79,813 Equity Shares belonging to 13 shareholders were transferred to the Investor Education and Protection Fund (IEPF).

Sd/-

D.S. Rao

ACS No.: 14487

C.P. No.: 12394

P/R No.1817/2022

UDIN: A012394D000782306

Date : 11-08-2022

Place: Hyderabad

Note: 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,
Shilpa Medicare Limited
Raichur**

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

1. Maintenance of Secretarial records 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 the Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on 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.

Date : 11-08-2022
Place: Hyderabad

**Sd/-
D.S. Rao**
ACS No.: 14487
C.P. No.: 12394
P/R No.1817/2022
UDIN: A012394D000782306

Annexure-4

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN (EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014)

CONSERVATION OF ENERGY:

- (i) the steps taken or impact on conservation of energy: The Company is conscious of conservation of energy & conducts energy audits every year at all the sites to explore the scope of energy conservation.

The Following other energy Conservation measures have been adopted

Unit-2

S. No	Description of Activity	Energy Saved In KWh / Year
1	High Efficiency COB Type lamps procured and installed various locations in production blocks; 70 No's replaced.	3,504
2	Microbiology and AO Block Air cooled Chiller stopped and Connected with Common Water cooled Chiller	229,220
3	AO7 Cooling Tower Pumps Loads Reduced by installing additional Booster pump to meet the require head.	292,000
4	IoT Smart Switched Installed in AO7 Block lighting to optimize the burning hrs. now users operating whenever lighting required, remaining all times in switched off(Except Emergency Lights)	867
5	By installing Energy efficient EC Blower, energy consumption reduced about 50% compared with conventional belt driven centrifugal blowers.	566,228
Total		1,091,819

Unit-1

1	Energy Saving in Chilling Plant Primary Pump	63750
2	OB -III Cooling Tower Pumps Capacity from 35 HP to 15 HP	102375
3	Reducing Hot Water pump Capacity from 20 HP to 12.5 HP	38375
5	EC Blowers installation	525000
6	Water Jet Vacuum pump Cooling tower pumps removed (5 HP X 5 NO'S)	76750
Total		806250
Total of Unit1&2		1898069

Sl. No	the steps taken by the company for utilizing alternate sources of energy;	<p>a. The Company is Sourcing Electrical Energy from Renewable sources like Solar Power Generation & Energy Generated from Windmills about 95% of the electrical energy</p> <p>b. The Company is Using Renewable Biomass Fuels for Its Thermal Energy Requirements in all its Manufacturing Units .</p> <p>c. The Company has invested in Clean development Mechanism & registered it's bio mass fired boiler with UNFCC under Kyoto Protocol Project Reference No: 3926; The Pdd listed at UNFCC site : http://cdm.unfccc.int/Reference/Documents; The validation report can be visited at http://cdm.unfccc.int/EB/044/eb44_repan03.pdf</p> <p>The Company is using electrical energy from Renewable Wind Energy –from its own wind mills & is using 40.60 Lakh Units per annum for its energy requirements at Raichur units, on wheeling basis . Apart from this The company through its winds mills has Generated 5705712 units , has given this clean energy to the Grid for usage, & Contributed to the environment by reducing the green house gases , which otherwise would have been generated.</p>
	the capital investment on energy conservation equipment's;	₹ 160.5 Lakhs

Technology absorption-

The efforts made towards technology absorption;

Apart from the above the Company has implemented following Energy saving & Environmental Friendly Technologies

- 1) Energy efficient Drying technologies - Spherical Drier with reduced time cycle to reduce the time cycle in drying operations –time cycle reductions and there by saving the thermal energy.
- 2) Resource reduction - water consumption Reduction by introducing the Filtration of salt solution to eliminate the silt coating on the resins & there by improving OBR to 800KL per regeneration
- 3) Recycling: water consumption reduction by recycling about 266 kl from various stages of water treatment , Thereby reducing water consumption

The above Have been continually performing to conserve the energy & resources

The company has achieved a direct energy saving of about 5.24% (in Kw) of the overall electrical energy consumption value

The Company is Recycling the waste water after treatment in it's Zero Liquid Discharge system, there by conserving the water resource,

The benefits derived like product improvement, cost reduction, product development or import substitution:

Product Improvement, Cost reduction & Product development activities are the ongoing processes in the company,

The company is utilizing the services of dedicated intellectuals at various sites to develop the processes to reduce the Resource (Raw material consumption, improved process efficiencies & reduction in treatment costs).

The company has increased the batch sizes by debottlenecking the equipment , & Increased the occupancy by segregation of the intermediate areas of production block into two bays so that two products are run at a time & Clean rooms are continuously Occupied

The Company recycles the solvents used with efficient recovery & purification systems; thereby the company conserves the resources.

The company has incorporated the latest available technologies, there by cutting down the costs of operation, energy, & increasing the capacity

In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- NA

(a) the details of technology imported	NA
(b) the year of import	NA
(c) whether the technology been fully absorbed	NA
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	NA

Foreign Exchanges and Outgo:

The details of foreign exchange earning in terms actual inflows and out flows during the year are detailed in note 44 to the Standalone Financial Statements for the financial Year ended 31st March 2022.

For and on behalf of the
Shilpa Medicare Limited

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Date: 11th August 2022
Place: Raichur

Annual Report on CSR Activities

1. Brief Outline on CSR Policy of the Company:

The CSR Policy has been placed on the Company's website at https://www.vbshilpa.com/pdf/CSR_Policy.pdf.

CSR Policy of your Company encompasses its philosophy for defining its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large. The core theme of CSR Policy is giving back to the society from which it draws its resources.

The Company has been conscious of its CSR obligations and fulfilment of the same. It has been undertaking and implementing CSR activities by establishing a trust called 'Shilpa Foundation' to provide financial assistance to the poor and needy and to give donations to promote various social, cultural and philanthropic activities.. This policy is subject to the provisions of Companies Act, 2013 and the Schedules, rules and regulations made thereunder.

2. Composition of the CSR Committee:

Sl. No	Name of Committee Members	Designation / Nature of Directorship	Date of Appointment	Number of CSR Committee Meeting held during the year	Number of Meetings of CSR Committee attended during the year
1.	Ms. Sirisha Chintapalli	Chairman- Independent Director	14.10.2021	1	1
2.	Mr. Kalakota Reddy Sharath	Member- Executive Director	08.02.2022	1	1
3.	Mr. Vishnukant C Bhutada	Member- Executive Director	01.04.2014	1	1

3. Provide the web link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company: <https://www.vbshilpa.com/policies-and-codes.php>

4. Provide the details of the impact assessment of CSR Projects carried out in pursuance of Sub Rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: Not Applicable.

5. Details of the Amount available for set off in pursuance of Sub Rule 3 of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the Financial Year, if any.

Sl. No.	Financial Year	Amount Available for set off from preceding Financial Year	Amount required to be set off for the financial year, if any.
		Not Applicable	

6. Average net profits of the Company as per Section 135(5): ₹ 18625.5 Lakhs

7. a. Two percent of average net profits of the Company as per section 135(5): ₹ 372.51 Lakhs

b. Surplus arising out of the CSR Projects, programs, or activities of the Previous Financial Years: NIL

c. Amount required to be set off for the Financial Year: NIL

d. Total CSR obligation for the Financial Year (a+b+c): ₹ 372.51 Lakhs

8. a. CSR Amount spent or unspent for the Financial Year:

Total Amount spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	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
₹ 372.51 Lakhs	-	-	-	-	-

b. Details of CSR amount spent against ongoing projects for the Financial Year:

Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes / No)	Location of the Project		Project Duration	Amount Allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR registration number
1	Hospital	1	Yes	Karnataka	Raichur	3 Years	1500 Lakhs	99 Lakhs	962 Lakhs	Indirect	Shilpa Foundation	CSR00003272

c. Details of CSR amount spent against other than ongoing projects for the Financial Year:

Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes / No)	Location of the Project		Amount Allocated for the project (in ₹)	Mode of Implementation Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR registration number
1	Health	1	Yes	Karnataka	Raichur	12 Lakhs	Yes	Shilpa Foundation	CSR00003272
	Education	2				360.51 Lakhs	No		
	Environment	4							
	Water Conservation	4							
	Sports	5							
	Arts & Culture	7							

d. Amount spent in Administrative Overheads: NIL

e. Amount spent on Impact Assessment, if applicable: NIL

f. Total Amount spent for the Financial Year: (8b+8c+8d+8e): NIL

g. Excess amount for set off if any: NIL

Sl. No	Particulars	Amount in (₹) in Lakhs
1.	Two percent of average net profit of the company as per section 135(5)	₹ 372.51
2.	Total amount spent for the Financial Year	₹ 372.51
3.	Excess amount spent for the financial year [(2)-(1)]	NIL
4.	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	NIL
5.	Amount available for set off in succeeding financial years [(3)-(4)]	NIL

9. a. Details of the unspent CSR amount for the preceding three Financial Years:

Sl. No.	Preceding Financial Year	Amount Transferred to Unspent CSR Account under section 135(6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount Transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in Succeeding Financial Years (in ₹)
				Name of the Fund	Amount in ₹	Date of transfer	
NIL							

b. Details of CSR amount spent in the Financial Year for ongoing projects for the preceding Financial Years:

Sl. No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Total Amount allocated for the project in ₹	Amount spent on the project in the reporting Financial Year in ₹	Cumulative Amount spent at the end of the reporting Financial Year in ₹	Status of the project - Completed / ongoing.
Not Applicable								

10. In case of Creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial Year:

a. Date of Creation or acquisition of the Capital Asset: April 2022

- b. Amount of CSR Spent for creation or acquisition of Capital Asset: 7.5 Crores
 - c. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Shilpa Foundation a registered trust having address at survey no: 246, situated at Pothgal Village, Raichur, Karnataka
 - d. Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Shilpa Foundation has been searching to acquire a land in and around Raichur, Karnataka where the Company's major manufacturing facilities are situated, to build a permanent facility to take-up some of the CSR activities as per CSR policy of the Company. Accordingly, the CSR Committee in its meeting held on 02 September 2021 approved to acquire the property in the name of "Shilpa Foundation" having address at survey no: 246, situated at Pothgal Village, Raichur, Karnataka for utilizing the said property for CSR activities, measuring 03 acres and 26 Guntas.
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **Not Applicable.**

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR projects, is in compliance with CSR Annual Action Plan, CSR objectives and Policy of the Company.

For and on behalf of the CSR Committee of
Shilpa Medicare Limited

Place: Raichur
Date: 05 August 2022

Sd/-
Sirisha Chintapalli
Chairman of CSR Committee
DIN: 08407008

Sd/-
Omprakash Inani
Chairman
DIN: 01301385

Annexure-6

Corporate Governance Report

[As required under Reg.34 (3) and Schedule V(C) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Company's shares are listed on:

Sl. No	Name of the Stock Exchange	Date of Listing
1	Bombay Stock Exchange	19.06.1995
2.	National Stock Exchange	03.12.2009

The Corporate Governance Report has been prepared in accordance with Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V thereto.

1. CORPORATE GOVERNANCE PHILOSOPHY

- The Company is committed to the highest standards of Corporate Governance Practices.
- The Company relies on strong corporate governance systems and policies of business for healthy growth, accountability and transparency. Good corporate governance will certainly benefit the Board and the management to carry out the objectives effectively for the benefit of the Company and its shareholders. The Code of Corporate Governance emphasizes the transparency of systems to enhance the benefit of shareholders, customers, creditors and employees of the Company.
- In addition to compliance with regulatory requirements, the Company endeavors to ensure that highest standards of ethical conduct are maintained throughout the organization.

- The Company has complied with the requirements of corporate governance in accordance with the applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. BOARD OF DIRECTORS

- The Board of Directors along with its committees provides focus and guidance to the Company's management as well as directs and monitors the performance of the Company.
- The Board presently comprises of Eight (8) directors having rich and vast experience with specialized skills in their respective fields, out of which Six (6) are Non-Executive Directors including Two Women Directors. The Company has a Non-Executive (promoter) Chairman. The Independent Directors constitute more than 50% of the total number of Directors on the Board, with the Managing Director and Whole Time Director being the only Executive Directors on the Board of the Company.
- All the Directors on the Board of the Company have made necessary declarations/disclosures regarding their interest in other entities by virtue of being a Director or Shareholder or otherwise including but not limited to the positions held in the Committees of other companies.

S. No.	Name of the Director	Category	No of Board Meetings during the Year 2021-22		Attendance at AGM held on 28.09.2021	¹ No. of Directorships held in other Companies	Committees ²	
			Held	Attended			Chairmanship	Membership
1	Mr. Om Prakash Inani	Chairman, Non-Executive- Promoter	09	08	Yes	5	1	1
2	Mr. Vishnukant C Bhutada	Managing Director – Promoter	09	09	Yes	14	-	1
3	Mr. Rajender Sunki Reddy ³	Non-Executive-Independent Director	04	03	No	8	0	0
4	Mr. Pramod Kasat ⁴	Non-Executive Independent Director	04	04	Yes	4	-	0
5	Mr. Naresh Patwari ⁵	Non-Executive Non- Independent Director	08	07	Yes	3	-	0
6	Mr. Piyush Goenka ⁶	Non-Executive-Independent Director	08	07	Yes	2	0	0
7	Mr. Arvind Vasudeva ⁷	Non-Executive Independent Director	05	05	No	1	-	1
8	Mr. Hetal Madhukant Gandhi ⁸	Non-Executive Independent Director	05	05	No	6	1	2
9	Ms. Sirisha Chintapalli	Non-Executive Independent Director	09	09	Yes	5	2	2
10	Mr. Kalakota Sharath Reddy	Whole-Time Director	09	09	Yes	2	-	-
11	Dr. Kamal K Sharma ⁹	Additional Independent Director	-	-	-	7	-	3
12	Dr. Anita Bandyopadhyay ¹⁰	Additional Independent Director	-	-	-	2	1	-

¹Excluding directorship in foreign companies and companies incorporated u/s. 8 of the Companies Act, 2013, but including private limited companies.

²Only membership of Audit and Stakeholders Relationship Committees of public limited companies including Shilpa Medicare Limited are considered. Committees are re constituted w.e.f. 11 August 2022

³Ceased to be the Director of the Company w.e.f. 28 September 2021

⁴Ceased to be the Director of the Company w.e.f. 28 September 2021

⁵Ceased to be the Director of the Company w.e.f. 02 February 2022

⁶Ceased to be the Director of the Company w.e.f. 07 February 2022

⁷Appointed as the Director of the Company w.e.f. 02 September 2021

⁸Appointed as the Director of the Company w.e.f. 02 September 2021

⁹Appointed as the Additional Independent Director of the Company w.e.f. 01 July 2022

¹⁰Appointed as the Additional Independent Director of the Company w.e.f. 11 August 2022

Memberships of the above mentioned directors in other Listed Companies.

Sl.No	Name of the Director	Name of the Company	Category for Directorship
1.	Hetal Madhukant Gandhi	Chalet Hotels Limited	Independent Director & Chairman
		Ami Organics Limited	Independent Director
2.	Dr. Kamal K Sharma	Lupin Limited	Non-Executive Director
		SeQuent Scientific Limited	Additional Director
3	Sirisha Chintapalli	Zen Technologies Limited	Independent Director
4	Dr Anita Bandyopadhyay	Speciality Restaurants Limited	Independent Director
		Ami Organics Limited	Independent Director

Number of Board Meetings held during the year under review:

During the year under review, Nine (9) board meetings were held, on the Following dates:

31 May 2021	12 July 2021	14 August 2021	02 September 2021	14 October 2021
29 October 2021	12 November 2021	08 February 2022	29 March 2022	

In compliance with the provisions of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the intervening period between two consecutive meetings did not exceed one hundred and twenty days (120 days).

As per the disclosures given by the respective directors, no director is a member of more than ten committees and chairman of more than five committees, as specified in Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 across all the companies in which he/she is a director. Further, no director is acting as independent director of more than seven listed companies and if he is a whole-time director of a listed Company, not more than three companies.

Disclosure of Relationships between the Directors inter-se:

None of the Directors are related inter se.

Number of shares and convertible instruments held by Non-Executive Directors:

The details of shareholding by the Non-Executive Directors are as under:

Sl. No	Name and designation of the director	No of shares held
1.	Mr. Hetal Madhukant Gandhi	8000
2.	Mr. Omprakash Inani	2867691

Web link where details of familiarization programmes imparted to Independent Directors:

The details of the programmes conducted by the Company for the familiarization of Independent Directors are posted on the Company's website under the web link: https://vbshilpa.com/pdf/Familiarisation_Programme.pdf

Matrix presenting the directors' area of expertise against their experience in the respective field is specified hereunder:

The list of core skills / expertise / competencies which are identified by the Board of Directors as required in the context of the business of the Company to function effectively are:

- Specialization and expertise
- Finance and accounts
- Legal and governance
- Industry knowledge
- Risk management
- Analytical skills
- Decision making skills
- Leadership skills
- Corporate Governance

Name of Director	Designation	Years of experience	Field of expertise
Vishnukant Chaturbhuj Bhutada	Managing Director	33	Pharmacy and Administration
Om Prakash Inani	Chairman	38	Business and Administration
Arvind Vasudeva	Independent Director	39	Pharmaceuticals, Marketing, sales, Human Resources, Finance & projects
Hetal Madhukant Gandhi	Independent Director	36	Finance & Investment Banking
Kalakota Sharath Reddy	Whole-time Director	32	API manufacturing, operations & Pharmacy, quality & Projects execution of greenfield & brownfield projects, quality and projects.
Sirisha Chintapalli	Independent Director	13	Regulatory Compliance & Legal matters
Dr. Kamal K Sharma	Additional Independent Director	40	Pharmaceuticals & Chemical Industry
Dr Anita Bandyopadhyay	Additional Independent Director	25	Human Resources

Confirmation that in the opinion of the Board the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the management:

The Board of Directors confirms that in its opinion the Independent Directors fulfill the conditions specified by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

During the year under review Mr. Piyush Goenka, an Independent Director of the Company has resigned with effect from 07 February 2022 due to his professional priorities

Meeting of Independent Directors:

A meeting of the Independent Directors was held on 28 March 2022, inter alia, to review the performance of the Non- Independent Directors and the Board as a whole, to review the performance of the Chairperson of the Company and to assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in Regulation 25 read with Schedule IV of the Companies Act, 2013 and are independent of the management.

3. COMMITTEES OF DIRECTORS

A. Audit Committee

Brief description and terms of reference:

The Company has constituted a qualified and independent Audit Committee comprising of 2/3 members as independent directors in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

The Committee is empowered with the role and powers as prescribed under Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Committee also acts in terms of reference and directions of the Board from time to time.

The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

The Managing Director, CFO, internal auditors and statutory auditors are also invited to the meetings, as and when required. The Company Secretary acts as the secretary of the Committee.

Composition, name of members and chairperson:

S.No.	Name of the Director	Nature of Directorship	Category
1.	Mr. Rajender Sunki Reddy (upto 14 October 2021)	Independent Director	Chairman
2.	Mr. Omprakash Inani	Non-Executive Director	Member
3.	Mr. Pramod Kasat (upto 14 October 2021)	Independent Director	Member
4.	Mr. Hetal Madhukant Gandhi (w.e.f. 14 October 2021)	Independent Director	Chairman
5.	Ms. Sirisha Chintapalli (upto 11 August 2022)	Independent Director	Member
6.	Mr. Arvind Vasudeva (w.e.f. 11 August 2022)	Independent Director	Member

Meetings and attendance during the Year 2021-22

During the year, Five (05) meetings of the Audit Committee were held and the details of attendance of the members in such meetings are as follows:

Date of the Meeting	Number of Members attended
31 May 2021	03
12 July 2021	03
14 August 2021	03
29 October 2021	03
08 February 2022	03

The gap between two Audit Committee meetings was not more than one hundred and twenty days (120 days).

The necessary quorum was present at all the meetings.

B. Nomination and Remuneration Committee (NRC)

The Committee is empowered with the role and powers as prescribed under Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 178 of the Companies Act, 2013 and in the Nomination & Remuneration Policy of the Company. The Committee also acts in terms of reference and directions of the Board from time to time.

The Nomination and Remuneration Committee reviews the profiles & experience, performance appraisals and recommends the remuneration package payable to executive director(s) and other senior executives in the top level management of the Company and other elements of their appointment and gives its recommendations to the Board wherever necessary acts in terms of reference of the Board specified from time to time. The Remuneration Policy as applicable to directors, key managerial persons and other senior management personnel is posted on the website of the company at the below web address.

<https://www.vbshilpa.com/pdf/NominationRemunerationPolicy.pdf>

Composition, name of members and chairperson

The NRC comprises of Three (3) Non-Executive Directors. The composition of the Nomination and Remuneration Committee is as follows:

S.No.	Name of the Director	Nature of Directorship	Category
1	Mr. Pramod Kasat (upto 14 October 2021)	Independent Director	Chairman
2	Mr. Omprakash Inani	Non-Executive Director	Member
3	Ms. Sirisha Chintapalli (Upto 14 October 2021)	Independent Director	Member
4	Mr. Arvind Vasudeva (w.e.f. 14 October 2021)	Independent Director	Chairman
5	Mr. Hetal Madhukant Gandhi (Upto 11 August 2022)	Independent Director	Member
6	Dr. Anita Bandyopadhyay (w.e.f. 11 August 2022)	Independent Director	Member

Meetings and attendance during the year 2021-22

During the year, Four (04) meetings of the Nomination and Remuneration Committee were held and the details of attendance of the directors in such meetings are as follows.

Date of the Meeting	Number of Directors Attended
31 May 2021	03
02 September 2021	03
11 November 2021	03
29 March 2022	03

Performance evaluation criteria for Independent Directors:

Independent Directors have three key roles to play; those are:

- Governance
- Control
- Guidance

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee has recommended the guidelines for the evaluation of performance of Independent Directors. This largely includes:

- The qualification and experience of Independent Directors
- The ground work the Independent Directors perform before attending the meetings to enable them in giving valuable inputs during meetings.
- The exposure of Independent Directors in different areas of risks the entity faces and advices from them to mitigate the same.

In line with the Corporate Governance guidelines, evaluation of all Board members is done on an annual basis. This evaluation is done by the entire Board led by the Chairman with specific focus on the performance and effective functioning of the Board, the Committees of the Board and the individual directors and is reported to the Board. The evaluation process also considers the time spent by each of the Board members, core competencies, personal characteristics, accomplishment of specific responsibilities and expertise.

The entire Board of Directors (excluding the director being evaluated) held the performance evaluation of Independent Directors and on the basis of performance evaluation, the Board decided to continue the term of appointment of Independent Directors.

Performance evaluation was done by the respective bodies on 29 March 2022.

Remuneration of Directors:

The details of remuneration and commission paid to the Managing Director and Whole Time Director are as follows:

Category of Payment	Amount in ₹ in lakhs	
	Mr. Vishnukant C Bhutada (Managing Director)	Mr. Kalakota Sharath Reddy (Whole Time Director)
a. Fixed Component	155.10	139.18
b. Performance Linked Incentives	0	0
Allowances, Perquisites & others	0	0
Commission	800.00	0
Company's Contribution to PF	11.88	0.79
Perks	0	0
Total	966.98	139.97

Apart from the above, Managing Director is also eligible for the leave encashment, leave travel concession, gratuity, superannuation and other benefits in terms of his appointment and the rules of the Company. The Whole-time Director is also entitled to other benefits as per the HR policies of the Company and in terms of his appointment such as gratuity etc. The contract is terminable by either party on 3 months' notice or pay in lieu thereof;

Sitting Fee paid to Non-Executive Directors and their shareholding is as follows:

Name of the Director	Designation	Sitting fees paid (Amount in ₹)	No. of shares held on 31-03-2022
Mr. Om Prakash Inani	Chairman	190000	2867691
Ms. Sirisha Chintapalli	Independent Director	190000	-
Mr. Arvind Vasudeva	Independent Director	120000	-
Mr. Hetal Madhukant Gandhi	Independent Director	120000	8000
Mr. Piyush Goenka	Independent Director	110000	-
Mr. Rajender Sunki Reddy	Independent Director	40000	25500
Mr. Pramod Kasat	Independent Director	40000	106273

Commission paid to non executive Independent Directors

Name of the Director	Commission paid
Mr. Hetal Madhukant Gandhi	2190000
Mr. Arvind Vasudeva	1610000

Other than the sitting fees paid to the Non-Executive Directors, they had no material pecuniary relationship or transaction with the Company. The Company has not issued any stock options to its directors/ employees during the financial year under review.

Except Mr. Vishnukant C Bhutada, Managing Director of the Company who was allowed performance linked incentives, i.e. commission as shown above, and Commission paid to Mr. Hetal Madhukant Gandhi and Mr. Arvind Vasudeva, no other director was allowed any fixed or performance linked incentives.

There are neither specific contracts nor any severance fees. The terms of appointment are as decided by the Board and the general body.

C. Stakeholders' Relationship Committee

The present composition of the Stakeholders' Relationship Committee is as under:

S.No.	Name of the Director	Nature of Directorship	Category
1	Mr. Om Prakash Inani	Non-Executive Director	Chairman
2	Mr. Vishnukanth C Bhutada	Managing Director	Member
3	Mr. Rajender Sunki Reddy (upto 14 October 2021)	Independent Director	Member
4	Ms. Sirisha Chintapalli (upto 11 August 2022)	Independent Director	Member
5	Dr. Kamal K Sharma (w.e.f 11 th August 2022)	Independent Director	Member

The Stakeholders' Relationship Committee is empowered to oversee the redressal of investors' complaints pertaining to share transfer, non-receipt of annual reports, dividend payments, issue of duplicate share certificate, transmission of shares and other miscellaneous complaints. In accordance with Regulation 6 of the SEBI (LODR) Regulations, 2015, the Board has authorized the Company's Registrar and Transfer Agent (RTA) i.e. Kfin Technologies Limited (previously known as Kary Fintech Private Limited) to approve the share transfers/ transmissions and to comply with other formalities in relation thereto in coordination with the Compliance Officer of the Company. All the investors' complaints, which cannot be settled at the level RTA and the Compliance Officer, will be placed before the Committee for final settlement.

Name of the Non-Executive Director heading the committee	Mr. Omprakash Inani
Name and designation of the Compliance Officer	Ms. Ritu Tiwary, Company Secretary and Compliance Officer
Number of Shareholders' Complaints received in FY2021-22	NIL
Number not solved to the satisfaction of shareholders	-
Number of pending complaints	-

Meetings and attendance during the year 2021-22

During the year One (1) meeting of the Stakeholders Relationship Committee was held, the details of attendance of the members is as follows.

Date of the Meeting	Number of Members Attended
28 March 2022	03

D. Corporate Social Responsibility Committee (CSRC).

The Board constituted a CSR Committee as per the provisions of Section 135 of the Companies Act, 2013 and entrusted the responsibility to comply with the said provisions to such Committee. The composition of the CSRC is as under:

S.No.	Name of the Director	Nature of Directorship	Category
1.	Mr. Rajender Sunki Reddy (upto 14 October 2021)	Independent Director	Chairman
2.	Mr. Omprakash Inani (upto 14 October 2021)	Non Executive Director	Member
3.	Mr. Vishnukant C Bhutada	Managing Director	Member
4.	Ms. Sirisha Chintapalli (upto 11 August 2022)	Independent Director	Chairman
5.	Mr. Naresh Patwari (upto 02 February 2022)	Non Executive Director	Member
6.	Mr. Piyush Goenka (upto 07 February 2022)	Independent Director	Chairman
7.	Mr. Kalakota Sharath Reddy (w.e.f. 08 February 2022)	Whole Time Director	Member
8.	Dr Anita Bandyopadhyay (w.e.f. 11 August 2022)	Independent Director	Chairman

Meetings and attendance during the year 2021-22

During the year one (01) meeting of the Corporate Social Responsibility Committee was held, the details of attendance of the members is as follows.

Date of the Meeting	Number of Members Attended
02 September 2021	3

E. Risk Management Committee:

The Board has constituted Risk Management committee at their meeting held with the undermentioned members.

S. No	Name of Director/ Designation of Executive	Nature of Directorship/ Responsibility of Executive	Category in Committee
1	Mr. Vishnukant C Bhutada	Managing Director	Chairman
2.	Mr. Pramod Kasat (upto 14 October 2021)	Independent Director	Member
3.	Mr. Kalakota Sharath Reddy	Whole Time Director	Member
4.	Mr. Arvind Vasudeva (w.e.f. 14 October 2021)	Independent Director	Member
5.	Mr. Piyush Goenka (upto 07 February 2022)	Independent Director	Member
6.	Dr Kamal K Sharma (w.e.f 11 August 2022)	Independent Director	Member

The Committee is responsible to monitor and review the major risks faced by and the risk management plan of the Company and periodically evaluate the risk perception of the Company in different fields of operation and exposure and make due recommendations to the Board.

Meetings and attendance during the year 2021-22

During the year Two (2) meetings of Risk Management Committee were held, the details of attendance of the members is as follows.

Date of the Meeting	Number of Members Attended
23 December 2021	4
28 March 2022	3

GENERAL BODY MEETINGS

The Details of the last three Annual General Meetings (AGMs) are given below:

Financial Year Ended	Date	Venue	Time	Special Resolution Passed
31 st March 2021	28 September 2021	Registered office: 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur – 584135, Karnataka	11:30 AM	<ol style="list-style-type: none"> 1. Appointment of Ms. Sirisha Chintapalli (DIN: 08407008) as an independent women director of the Company. 2. Appointment of Mr. Arvind Vasudeva (DIN:00669039) as an independent director of the Company 3. Appointment of Mr. Hetal Madhukant Gandhi (DIN: 00106895) as an independent director of the company.
31 st March 2020	09 th September 2020	Registered office: 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur – 584135, Karnataka	11:00 AM	<ol style="list-style-type: none"> 1. Approval for granting loans to Subsidiaries, Joint Ventures and Associate Companies.
31 st March, 2019	20 th September, 2019	Registered office: 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur – 584135, Karnataka	12:15 PM	<ol style="list-style-type: none"> 1. Approval under section 188 of the companies Act, 2013 for appointment of Mr. Deepak Kumar Innani as General Manager-Projects 2. Approval for granting loans to subsidiaries, Joint Ventures and Associates companies. 3. Re-appointment of Mr. Vishnukant C Bhutada as Managing Director

The Details of General Meetings (Other than AGMs) held during the last Three years are given below

Financial year ended	Date	Venue	Time	Special Resolution passed
2021-22	10 th November 2021	Registered office: 12-6-214/A-1, Hyderabad Road, Raichur – 584135, Karnataka	2:00PM	To approve the issue of equity shares on preferential basis to select group of persons
2019-20	30 th March, 2020	Registered office: 12-6-214/A-1, Hyderabad Road, Raichur – 584135, Karnataka	11:30 AM	To consider and approve sale of Biological Unit of the Company under construction / installation by way of slump sale to Shilpa Biologicals Private Limited, a wholly owned subsidiary of the Company.

Two Special Resolution have been passed by the Company through postal ballot during the year under review. Details are given below:

Sl No	Date of Postal Ballot Notice	Voting period	Date of Declaration of result	Special Resolution passed
1	12 th July 2021	20 th July, 2021 to 18 th August, 2021	19 th August 2021	To consider and approve transfer of active pharmaceutical ingredient (API) business of the Company by way of slump sale as "going concern" to Shilpa Lifesciences Private Limited (company under incorporation) a wholly owned subsidiary of the company.
2	08 th February 2022	13 th February 2022 to 14 th March 2022	15 th March 2022	To consider and approve the change of entity for slump sale of active pharmaceutical ingredient (API) business of the company from Shilpa Lifesciences Private Limited To Shilpa Corporate Holdings Private Limited (CIN U65929KA2020PTC134081), a wholly owned subsidiary of the company consequent to change of its objects and name.

No resolutions are proposed to be conducted now through postal ballot.

The procedure for postal ballot is as per Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014

4. MEANS OF COMMUNICATION.

a. Quarterly results

Quarterly, half-yearly and annual results are published in two Newspapers - one in English and the other in Kannada.

Annual Reports with audited financial statements are sent to shareholders through permitted mode.

b. Newspapers wherein results normally published

The results are normally published by the Company in the newspapers (Business Standard or Business Line) in English version circulating in the whole of India and in regional newspaper (Suddimoola) in the vernacular language in all editions.

c. Any website, where displayed.

The results are also published on the Company's website: www.vbshilpa.com

d. Whether it also displays official news releases:

The newsletters and press releases made from time to time, if any, are also displayed on the Company's website.

e. Presentations made to institutional investors or to analysts:

The presentations made to institutional investors or to analysts are displayed on the Company's website.

GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting Date and Time	28 September, 2022 @ 11:30 AM		
Venue	#12-6-214/A1, Hyderabad Road, Raichur Karnataka- 584135 (Will be conducted through Video Conferencing Platform as per the Provisions of MCA Circular dated 5 th May, 2020 and the conferencing Login-ID and Password will be sent separately to all the shareholders.		
Last Date of Proxy forms submission	Not Applicable (As the meeting will be held through Video conferencing)		
Period Date for exercising e-voting	24 September 2022 to 27 September 2022		
Financial Year	01 st April, 2021 - 31 st March, 2022		
Book Closure	21 September 2022 to 28 September 2022		
Dividend Payment Date	Within 30 days from the date of Declaration		
Listing on Stock Exchanges	1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. 2. National Stock Exchange of India Limited, "EXCHANGE PLAZA", 5th Floor, Plot No. C/1, G Block, Bhandra- Kurla Complex, Bandra (E), Mumbai		
Stock Code	Name of the Stock Exchange	Stock code	Scrip code
	BSE	530549	SHILPAMED
	NSE	N.A	SHILPAMED

Listing fees to the stock exchanges and Annual custodian fees to depositories for the year 2021-22 have been paid.

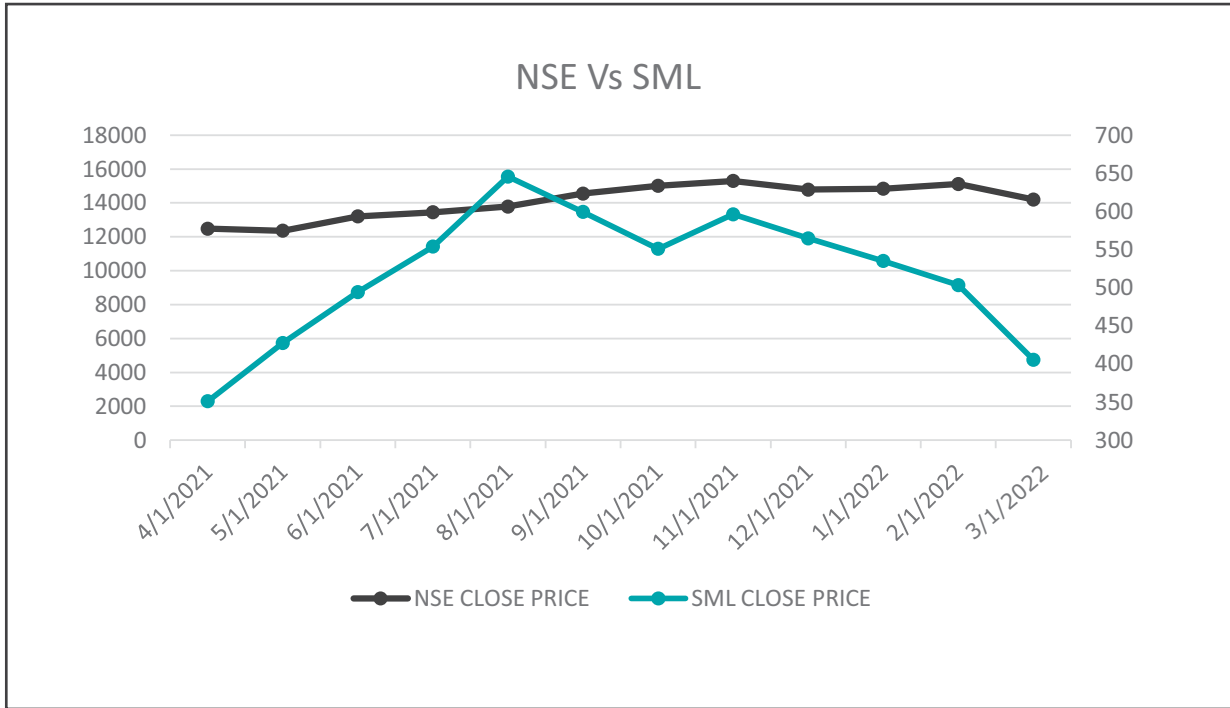
Market price data & Share performance of the Company:

The monthly high, low and trading volumes of the Company's equity shares during the financial year 2021-22 at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) are given below:

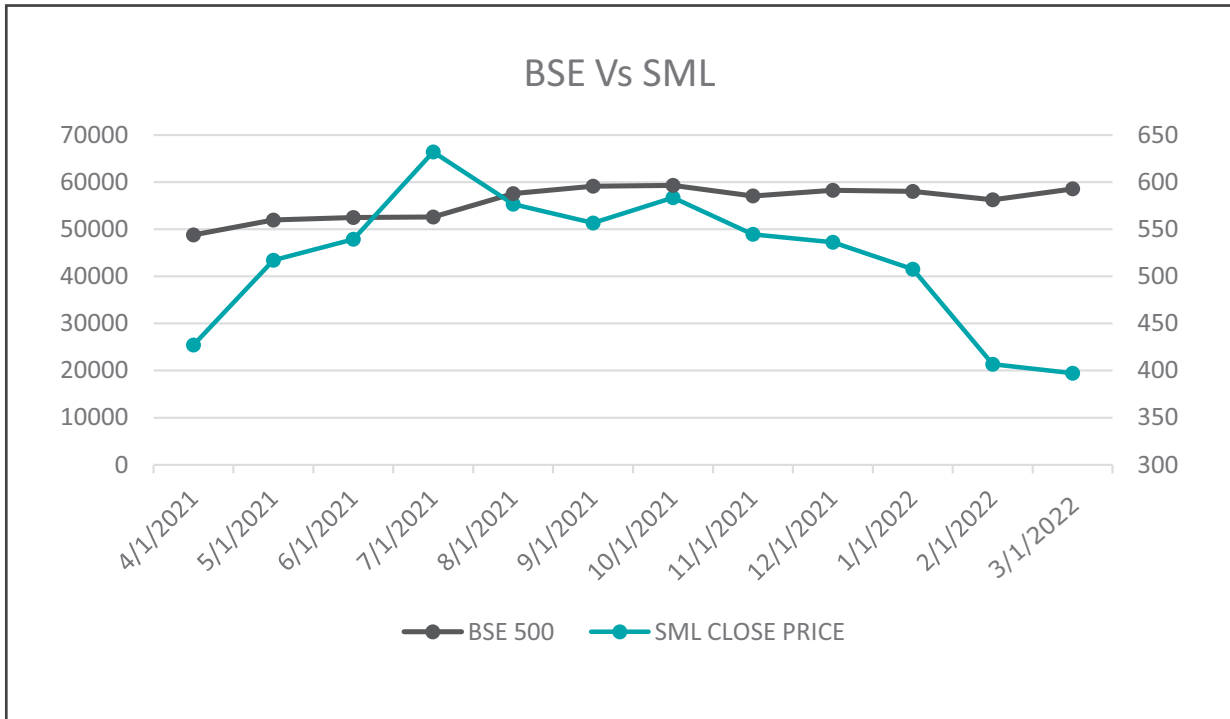
Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2021	462.2	339.5	1275049	357.05	338.5	410513
May, 2021	574.9	414.75	1643851	429.5	418.4	201530
June, 2021	594	490	5051102	510.45	492	1196429
July, 2021	670.95	527.25	1473700	562	535.65	429663
August, 2021	653	512.7	792330	653.2	635	503737
September, 2021	631	543.95	578748	612.5	558.05	864388
October, 2021	657.95	540	850628	555.95	548.05	71822
November, 2021	615.3	534.65	242722	611.95	581	470255
December, 2021	592.95	527	336220	569.9	550	331336
January, 2022	605	505	244427	603.95	537	824957
February, 2022	538.5	394	502323	514.3	498.1	239509
March, 2022	441.1	380.35	1702312	420.65	403.35	205147

Share Performance of the Company in Comparison with broad based indices – S&P BSE SENSEX & CNX NIFTY

CNX NIFTY v/s SML Close Price



SENSEX Vs. SML CLOSING PRICE



In case the securities are suspended from trading, the directors' report shall explain the reason thereof:

During the reporting period there are no instances of suspension of trading in the shares of the Company.

Registrar to an Issue and Share Transfer Agents:

Registrar and Transfer Agents (for shares held in both physical and demat mode)	KFin Technologies Limited (Unit: Shilpa Medicare Limited.) Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana
Telephone Numbers	040-67162222 / 79611000
Contact Person	Ms. Krishnapriya
Email id:	priya.maddula@kfintech.com
Website	www.kfintech.com

Share Transfer System

KFin Technologies Limited, Hyderabad, is the Company's Registrar and Share Transfer Agent. Share transfers are registered and processed in the normal course within a period of less than 15 days from the date of receipt if the documents are in order in all respects, in line with Schedule VII to the Listing Regulations. Request for dematerialization of shares are processed and confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days. The Registrar and Share Transfer Agent has been delegated the power of share transfer to expedite the transfer formalities, which is in line with Schedule VII and Regulation 40 of the SEBI (Listing Obligations and Disclosure Regulations) 2015.

Distribution of shareholding as on 31st March, 2022.

Sl.No	Category	No of Cases	% of Cases	No of Shares	% to Equity
1.	1-5000	39910	98.52	6804268	7.84
2.	5001- 10000	268	0.66	1952611	2.25
3.	10001- 20000	142	0.35	1970270	2.27
4.	20001- 30000	49	0.12	1256894	1.45
5.	30001- 40000	21	0.05	738864	0.85
6.	40001- 50000	12	0.03	550372	0.63
7.	50001- 100000	28	0.07	2046475	2.36
8.	100001 & Above	79	0.20	71482144	82.35
	Total	40509	100.00	86801898	100.00

Shareholding Pattern as on 31st March, 2022.

Category	No of Shares Held	% of Capital
Indian Promoters	43409715	50.01
Banks, Financial Institutions, and Mutual Funds	873719	1.01
Foreign Portfolio Investors and Foreign Institutional Investors	12508295	14.41
Indian Public and HUF	17358990	20.00
Private Corporate Bodies	10790053	12.43
NRI/OCB's/FCB and Foreign Nationals	396820	0.46
Others (AIF, QIB, Trust, Clearing Members, Directors, IEPF)	1464306	1.69
Total	86801898	100

Dematerialization of shares and liquidity.

Number of shares	% of total shares	Number of shareholders	% of total shareholders
86554274	99.71	40509	99.88

Shareholders who continue to hold shares in physical form are requested to dematerialize their shares at the earliest and avail various benefits of dealing in securities in electronic/dematerialized form. The shareholders have the option to hold Company's shares in demat form through the National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL). The system for getting the shares dematerialized is as under:

- Share certificate(s) along with Demat Requisition Form (DRF) is to be submitted by the shareholder to the Depository Participant (DP) with whom he/ she has opened a Depository Account;
- DP processes the DRF and generates a unique number viz. DRN;
- DP forwards the DRF and share certificates to the Company's Registrar & Share Transfer Agent;
- The Company's Registrar & Share Transfer Agent, after processing the DRF, confirms the request to the depositories by cancellation of physical share certificates; and
- Upon confirmation, the depository gives the credit to shareholder in his/her depository account maintained with DP.

The breakup of Shares in demat and physical form as on 31st March, 2022 is as follows.

Particulars	No. of shares of ₹1 /- each	% of Shares
Demat Segment		
NSDL	36110143	41.60
CDSL	50444131	58.11
Sub-total	86554274	99.71
Physical Segment	247624	0.29
Total	86801898	100

Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity:

No GDR/ADRs/ warrants or any convertible instruments have been issued by the Company during the year under review or are outstanding as at the end of the financial year 2021-22.

Commodity Price Risk or Foreign Exchange Risk and Hedging activities.

Foreign Exchange risk and hedging activities: As your Company is mostly involved in exporting, it engages in hedging of foreign exchange risk in natural ways.

The Company hedges on import payables and export receivables, keeping in view the exchange parity at the time of export or import, as the case may be.

Plant Locations:

The Company's plants along with Research and Development Units are located at:

PLANT LOCATIONS**Unit I**

Plot Nos. 1A, 1B, 2,
2A, 3A to 3E & 4A to 4C, 5A, 5B
Deosugur Industrial Area, Deosugur- 584170, Raichur.

Unit II

100% EOU, Plot Nos. 33-33A,40 to 47,
Raichur Industrial Growth Centre, Wadloor Road,
Chiksugur Cross, Chiksugur-584134, Raichur

Unit III

Plot No. S-20 to S-26, Pharma SEZ
TSIIC Green Industrial Park, Pollepally Village, Jadcherla
Mandal, Dist - Mahabubnagar - 509301, Telangana

Unit IV¹

Shilpa Biologicals Private Limited
Plot No: 532-A, Belur Industrial Area, Dharwad,
Karnataka - 580011

Unit V

Plot No: 29-A5, Avverahalli Industrial Area, Bengaluru,
Karnataka - 562117

Unit VII

Quality Control and Bioanalytical Division:
01st and 02nd Floor, Plot No. 79, Road No. 15, Survey No.
125, IDA Mallapur, Nacharam, Uppal Mandal Medchal,
Malkajgiri Dist - 500 076, Hyderabad, Telangana, India

RESEARCH AND DEVELOPMENT UNITS

R & D Unit- Raichur:
Plot Nos. 33-33A, 40 to 47,
Raichur Industrial Growth Centre, Wadloor Road,
Chiksugur Cross, Chiksugur-584134, Raichur

R&D Unit- Bengaluru

Plot No. 29 A5, 4th Phase (Avverahalli) Sompura Industrial
Area, Honnenahalli Village, Dobaspet,
Nelamangala, Bangalore Rural - 562 111, Karnataka, India

WIND MILLS

Machine-1: Madkaripura, Dist. Chitradurga

Machine-2: Jogimatti, Dist. Chitradurga

Machine-3: Vanivilas Sagar, Dist. Chitradurga

Machine-4: Kodameedipalli, Dist. Kurnool

Machine-5: Kalasapura; Dist. Gadag

Unit I & Unit II are transferred to Shilpa Pharma Lifesciences Limited via Slump Sale effective from 30 June 2022

Address for Correspondence:

Registered Office

Shilpa Medicare Limited,
12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur -
584135, Karnataka

Telephone Numbers

08532-238704

Fax Number

08532-238876

Website

www.vbshilpa.com

Email-id:

cs@vbshilpa.com

List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad:

India Rating and Research in its letter dated 04th March, 2022, rated Fund Based Working Capital Limits at IND A+/Stable/IND A1 and for term loans IND A+/Stable.

5. OTHER DISCLOSURES

A. Disclosures on Materially Significant Related Party Transactions that may have potential conflict with the interests of listed entity at large:

All material transactions entered into with related parties as defined under the Companies Act and Regulation 23 of Listing Regulations during the financial year were in the ordinary course of business and these have been approved by the Audit Committee. The Board has approved a Policy for Related Party Transactions which has been uploaded on the Company's website at the following link: https://vbshilpa.com/pdf/related_party_policy.pdf

There have been no materially significant related party transactions between the Company and its directors, the management, subsidiaries or relatives, except for those disclosed in the Board's Report.

B. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years:

There was no instance of non-compliance pertaining to stock exchanges, statutory authority or any other capital market regulator during the preceding three years.

C. Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee;

The Company has formulated a Whistle Blower Policy and has also established a vigil mechanism for employees and directors to report genuine concerns and instances of fraud/ illegal activities and no personnel had been denied access to the Audit Committee. The Policy is placed on the website of the Company under the web link: https://vbshilpa.com/pdf/Whistle_Blower_Policy.pdf. As per the Policy and Internal Code of Conduct all personnel of the Company have been given access to the Chairman of Audit Committee.

D. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company has complied with all the mandatory requirements enumerated in the Listing Regulations and the Companies Act, 2013 read with the rules made thereunder and is also in compliance with non-mandatory requirements to maximum extent.

E. Web link of the Policy for determining "material" subsidiaries is disclosed.

The Company has formulated a policy for determining 'material' subsidiaries and the policy is available on the Company's website under the web link: https://vbshilpa.com/pdf/Policy_on_Material_Subsiidiary.pdf

F. Web link of the policy on dealing with Related Party Transactions.

The Board has formulated a policy on Related Party Transactions and has revised it from time to time in the light of amendments to the Listing Regulations and the same is available on the Company's website under the web link: https://vbshilpa.com/pdf/related_party_policy.pdf

G. Disclosure of Commodity Price Risks and Commodity Hedging Activities: The Company is not dealing in any commodities. Generally, the risk of raw-material price volatility continues to be there in the pharmaceutical industry depending on the demand, supply and availability substitute products of the product. The Company has a system to book up-front the raw-materials based on the customer orders to mitigate the price volatility in addition to that the Company always maintains raw-materials stocks at certain level based on the past data.

H. A certificate from Mr. D.S. Rao, Practicing Company Secretary, Hyderabad stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/ Ministry of Corporate Affairs or any such statutory authority, has been enclosed separately to this Report

I. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

During the year your Company has raised funds of ₹ 2,97,51,00,000 (Rupees Two Hundred and Ninety Seven Crores Fifty One Lakhs only) on a preferential basis for cash consideration to a select group of persons other than the promoter & promoter group of the Company.

Details of aforesaid fund utilization as given below

The Funds raised through Preferential allotment have been utilized for below mentioned purpose:

- a. To reduce the debt of the Company.
- b. To provide for requisite investments for long term growth of the Company.
- c. To increase manufacturing capacities of the company.
- d. To make requisite investments in subsidiaries /associates / joint ventures.
- e. For general corporate purposes.

J. Whether the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required, in the relevant financial year: None

K. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:

Particulars	Amount (In Lakhs)
Name of Auditor	Brahmayya & Co.
Statutory Audit	18.70
Reimbursement of expenses	Nil

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

Your Company has constituted Internal Complaints Committee (ICC) under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The disclosure pertaining to the complaints are given hereunder:

No of complaints received during the year	0
No of complaints disposed off during the year	0
No of complaints pending as on end of financial year	0

Non-compliance of any requirement of Corporate Governance Report, with reasons thereof shall be disclosed:

All the above requirements w.r.t. this Report have been complied with

The extent to which the discretionary requirements as specified in the Part E of Schedule II have been adopted.:

Discretionary Requirements

The Company has adopted / complied with the discretionary requirements specified in Part E of Schedule II as detailed below:

(i) The Board:

The office of Mr. Omprakash Inani, Non-Executive Chairperson, is maintained at the expense of the Company and he is allowed reimbursement of expenses incurred in performance of his duties, if any.

(ii) Shareholders Rights:

All quarterly financial results are submitted to both the stock exchanges and are simultaneously placed on the website of the Company at www.vbshilpa.com part from being published in the newspapers.

(iii) Modified opinion(s) in audit report

There are no modified opinions in the Audit Report for the financial year ended 31st March, 2022.

(iv) Reporting of Internal Auditor:

The Internal Auditor of the Company reports directly to the Chairman of the Audit Committee, stating his observations, if any.

The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 shall be made in the section on corporate governance of the annual report:

Regulation	Particulars of regulations	Compliance status (Yes/No)
17	Board of directors	Yes
17A	Maximum Number of Directorship	Yes
18	Audit committee	Yes
19	Nomination and Remuneration committee	Yes
20	Stakeholders Relationship committee	Yes
21	Risk Management committee	Yes
22	Vigil mechanism	Yes
23	Related party transactions	Yes
24	Corporate Governance requirements with respect to Subsidiary of listed entity	Yes
24A	Secretarial Audit	Yes
25	Obligations with respect to Independent directors	Yes
26	Obligation with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46(2) (b) to (i)	Website	Yes

Declaration signed by the chief executive officer stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management:

The Company has in place a comprehensive Code of Conduct (the Code) pursuant to Regulation 17(5) of Listing Regulations which is 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.

A copy of the Code of Conduct has been placed on the Company's website www.vbshilpa.com. All the Board members and the senior management personnel have confirmed compliance with the Code.

Declaration on compliance with Code of Conduct is annexed to this Report.

CEO and CFO Certification:

The Managing Director and Chief Financial Officer have provided a certificate in compliance with the Regulations 17(8) of the SEBI (Listing Obligations and Disclosure Requirements).

Compliance certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance shall be annexed with the directors' report:

Compliance Certificate on the compliance of conditions of corporate governance pursuant to Para E of Schedule V to the SEBI (LODR) Regulations, 2015 from Mr. D.S. Rao, Company Secretaries, Hyderabad, is enclosed as an annexure to this Report.

Transfer of shares to Investor Education & Protection Fund (IEPF):

Pursuant to the provisions of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") (as amended from time to time), the Company is required to transfer equity shares in respect of which dividends have not been claimed for a period of seven years continuously, to the IEPF. The Company has transferred 79813

Shares (Cumulative shares as on 31st March, 2022 are 290624) equity shares of Re.1/- each to IEPF during the year. Details of these shares are available on the Company's website: www.vbshilpa.com.

Further, shares in respect of which dividend will remain unclaimed progressively for seven consecutive years, will be reviewed for transfer to the Investor Education and Protection Fund as required by law. The Company will transfer the said shares, after sending an intimation of such proposed transfer in advance to the concerned shareholders, as well as, publish a public notice in this regard. Names of such transferees will be placed on the Company's website: www.vbshilpa.com.

Unclaimed Equity Dividends and Shares:

Section 124(5) of the Companies Act, 2013 and Rules made thereunder mandates that dividends that are not encashed or claimed within seven years from the date of their transfer to the unpaid dividend account of the Company be transferred to the Investor Education and Protection Fund (IEPF).

The Company sends periodic communication to the concerned shareholders, advising them to lodge their claims with respect to unclaimed dividend. Shareholders are informed that, in terms of Section 124(6) read with the IEPF Rules, once unclaimed dividend amount is transferred to the IEPF upon expiry of 7 years from the date of transfer to the Company's unclaimed dividend account, no claim shall lie in respect thereof with the Company.

Guidance for Investor to file claim:

The shareholders are requested to note that, after the above referred transfer(s) is made, refunds from the IEPF can be claimed only by complying with the provisions of Rule 7 of the said Rules.

Disclosures with respect to demat suspense account/ unclaimed suspense account:

Since no shares of the Company have been transferred to Demat Suspense Account/ Unclaimed Suspense Account in accordance with Regulation 39 of the SEBI (LODR) Regulations, 2015 read with Schedule VI thereto, disclosures w.r.t. the same are not applicable to the Company.

For and on behalf of the Board of Directors
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN: 01301385

Place: Raichur
Date: 11 August 2022

Annexure-7

STATEMENT OF PARTICULARS AS PER RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

S. No	Name of Director / Key Managerial Personnel and designation	% increase in the remuneration for the year ended March 31, 2022	Ratio of the remuneration of each Director to the median remuneration of the employees
1	Mr. Omprakash Inani Chairman	NA	0.32
2	Mr. Vishnukant C Bhutada Managing Director	-	164.45
3	Mr. Sharath Reddy Kalakota Whole-time Director	14.01	23.67
4	Ms. Sirisha Chintapalli Women Independent Director	NA	0.32
5	Mr. Piyush Goenka Independent Director (upto 07 February, 2022)	NA	0.19
6	Mr. Naresh Patwari Independent Director (upto 02 February, 2022)	NA	-
7	Mr. Rajender Sunki Reddy Independent Director (upto 28 September, 2022)	NA	0.07
8	Mr. Pramod Kasat Independent Director (upto 28 September, 2022)	NA	0.07
9	* Mr. Arvind Vasudeva Independent Director (Appointed w.e.f 02 September, 2021)	-	2.74
10	* Mr. Hetal Madhukant Gandhi Independent Director (Appointed w.e.f 02 September, 2021)	-	3.72
11	** Mr. Alpesh Dalal Chief Financial Officer (Appointed w.e.f 31 May, 2021)	-	18.71
12	Mr. V V Krishna Chaitanya Company Secretary (upto 16 March, 2022)	23.59	1.66

- The median remuneration of employees of the Company for the year ended March 31, 2022 was Rs. 5.88 Lakhs.
- During the year ended March 31, 2022, there was an increase of 12.00 % in the median remuneration of employees.
- As on March 31, 2022, the Company had 2731 permanent employees.
- * Mr. Arvind Vasudeva and Mr. Hetal Madhukant Gandhi, Independent Directors of the Company were appointed on the Board w.e.f 02 September, 2021, hence their remuneration for FY21 is not comparable with that of FY22.

5. ** Mr. Alpesh Dalal, Chief Financial Officer of the Company was appointed w.e.f 31 May, 2021, hence his remuneration for FY21 is not comparable with that of FY22
6. We affirm that payment of remuneration is as per the Remuneration policy of the Company.

**For and on behalf of the Board of Directors of
Shilpa Medicare Limited**

**Sd/-
Omprakash Inani**
Chairman
DIN: 01301385

Date: 11 August, 2022
Place: Raichur

**Statement of Particulars of Employees pursuant to the provisions of Rule 5 (2) of the Companies (Appointment and Remuneration) Rules, 2014
Top 10 employees in terms of remuneration drawn during the year**

S. No	Employee Name	Designation & Nature of Employment	Educational Qualification	Age	Experience (In Years)	Date of Joining	Gross Remuneration Paid (Rs. In Lacs)	Previous Employment and Designation, if any	No. Shares held, if any	Remarks
1	Dr. Jayant Karaji	Chief Operating Officer (Formulations)	- M Pharmacy, PhD	55	30	16-Oct-19	204.93	Chief Operating Officer Rubicon Research Private Limited	0	Not related to any Promoter, Directors or KMP of the Company
2	Mr. Prakash Venkatramana	Sr. Vice President – API Business	BE (Chemical Engineering) MMS (Marketing)	56	31	10/5/2020	195.48	Sun Pharma – Sr. Vice President – Global API Head (Sales and Marketing)	0	Not related to any Promoter, Directors or KMP of the Company
3	Dr. Seshachalam Unnam	Vice President	Ph.D	57	26	1/3/2008	155.05	Matrix Labs, Hyderabad,	400	Not related to any Promoter, Directors or KMP of the Company
4	Mr. Sunil Subhash Karpe	Vice President	B Pharmacy	47	26	4/22/2011	153.23	Hetero Pharma, SEZ	0	Not related to any Promoter, Directors or KMP of the Company
5	Mr. Pradeep Shivkumar	Associate VP	M. Pharmacy-Specialisation in Industrial Pharmacy	46	19	8/18/2011	149.43	Agila Specialitie	0	Not related to any Promoter, Directors or KMP of the Company
6	Mr. Raj Kumar Somani	Vice President	CA and Diploma in Central Excise	56	29	11/15/2008	133.78	Vice President Operations Khandelwal Laboratories Pvt. Ltd.	0	Not related to any Promoter, Directors or KMP of the Company
7	Mr. Mukund Shastry	President -Formulations Marketing	MBA	51	27	12/15/2021	130.00	Aurobindo Pharma Vice President	0	Not related to any Promoter, Directors or KMP of the Company
8	Mr. Rammivas Lahoti	General Manager- Purchase- RM & QC	B.Com	47	13	3/1/2009	120.43	-	0	Not related to any Promoter, Directors or KMP of the Company
9	Mr. Awez Mohinuddin Pathan	Vice President	PG- Master of Science	53	28	4/25/2013	113.60	-	0	Not related to any Promoter, Directors or KMP of the Company
10	Mr. Alpesh Dalal	CFO-Finance & Accounts	CA	47	22	04.05.2021	110.00	Raymond Limited Director-Corporate Finance	2000	Not related to any Promoter, Directors or KMP of the Company

* This list excludes the Directors of the Company.

Annexure-9

Form AOC-2

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

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

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

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2022, which were not at arm's length basis.

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

The details of material contracts or arrangements or transactions at arm's length basis are as follows:

Nature of contract & Name of the related party	Nature of relationship	Duration of Contracts	Salient Terms	Amount (₹ in Lakhs)	
				Sales	Purchase
Sale/Purchases					
Koanaa Healthcare GmbH Austria	Wholly Owned Subsidiary	Not applicable	Not applicable	7,351.96	90.18
INM Technologies Private Limited	Wholly Owned Subsidiary	Not applicable	Not applicable	-	539.89
Shilpa Therapeutics Private Limited	Wholly Owned Subsidiary	Not applicable	Not applicable	24.61	256.93
INM Nuvent Paints Private Limited	Step Down Subsidiary	Not applicable	Not applicable	-	159.36
Reva Medicare Private Limited	Joint Venture	Not applicable	Not applicable	4.20	-
Shilpa Pharma INC. USA	Wholly owned Subsidiary	Not applicable	Not applicable	-	-
Sravathi Advance Process Technologies Pvt. Ltd.	Joint Venture	Not applicable	Not applicable	-	209.25
Shilpa Biologicals Pvt. Ltd.	Wholly owned Subsidiary	Not applicable	Not applicable	13.74	55.73
FTF Pharma Pvt. Ltd.	Wholly owned Subsidiary	Not applicable	Not applicable	9.20	256.27
Shilpa Biocare Private Limited	Wholly owned Subsidiary	Not applicable	Not applicable	15.86	-
Auxilla Pharmaceuticals and Research LLP	Investment Entity	Not applicable	Not applicable	10.31	263.84
Rent Paid					
Mohini Infra Private Limited	Enterprise having common Directors	Not applicable	As per the agreement	10.16	
Triveni Inani	Relative to Director	Not applicable	Not applicable	3.40	
Keshav Bhutada	Relative to Managing Director	Not applicable	Not applicable	4.80	
Madhav Bhutada	Relative to Managing Director	Not applicable	Not applicable	4.80	

Nature of contract & Name of the related party	Nature of relationship	Duration of Contracts	Salient Terms	Amount (₹ in Lakhs)
Commission Paid				
Shilpa Pharma INC. USA	Wholly-owned Subsidiary	As per the sale Agreement	As per the sale Agreement	103.67
Reva Medicare Private Limited	Joint Venture	As per the sale Agreement	As per the sale Agreement	477.07
Remuneration Paid				
Deepak Kumar Inani	Relative to Director	As per the terms of appointment	As per the terms of appointment	69.28
Keshav Bhutada	Relative to Managing Director	As per the terms of appointment	As per the terms of appointment	20.08
Madhav Bhutada	Relative to Managing Director	As per the terms of appointment	As per the terms of appointment	20.08
Interest Received				
Shilpa Therapeutics Private Limited	Wholly Owned Subsidiary	Ongoing	Not applicable	298.62
Koanaa Healthcare GmbH Austria	Wholly Owned Subsidiary	Ongoing	Not applicable	133.11
Koanaa Healthcare Limited United Kingdom	Wholly Owned Subsidiary	Ongoing	Not applicable	31.32
Shilpa Biologicals Pvt. Ltd.	Wholly owned Subsidiary	Ongoing	Not applicable	2,385.82
Shilpa Pharma Inc.	Wholly owned Subsidiary	Ongoing	Not applicable	38.96
Koanna Healthcare Canada INC	Wholly owned Subsidiary	Ongoing	Not applicable	25.52
INDO BIOTECH SDN. BHD	Wholly owned Subsidiary	Ongoing	Not applicable	47.53
Koanna International FZ LLC. UAE	Wholly owned Subsidiary	Ongoing	Not applicable	10.29
Shilpa Pharma Lifesciences Limited (Formerly known as Shilpa Corporate Holdings Pvt. Ltd.)	Wholly owned Subsidiary	Ongoing	Not applicable	0.69
Shilpa Lifesciences Private Limited	Step down Subsidiary	Ongoing	Not applicable	3.14
Shilpa Biocare Pvt. Ltd (Erstwhile Shilpa Albumin Pvt. Ltd.)	Wholly owned Subsidiary	Ongoing	Not applicable	119.96
Koanaa Healthcare Spain, S.L. Spain	Wholly owned Subsidiary	Ongoing	Not applicable	8.04

Nature of contract & Name of the related party	Nature of relationship	Duration of Contracts	Salient Terms	Amount (₹ in Lakhs)
Corporate Guarantee #				
Shilpa Biologicals Pvt. Ltd.	Wholly owned Subsidiary	Ongoing		25000.00
Shilpa Therapeutics Private Limited	Wholly Owned Subsidiary	Ongoing		3000.00
FTF Pharma Pvt Ltd	Wholly Owned Subsidiary	Ongoing		12304.50
Dividend Accrued				
INM Technologies Private Limited	Subsidiary	Ongoing	As per preference share agreement	260.30
Shilpa Therapeutics Private Limited	Wholly Owned Subsidiary	Ongoing	As per preference share agreement	3.2
Reimbursement of expenses				
Shilpa Biocare Pvt. Ltd (Erstwhile Shilpa Albumin Pvt. Ltd.)	Wholly Owned Subsidiary	Ongoing	As per the terms of the Agreement	0.03
Shilpa Biologicals Pvt. Ltd.	Wholly Owned Subsidiary	Ongoing	As per the terms of the Agreement	2.85
Shilpa Pharma Lifesciences Limited (Formerly known as Shilpa Corporate Holdings Pvt. Ltd.)	Wholly owned Subsidiary	Ongoing	As per the terms of the Agreement	0.27
Shilpa Biologicals Pvt. Ltd.	Wholly owned Subsidiary	Ongoing	As per the terms of the Agreement	5.00
Vegil Labs Private Limited	Wholly owned Subsidiary	Ongoing	As per the terms of the Agreement	9.81
Shilpa Lifesciences Private Limited	Step down Subsidiary	Ongoing	As per the terms of the Agreement	2.91
Corporate Social Responsibility Expenses				
Shilpa Foundation	Trust in which key management are the board of trustees or Director are Trestee	Ongoing	Not applicable	360.95
Interest Paid				
INM Technologies Pvt. Ltd.	Wholly Owned Subsidiary	Ongoing	Not applicable	0.22

Related Party Disclosure as per Schedule V of SEBI (LODR) Regulations, 2015

(₹ in Lakhs)

In the accounts of	Particulars	As on 31 st March, 2022			Maximum Outstanding during FY 2021-22		
		Loans/ Advances	Investment Equity	Investment Preference	Loans/ Advances	Investment Equity	Investment Preference
Shilpa Medicare Limited (Holding Company)	Shilpa Therapeutics Private Limited (Formerly Known as Nu Therapeutics Private Limited)	4,904.30	183.76	40.00	3,363.30	1,112.46	40.00
	INM Technologies Private Limited (Including Share Application Money)	-	150.00	4,246.77	-	113.25	4,246.77
	Reva Medicare Private Limited	-	0.50	-	-	0.50	-
	Zatortia Holdings Limited	1.27	63.06	-	1.29	2,028.91	-
	Koanaa Healthcare Spain, S.L. Spain	465.63					
	Koanaa Healthcare Limited UK	723.48	0.10	-	789.16	0.10	-
	Reva Pharmachem Pvt.Ltd.	-	10.00	-	-	10.00	-
	Koanaa Healthcare GmbH Austria	4,427.27	77.63	-	4,373.38	77.63	-
	Maia Pharmaceuticals Inc.	-	-	795.69	-	-	795.69
	INM Nuvent Paints Pvt Ltd	-	0.75	-	-	0.75	-
	Shilpa Pharma Inc.	1,250.82	0.07	-	826.93	0.07	-
	Shilpa Biocare Pvt. Ltd.(Erstwhile Shilpa Albumin Private Limited)	5,515.16	2,000.00	-	-	742.26	-
	Shilpa Biologicals Private Limited	38,219.55	3,000.00	-	25,206.00	3,360.93	-
	Sravathi Advance Process Technologies Pvt. Ltd.	-	6.50	2,843.50	-	6.50	1,535.00
	Koanna Healthcare Canada Inc.,	834.45	0.06	-	378.85	0.06	-
	Shilpa Pharma Lifesciences Limited (Formerly Known as Shilpa Corporate Holdings Pvt. Ltd.)	59.28	1,000.00	-	-	781.28	-
	Indo Biotech SDN.BHD.	856.62	4.42	-	808.55	4.42	-
	FTF Pharma Pvt. Ltd.		30.77	390.00	-	6,577.97	390.00
	Vegil Labs Private Limited		951.00	-	-	-	-
	Shilpa Lifesciences Private Limited	245.25	1.00	-	-	-	-
Sravathi AI Technology Private Limited	-	5.50	441.00	-	5.50	165.00	
Koanna International FZ-LLC,	295.65	1.98	-	47.78	1.98	-	

Annexure-10

Business Responsibility Report

The company has in compliance with regulation 34(2)(f) (Listing Obligations and Disclosure Requirements) Regulations 2015, prepared the Business Responsibility Report as under:

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the company	L85110KA1987PLC008739
2	Name of the company	SHILPA MEDICARE LIMITED
3	Registered address	12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur, Karnataka-584135, India
4	Website	www.vbshilpa.com
5	E-mail id	info@vbshilpa.com
6	Financial year reported	2021-22
7	Sector(s) that the company is engaged in (industrial activity code-wise)	Pharmaceutical: NIC Code: 21001
8	List three key products/services that the company manufactures/ provides	The following 3 Key Products are manufactured: 1) Active Pharmaceutical Ingredients. 2) Pharmaceutical Formulations. 3) Product development services.
9	Total number of locations where business activity is undertaken by the company	National:
	a. Number of international Locations (provide details of major 5)	Unit I: Plot Nos. 1A, 1B, 2, 2A, 3A to 3E & 4A to 4C, 5A, 5B Deosugur Industrial Area, Deosugur- 584170, Raichur.
	b. Number of national Locations	Unit II: 100% EOU, Plot Nos. 33-33A,40 to 47, Raichur Industrial Growth Centre, Wadloor Road, Chiksugur Cross, Chiksugur-584134, Raichur
		Unit III: Plot No. S-20 to S-26, Pharma SEZ TSIIC Green Industrial Park, Pollepally Village, Jadcherla Mandal, Dist - Mahabubnagar - 509301, Telangana
		R & D Unit Raichur: 33-33A, 40-47, Raichur Industrial Growth Center, Wadloor Road, Chicksugur - 584 134, Raichur District, Karnataka, India
		R & D Unit- Bangalore: Plot No. 29 A5, 4th Phase (Averahalli) Sompura Industrial Area, Honnenahalli Village, Dobaspet, Nelamangala, Bangalore Rural - 562 111, Karnataka, India

International:

Koanna Healthcare Limited (UK)

4th Floor Cavendish House, 369 burnt Oak
Broadway, Edgware Middlesex, England HA8
5AW

Koanna Healthcare GmbH (Austria)

Fehrgasse 7, 2401 Fischamend, Austria,

Shilpa Pharma Inc.

1980 S, Easton Road, suite 220, Doylestown, PA,
18901, Bucks County

Koanaa International FZ LLC (Dubai)

SBAM0175 ,Service Block, Al Jazirah Al Hamra,
Al Hamra Industrial Zone-FZ, Ras Al Khaimah,
United Arab Emirates

Indo Biotech SDN. BHD Malaysia

No 568, Unit, 3-129, Mutiara Complex, 3rd
Mile, Jln Ipoh 51200, Kuala Lumpur, W.P. Kuala
Lumpur MALAYSIA

10 Markets served by the Company – Local/State/National/International All over India & International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	868.18 Lakhs
2	Total Turnover (INR)	35695.18
3	Total profit after taxes (INR)	14098.81
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2%
5	List of activities in which expenditure in 4 above has been incurred:-	Shilpa Medicare Limited has been transferring CSR amount to Shilpa Foundation, a public Charitable Trust for taking up various activities as part of its services to the society in and around Raichur, Karnataka and the activities of the said trust are covered under the Schedule VII of the Companies Act, 2013. During the year under purview, the CSR amount of Rs. 372.51 Lakhs was spent by itself and through the implementing agency called Shilpa Foundation. As per the instructions of the Company the said trust has been actively operating in the ongoing project of constructing a hospital and other then ongoing projects in the areas of Health, Education, Water conservation, Environment, Sports, arts and culture.

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	Yes
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

SECTION D: BR INFORMATION

1) Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies.

1. DIN Number: 01243391
2. Name: Mr. Vishnukant C Bhutada
3. Designation: Managing Director

(b) Details of the BR head –

No.	Particulars	Details
1	DIN Number (if applicable)	01243391
2	Name	Mr. Vishnukant C Bhutada
3	Designation	Managing Director
4	Telephone number	08532-238704
5	e-mail id	info@vbshilpa.com

2) Principle-wise (as per National Voluntary Guidelines) BR Policy/policies

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability (P1).

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle (P2).

Principle 3: Businesses should promote the wellbeing of all employees (P3).

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized (P4).

Principle 5: Businesses should respect and promote human rights (P5).

Principle 6: Businesses should respect, protect and make efforts to restore the environment (P6).

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner (P7).

Principle 8: Businesses should support inclusive growth and equitable development (P8).

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner (P9).

a. Details of compliance (Reply in Y/N)

Sl.No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for principles stated above	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Sl.No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9	
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y	
6.	Indicate the link for the policy to be viewed online?				www.vbshilpa.com						
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y	
8.	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y	
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y	
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N	

Principle 1 and Principle 2 implementation is looked after by Board of Directors through Code of conduct for board of director and senior management.

Principle 3 implementation is looked after the Human resource department ensuring the well-being of employees.

Principle 4 implementation is achieved by CSR committee

Principle 6 implementation is ensured by the CSR Committee.

Principle 8 implementation is looked after by the board of directors by implementing a pervasive policy pertaining to code of conduct in areas of purchase and procurement thereby enabling equitable and unbiased opportunity to stakeholders in immediate environment.

b. If answer to the question at serial number 1 against any principle, is 'No', please explain why: Not Applicable

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the Policies on specified principles.	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

Annually

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The report is published on annual basis and can be viewed on the website of the Company i.e. www.vbshilpa.com in the Annual Report.

SECTION E: PRINCIPLE-WISE PERFORMANCE**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability:**

Shilpa Medicare Limited have Policies, governance structure & Procedure in place to ensure adherence with high standards of corporate ethics within organization. This has helped the Company to ensure fiscal accountability, ethical corporate behavior and fairness to all stakeholders. The Company has built its Corporate Governance practices on the three inviolable principles of Transparency, Integrity and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the Company?

No

Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Yes

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Sl No	Particulars	No's
1.	At the beginning of the year on 1 st April,2021	Nil
2.	Received during the year	Nil
3.	Resolved during the year	Nil
4.	Pending's as on 31 st March, 2022	Nil

Principle 2: Businesses should Provide goods and services that are safe and contribute to sustainability throughout their life cycle:

Our manufacturing locations monitor the energy, water and fuel consumption on periodic basis. API manufacturing locations are certified with ISO Certification for Occupation Health and Safety Analysis System 45001: 2018, Quality Management system 9001: 2015 and Environmental Management System 14001: 2015.

The Products Manufactured are life Saving Drugs & are approved & Controlled by International Regulatory agencies USFDA, European, Japan , Asian apart from the Indian Regulatory agencies , The stability testing of the products is done to suit all climatic zones of the world,

All the products manufactured are tested & released under the Quality Management System adopted by the company as per the internationally accepted latest standards of ICH Guidelines

Further the products manufactured are made affordable to the common man. The products manufactured are safe & Sustainable throughout the life cycle of the products. The Company also adopted innovative Strategy for NCE's (New Chemical Entities) to progress from clinical supply route to sustainable commercial manufacturing process that are cost effective and environmental friendly.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:

Shilpa Medicare limited is committed to conserving resources, as it understands the importance of preserving the environment. While manufacturing the products, it has taken into consideration environmental concerns, risks and/or opportunities and how these products can contribute to sustainability throughout their life cycle.

1. Tranexamic acid
2. Capecitabine
3. Ambroxol

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

a. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain:

Tranexamic Acid :

The process used best caustic separation technology from the product solution, which is best in the world since the launch of the product which has saved 70% water consumption & thereby reduction of 70% energy in water purification and reduction of waste

The company has optimized the process of melting the raw material in drums in the tray drier before charging to the batch & started storing in the tanks & maintained a temperature of 50 degree, the conservation about 50% thermal energy to melt the product in drums & made the process step free of human handling.

Capacetabine :

The Company has reduced the Raw materials (solvent- Methanol) usage by 50%, Increased the batch size & improved the Efficiencies thereby reducing usage of Resources-Raw materials, energy & improved the utilization of the facility.

Ambroxol :

The company has optimised the manufacturing process to increase the batch size by 60% by enhancing the volumes of the equipment with in the existing facility improved capacity utilization, there by reduced the energy consumption by about 10%

The company has optimized the processes by segregation of the equipment with in the production blocks to increase the capacity utilization & batch size increase in respect of the products – Pemetrexed, Sorafenib Tosylate, thereby achieving the per unit energy consumptions

Further The Company believes in the sustainable growth by conducting the risk assessments, Business continuity plan & assess the risks both internal & suppliers & mitigation measures are implemented by continuously incorporating /strengthening controls in the source of manufacturing & safety norms. Same were considered during product development. we do conduct audit and due diligence prior to sourcing of materials/availing services from the Outside vendors & local supplier as and where possible. Our Company prefers to enter

into long term commitments with those suppliers who fulfil their responsibility towards society as well as environment. Product development done with optimum yield which resulted into less waste generation. The Company's emphasis is also on safe transportation, optimization of logistics and reduction of vehicular air emissions.

b. Reduction during usage by consumers (energy, water) has been achieved since the previous year:

The company adopted the latest available technologies to deliver the efficacies of the innovator at an affordable cost by increasing the efficiencies in, manufacturing processes, operational efficiencies, increasing the occupation of the facilities resulting energy & resource consumption reduction.

The Company emphasizes to reduce the water and energy consumptions that reduce the direct or indirect cost as well as natural resources. The waste generated in the Company's operations is either recycled or disposed of in a responsible way in line with legal requirements. Additionally, air compressors operate 24x7 in the plant and needs continuous water supply.

HVAC systems are placed for reduction of water consumption. HVAC & solenoid valves were installed in the pipelines of hot and cold well tanks and were interlocked with recirculation pumps. Consequently, each time there was power shutdown or system switch off for routine maintenance work, these valves would stop water from returning to the hot and cold well tanks, due to which considerable amount of water-overflow was saved. Facility of the company have obtained certifications such as ISO-14001, ISO-45001. in conformation of structured and conscious efforts and processes for energy management and conservation

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company, In the best interests of the patient, endeavors to work with responsible vendors who adhere to the same quality, social and environmental standards. The company has the policy of Code of conduct to ensure our partners comply with our sustainable Practices. Shilpa ensures that sustainable practices are adhered to during activities such as vendor on-boarding, identifying alternative energy sources, outsourcing projects, de-risking processes and waste disposal. Supply Chain

Management has implemented various initiatives to reduce carbon footprints from the overall ecosystem. The Company has system of identifying and / or developing alternate vendors where single vendor is considered critical for business continuity.

4. Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of Work:

Yes, We at Shilpa Medicare Limited sources all its biomass fuel for Generating the thermal energy from local vendors, in all its units from the small vendors by empowering them with necessary skills for collection& supply of quality Biomass fuels.

The Company has a supplier evaluation and qualification process. On site audits & visits are made to review the practices followed at suppliers' sites towards this objective. Moreover, Shilpa adhere in the 'Make in India' initiative for which it supports local supply sources wherever possible which improves operational efficiency and saves on transportation cost and inventory management. It is backed with support of technical expertise to have quality checks and compliance.

The Company fulfills its manpower requirement by employing the people from the nearby location where it has its business operation to the possible extent.

5. Does the Company have a mechanism to recycle production and waste:

The manufacturing facilities have state-of-art effluent treatment facilities with 'Zero Liquid Discharge' of waste water. All the effluent quantity (i.e. 100%) is being reused in utility operations and gardening.

The Company promotes philosophy of the waste reduction hierarchy which consists of reduce, reuse, recover & recycle. Company segregates waste into the

different categories namely hazardous & non-hazardous. Waste solvent is being recovered through recovery system and sold to external agencies (approved by State Pollution Control Board) for reuse at their end.

Business Responsibility Report for Annual Report 2021-22.

Principle 3: Businesses should promote the wellbeing of all employees:

Please indicate the total number of employees.

The Company has 2731 employees as on 31st March, 2022.

Please indicate the total number of employees hired on temporary/contractual/casual basis.

The company has over 606 contractual employees plus 151 trainees as on 31st March, 2022.

Please indicate the number of permanent women employees.

The Company has 19 women employees as on 31st March, 2022.

Please indicate the number of permanent employees with disabilities.

There are 03 Employees with disabilities as on 31st March, 2022.

Do you have an employee association that is recognized by management?

YES

What percentages of your permanent employees are members of this recognized employee association?

5.3 % of employees are members of the association/ union.

Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S. No.	Category	Remarks	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour	"Non recruitment of children" policy in place	NA	NA
2	Forced Labour	We don't have any forced labour	NA	NA
3	Involuntary Labour	All labour in the Company give their consent before employment	NA	NA
4	Sexual Harassment	The Company has constituted an Internal Complaints Committee in accordance with statutory enactments at various business units	Nil	Nil

What percentage of your under-mentioned employees were given safety & skill upgradation training in the last year?

S. No.	Category	Unit-1	SEZ Unit	EOU Unit
1	Permanent Employees	100%	100%	100%
2	Permanent Women Employees	NA	NA	100%
3	Casual/Temporary/Contractual employees	100%	100%	100%
4	Employees with disabilities	NA	NA	100%

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized:

We, at Shilpa Medicare Limited, implement our corporate social responsibility through Shilpa Foundation. The stakeholders are held in high regard and the Company's CSR initiatives are aimed at building trust and mutually rewarding partnerships with internal and external stakeholders who also exhibit some of Shilpa Medicare Limited core values and form an important part of its journey as a sustainable organization.

1. Has the Company mapped its internal and external stakeholders?

Yes, we have identified the stakeholders, internal and external, who directly or indirectly influence our business operations. Our major stakeholders are employees, community & society, investors, shareholders, vendors, suppliers, Government, Regulatory bodies, CSR Beneficiaries, National / International Organizations.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes, as a responsible organization, we are committed to work for the welfare of communities around us. Various vulnerable stakeholders around our manufacturing sites have been identified like schools and we have devised and implemented various welfare & development, livelihood & skill upgradation programs for them from time to time.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so –

The Company works actively to enhance the employment opportunities in the nearby locations wherever it operates, leading to income generation and economic empowerment in the marginalized sections of the communities.

Various initiatives have been taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders at locations in and around its operations in the areas of: (i) Water Conservation (ii) Environmental Sustainability (iii) Donated to School for

amenities (iv) Plantation of Trees (v) Health Check-up camp.

For details of projects undertaken during the year 2021-22, please refer the "Annual Report on CSR Activities"

Principle 5: Businesses should respect and promote human rights:

We, At Shilpa Medicare Limited is dedicated to creating an atmosphere in which all employees, regardless of caste, creed, religion, or gender, are treated fairly and without fear of prejudice, retribution or harassment. Being present in various geographies, we adhere to this philosophy regardless of the nation, location, language, religion, ethnic origin, or any other status of any person. All these principles are followed in letter and in spirit. So, we are not only compliant with all the statutory laws and regulations, we also have grievance redressal mechanisms in place for violations, if any. In the reporting year, there were no human rights violation complaints, relating either to child, forced and involuntary labour or discriminatory employment against the Company.

1. Does the policy of the Company on human rights cover only the Company: or extend to the Group/ Joint Ventures/Suppliers/ Contractors/NGOs/Others?

Our policy covers the employees of the Company and its suppliers, contractor and other stake holders.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No Complaints were received from any stake holders.

Principle 6: Businesses should respect, protect and make efforts to restore the environment:

At Shilpa, we believe that Environment, Health & Safety are crucial and paramount pillars for sustainable growth of our business. The company is certified 45001-2018, for Oshas safety systems & 14001-2015 for environmental systems

1. Does the policy related to Principle 6 cover only the Company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/others:

Applicable to the Company & Group, vendors, contractors, NGO's

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes , The Company has invested in Clean development Mechanism & registered its bio mass fired boiler with UNFCC under Kyoto Protocol Project Reference No: 3926; The Pdd (Project Development document) listed at UNFCC site : <http://cdm.unfccc.int/Reference/Documents>; The validation report can be visited at http://cdm.unfccc.int/EB/044/eb44_repan03.pdf

Apart from the above the company is using Renewable Biomass as fuel for its Steam energy requirements in all its site's.

The company has invested in wind mills at various locations & is using the energy from windmills & has generated 97,65,712 Kwh and used 40,60,000 kwh for captive consumption.

The company is sourcing maximum its energy requirements from Solar power generation. The company is Utilizing all the latest technologies to conserve energy, improve the efficiency of the process & equipment.

Energy conservation: The team is continuously monitoring & analyzing the parameters & the team has been motivated worked on the energy conservation activities & achieved remarkable savings.

Remarkable improvements in thermal energy conservation by adopting all possible measures in

ETP & steam condensate distribution, Conducted & documented the assessment of risks in all the operations & weighed the risks of Business continuity

Emergency preparedness – Encouraging ensuring the conduction of mock drills, fire drills, routine safety trainings, motivating the team to involve in the mitigation activities & ensuring all the emergency inventory is available in case of any emergencies

3. Does the Company identify and assess potential environmental risks? Y/N

Yes.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed

YES, The Company has invested in Clean Development Mechanism & registered its bio mass fired boiler with UNFCC under Kyoto Protocol Project Reference No: 3926. The environmental Compliance report is being submitted to the Karnataka State Pollution Control Board.

5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The Company is utilizing the best available technologies like Variable Frequency drives are considered & installed to all the necessary equipment; in the conceptual design itself to conserve the energy;

The company has undertaken energy conservation measures & has conserved about 21,75,125 Kw amounting to Rs.1.80 crores

Unit-1

S. No.	Description of activity	Energy Saved In KWH / Year
1	Energy Saving in Chilling Plant Primary Pump	63,750
2	OB -III Cooling Tower Pumps Capacity from 35 HP to 15 HP	1,02,375
3	Reducing Hot Water pump Capacity from 20 HP to 12.5 HP	38,375
4	EC Blowers installation	5,25,000
5	Water Jet Vacuum pump Cooling tower pumps removed (5 HP X 5 NO'S)	76,750
TOTAL		8,06,250

Unit-2

S. No.	Description of activity	Energy Saved In KWH / Year
1	High Efficiency COB Type lamps procured and installed various locations in production blocks; 70 No's replaced.	3,504
2	Microbiology and AO Block Air cooled Chiller stopped and Connected with Common Water cooled Chiller	2,29,220
3	AO7 Cooling Tower Pumps Loads Reduced by installing additional Booster pump to meet the require head.	2,92,000
4	IoT Smart Switched Installed in AO7 Block lighting to optimize the burning hrs. now users operating whenever lighting required, remaining all times in switched off(Except Emergency Lights)	867
5	By installing Energy efficient EC Blower, energy consumption reduced about 50% compared with conventional belt driven centrifugal blowers.	5,66,228
Total		10,91,819

Unit-4

S. No.	Description of activity	Energy Saved In KWH / Year
1	Chillers set point changed from 5.5 C to 6.5 C based on the seasonal as part of energy saving	56,250
2	EC blower installation(Phase-1) successfully completed in OSD area as part of energy saving	142,500
3	CSRO System Utilization stopped as part of cost and energy saving	32,400
4	In Pre Treatment area turbo exhaust fans were installed as part of energy saving to avoid HMI hanging in summer season.	4,164
5	OSD area all reject recovery water collection tank electrical pump removed and transferring trough gravity as part of energy saving	7,992
6	Cooling tower and chilled water pumps running frequency reduced from 50 Hz to 40Hz by providing VFDs	33,750
Total		277,056

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The Emissions generated are controlled and is in compliance & with in the permissible limits of CPCB/KSPCB/TSPCB. We are ensuring the same through Monthly Environmental Monitoring with GOI Approved Third Party Vendor and submitting the Reports to TSPCB/KSPCB on Monthly Basis.

The Liquid waste generated in the plant is disposing to Common Effluent Treatment Plant (CETP) of Pattancheru Enviro-Tech Limited for further treatment & Disposal as per the directions of TSPCB. Submitting the Liquid waste disposal details to TSPCB Regional & Zonal Offices on Monthly Basis.

The waste Generated in API is treated in its Zero Liquid Discharge facility & treated water is Recycled to its utility requirement.

The Hazardous Wastes generated in the plant are disposing to TSPCB/KSPCB Authorized Vendors. Submitting the Annual Hazardous Waste Returns in Form -IV to TSPCB/KSPCB Regional & Zonal Offices.

7. Number of show cause/ legal notices received from CPCB/SPCB which is pending (i.e. not resolved to satisfaction) as on end of Financial Year.

---NIL---

There are no show cause Notices & Legal notices from KSPCB/TSPCB & CPCB which are pending to be resolved as on the end of Financial Year 21-22

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner:

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
 - Raichur Chemical Manufacturers association and
 - Raichur Chamber of Commerce
 - Federation of Karnataka Chambers of Commerce & Industry
 - Pharmaceuticals Export Promotion Council of India
 - Export Promotion Council for EOU and SEZ
2. Have you advocated/lobbied through the above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes, The Company, from time to time, contributes through advocacy/representation to various Chamber of Commerce, administration and authorities in the areas that are of concern or importance. Company also works towards the advancement of public good through our well-defined CSR activities.

Principle 8: Businesses should support inclusive growth and equitable development

We, At Shilpa Medicare Limited is committed to understand the developmental needs of economically weaker and less privileged sections in India primarily around the operational areas of the Company thus creating a more inclusive and equitable world.

1. Does the Company have specified programs/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

As part of its CSR policy, the company has taken up several initiatives in this regard for the communities or villages around the manufacturing sites. Shilpa has chosen the following areas ('Areas of interest') for its CSR projects, which may be carried out by way of direct participation or through implementation agency. These are:

- a. Providing basic facilities to rural schools.
- b. Massive Tree Plantation with support of NGO - Green Raichur
- c. Water Conservation project in Raichur City
- d. Medical & Health support to Govt. Hospitals

- e. Procured land for construction of Hospital project at Raichur

2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization.

The company through its Public charitable trust i.e from Shilpa Foundation undertakes most of its programs/ Projects directly. Besides the above, it is also supplementing the efforts of the local institutions, NGOs, local Government, implementing agencies.

3. Have you done any impact assessment of your initiative?

Yes, the Company undertakes timely impact assessments of projects under implementation for ensuring their desired impact and continued sustenance. The internal teams ensure project implementations are undertaken and that the necessary impact is created. The impact assessment is also presented to the CSR committee. A beneficiary survey is also conducted to understand the real voice of the beneficiary, besides being able to gather suggestions on improving quality of service delivery.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Shilpa has spent Rs. 361 Lakhs on the CSR activities during the year 2021-22 which was in line with the expenditure prescribed under the Companies Act, 2013. These amount was spent on the areas mentioned in point 1.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes, Community needs are understood and evaluated and their views are taken before project plans are finalized and executed. Community development initiatives undertaken by Shilpa are successfully adopted and continued by the local communities. For health programs, local panchayat and villagers were involved right at the beginning. Villagers and local government authorities have given space for running out patient wards and beneficiaries, i.e. the community members are given the responsibility of running the out patients and scheduling the patients. We have adopted a collaborative and participatory approach in the formulation and implementation of community development programs for ensuring continuity and sustainability. Some of our initiatives have exit strategy wherein we handover the project, after successful implementation, to local administration for the community ownership.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible Manner:

The effectiveness of compliance of this principle can be enunciated by the Vision of Shilpa Medicare Limited -"Innovating for Affordable Healthcare". Shilpa develops a high-quality & affordable medicines trusted by healthcare professionals and patients. The Company has in place strong Pharmacovigilance system through which all the stakeholders can access the adverse event / product complaint reporting form on the website of the Company or dedicated phone line and a dedicated mailbox

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

8.71 % of the complaints are pending at the end of the financial year.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

The product label has to be approved by the regulatory authorities of the country where the product is to be

sold. The Company mentions all the product information required by the concerned regulatory agencies.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

There are no cases as on 31 March 2022.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

We did not carry out any survey, however, in our business model, our customers evaluate our quality system by auditing our facilities periodically. Apart from the product quality evaluation at their end, the customer approves us as a qualified vendor after thorough auditing of our facilities. Also, govt. agencies like USFDA, EDQM, ANVISA, etc as well as those in other countries audit our facilities periodically to confirm our compliance to their quality systems.

MANAGING DIRECTOR'S CERTIFICATION

To
The Board of Directors
Shilpa Medicare Limited

I, Vishnukant C Bhutada, Managing Director of Shilpa Medicare Limited, certify that:

1. I have reviewed financial statements and the cash flow statement for the financial year ended 31 March 2022 and that to the best of our knowledge and belief:
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - b. These statements together present a true and fair view of Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of Company's Code of Conduct.
3. I accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. I have indicated to the Auditors and Audit Committee:
 - a. Significant changes in internal control over financial reporting during the year.
 - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
 - c. That there have been no instances of significant fraud of which I have become aware, involving of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

Place: Raichur
Date: 23 May 2022

Vishnukant C. Bhutada
Managing Director

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

I, Vishnukant C Bhutada, Managing Director, hereby declare that the Company has received declarations from all the Board Members and Senior Managerial Personnel affirming Compliance with the Code of Conduct for the Members of the Board and Senior Managerial Personnel for the year ended 31st March 2022.

Place: Raichur

Date: 23 May 2022

Vishnukant C. Bhutada
Managing Director

PRACTICING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
SHILPA MEDICARE LIMITED
#12-6-214/A1, Hyderabad Road,
Raichur, Karnataka- 584135

We have examined the compliance of the conditions of Corporate Governance by Shilpa Medicare Limited (hereinafter referred to as "the Company") for the year ended March 31, 2022, as stipulated in Chapter IV of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the 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.

We conducted our examination of the Corporate Governance Report in accordance with the established systems and procedures selected by us depending on our judgment, including assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures include, but are not limited to, verification of secretarial records and other information of the Company, as we deem necessary to arrive at an opinion.

Based on the procedures performed by us as mentioned above and according to the information and explanations provided to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations as applicable for the year ended March 31, 2022.

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

Date: 11.08.2022
Place: Hyderabad

D.S. RAO
ACS No.: 12394
CP. No.: 14487
UDIN: A012394D000782361
PEER REVIEW CER NO.: 1817/2022

CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS

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

To
The Members,
SHILPA MEDICARE LIMITED
#12-6-214/A1, Hyderabad Road,
Raichur, Karnataka- 584135

We have examined the relevant records, forms, returns, and disclosures received from the directors of **SHILPA MEDICARE LIMITED** having CIN: L85110KA1987PLC008739 and having registered office at #12-6-214/A1, Hyderabad Road, Raichur, Karnataka- 584135 (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 sub-clause 10(i) of Para C of Schedule V to the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and the explanations furnished to us by the Company & its officers, we hereby certify that none of the directors on the Board of the Company for the financial year ended March 31, 2022 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 other statutory authority.

Sr. No.	Name of Director	Nature/ Category of Directorship	DIN
1	Vishnukanth Chaturbhuj Bhutada	Managing Director	01243391
2	Om Prakash Inani	Chairman, Non-Executive Director	01301385
3	Sharath Reddy Kalakota	Whole-time Director	03603460
4	Naresh Patwari\$	Non-Executive Director	03319397
5	Rajender Sunki Reddy#	Independent Director	02284057
6	Pramod Kasat#	Independent Director	00819790
7	Sirisha Chintapalli	Independent Director	08407008
8	Piyush Goenka*	Independent Director	02117859
9	Hetal Madhukant Gandhi@	Independent Director	00106895
10	Arvind Vasudeva@	Independent Director	00669039
11	Kamal Kishore Sharma%	Independent Director	00209430
12	Anita Bandyopadhyay^	Independent Director	00106895

\$ Ceased to be the Director w.e.f. February 02, 2022

* Ceased to be the Director w.e.f. February 07, 2022

@Appointed as Independent Directors w.e.f. September 02, 2021

Retired as Director w.e.f. September 28, 2021

% Appointed as Additional Director under Independent Directors category w.e.f. July 01, 2022

^ Appointed as Additional Director under Independent Directors category w.e.f. August 11, 2022

Ensuring 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 the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 11.08.2022
Place: Hyderabad

CS D.S. RAO; PCS
ACS. No.: 12394
CP. No.: 14487
UDIN: A012394D000782405
PEER REVIEW CER NO.: 1817/2022

Independent Auditor's Report

To the Members of SHILPA MEDICARE LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **SHILPA MEDICARE LIMITED** ("the company"), which comprise the standalone Balance Sheet as at March 31, 2022, the standalone Statement of Profit and Loss (including other comprehensive income), the standalone Statement of Changes in Equity and the standalone Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the accompanying standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditors responsibility for the Audit of Standalone Financial Statements section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

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

Key Audit Matters	Auditor's Response
<p>Group restructuring and discontinued operations:</p> <p>During the current year, the Company has approved the transfer of Active Pharmaceutical Ingredient (API) business through a Business Transfer Agreement (BTA) to its wholly owned subsidiary, Shilpa Pharma Lifesciences as a going concern by way of slump sale. The Company is in the process of completing the transfer.</p> <p>Accordingly, the API Business is presented as Held for Sale and discontinued operations from the standalone financial statements perspective in accordance with Ind AS 105: Non-current Assets Held for Sale and Discontinued Operations.</p> <p>Considering the significance of amounts and complexities involved in carving out the results of the respective businesses, we determined this to be a Key Audit Matter.</p>	<p>Principal audit procedures</p> <p>Our procedures in relation to Asset held for sale and Discontinued operations include the following:</p> <ul style="list-style-type: none"> • We read the minutes of meetings of Board of directors and Shareholders Extraordinary General Meeting and evaluation of the terms and conditions with respect to sale of API business and related agreements. • We have verified that the assets and liabilities pertaining to the API business as of 31 March 2022 which have been disclosed separately in the standalone financial statements, in line with the afore mentioned accounting standard and analysed if there is any impairment loss. • We verified the analysis prepared by the Company for the amounts to be disclosed as discontinued operations in the statement of profit and loss for the current and previous years. We focused on the allocation of costs between continuing and discontinuing operations to verify the presentation in results. • We assessed the adequacy of the disclosures in note 12 of standalone financial statements in accordance with the requirements of Ind AS 105: Non- Current Assets Held for sale and Discontinued Operations.
<p>Impairment of Investment in and Loans to Subsidiaries, Associates and Joint Ventures</p> <p>The Company has investments of Rs. 23592.13 Lakhs in equity and preference shares in subsidiaries, associates and joint ventures as at March 31, 2022. Further the Company has granted loans having a carrying value of Rs. 57798.73 lakhs as at March 31, 2022</p> <p>The carrying value of investments in and loans to subsidiaries, associates and joint ventures will be recovered through future cash flows and there is inherent risk that these assets will be impaired if these cash flows do not meet the Company's expectations.</p> <p>Refer to note 1.1q in the Standalone Financial Statements for details of accounting policies on impairment of assets and related disclosures.</p> <p>Valuation of investment in and loans to subsidiaries, associates and joint ventures is a key audit matter due to:</p> <ul style="list-style-type: none"> • The inherent complexity in auditing the forward-looking assumptions applied to recoverable value given the significant judgements involved. The key assumptions in the cash flow models include the forecast revenue, margins, terminal growth and discount rates. 	<p>Principal audit procedures</p> <p>Our audit procedures include the following substantive procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of management's process and evaluated design and tested operating effectiveness of controls around identification of indicators of impairment under Ind AS, and around valuation of the business to determine recoverable value of the said investment. • Assessed the appropriateness of methodology and valuation model used by the management to estimate the recoverable value of investments. • Assessed cash flow forecasts to ensure consistency with current operations of the Company and performed sensitivity analysis on key assumptions used in management's calculated recoverable value • Assessed the reasonableness of assumptions relating to revenue growth rate, gross margins, discount rates etc. based on historical results, current developments and future plans of the business estimated by management using expertise of our valuation specialist on required parameters. • Performed sensitivity analysis of the key assumptions, including future revenue growth rates, future gross margins, and the discount rate applied in the recoverable value and considering the resulting impact on the impairment testing and whether selection of these key assumptions is appropriate. • Based on our procedures, we also considered the adequacy of disclosures in respect of investment in and loans to the said subsidiaries, associates and joint venture in the notes to the standalone financial statements.

Minimum Alternate Tax (MAT) Credit Entitlement – Deferred tax assets

The Company pays minimum alternate tax (MAT) under section 115JB of the Income Tax Act, 1961. The MAT paid would be available as an offset over a period of 15 years. The MAT credit is recognized as a deferred tax asset to be available for offset when the Company pays taxes under the provision of Income Tax Act, 1961. The balance of MAT credit receivable as at March 31, 2022 is Rs. 6248.89 Lakhs (refer note 41 to the standalone financial statements).

The recognition and recoverability of deferred tax asset on account of MAT credit requires significant judgement regarding the Company's future profitability and taxable income which will result in utilization of the MAT credit within the time limits available under the applicable Income tax laws.

Principal audit procedures

In respect of such deferred tax assets, we assessed recoverability from a tax perspective by performing the following procedures:

- Evaluating the design, implementation and operating effectiveness of the relevant internal controls over recognition and measurement of MAT credit assets.
- Understanding why the MAT credit entitlement arose and whether the MAT credit entitlement can be utilized.
- Assessed the sensitivity analysis applied by the Company and evaluated if any change in the assumptions will lead to any material change in carrying amount.
- assessing any restriction in use of the MAT credit entitlement and

Further, we assessed the applicability of Ind AS 12 Income Taxes by assessing management's assessment of recoverability of MAT credit entitlement against forecast income streams, including reliability of future income projections.

We validated the appropriateness of the related disclosures in the standalone financial statements.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS)

prescribed under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting the 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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,
 - 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 standalone balance sheet, the standalone statement of profit and loss including other comprehensive income, standalone statement of changes in equity and the standalone 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 Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.
 - e) On the basis of written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from

being appointed as a director in terms of Section 164(2) of the Act,

- f) With respect to the adequacy of internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- g) With respect to the Managerial remuneration to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There 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, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the

Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.
- v a. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
- b. As stated in note 40 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

for **BRAHMAYYA & CO.**
Chartered Accountants
Firm's Regn No. 000513S

(K.SHRAVAN)

Partner

Membership No. 215798
UDIN: 22215798AJLAHC2110

Place: Raichur
Date: 23.05.2022

Annexure - A to the Auditor's Report:

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date, to the members of SHILPA MEDICARE LIMITED, for the year ended March 31, 2022.,

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
- a.(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- b. The Company has a regular program of physical verification of its property, plant and equipment, and right of use assets under which the assets are physically verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than Properties where the company is the lessee, and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company, except for the following which is not held in the name of the Company:

(Rs. in lakhs)

Description of the property	Gross Carrying value (in lakhs)	Held in the name of	Whether promoter, director or their relative or employee	Period held	Reason for not held in name
Leasehold land located in Jadcherla, Telangana admeasuring 9 acres	349.26	Raichem Lifesciences Pvt. Ltd.	No	Since 2012	The title deeds are in the name of the erstwhile Company that was amalgamated with the Company pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Andhra Pradesh dated August , 31, 2012.

- d. The company did not revalue its Property, Plant and Equipment (including right of use assets) or intangible assets during the year. Accordingly, paragraph 3 (i)(d) of the Order is not applicable.
- e. There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder
- ii.a. The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
- b. In our opinion and according to the information and explanation given to us and the records of the Company examined by us during the course of the audit, the quarterly returns or statements filed by the company with banks or financial institutions are in agreement with the books of account of the Company.
- iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any security or granted any advances in the nature of loans, secured or unsecured to companies, limited liability partnership, and other parties during the year. The Company has made investments, provided guarantees, and granted loans to companies during the year, in respect of which the requisite information is as below. The Company has not provided any guarantee or granted any loans, secured or unsecured, to limited liability partnership or any other parties during the year.
- a.(A) Based on the audit procedures carried on by us and as per the information and explanations given to us, the company has provided loans and stood guarantee to subsidiaries as below:

(Rs. in lakhs)

Particulars	Guarantees	Loans
Aggregate amount during the year – Subsidiaries	11205.00	25249.26
Balance outstanding as at balance sheet date - Subsidiaries	29205.00	57797.46

- (B) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has not provided loans and stood guarantee to a party other than subsidiaries.
- b. In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.
 - c. In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments have been regular as per stipulation.
 - d. In respect of loans granted by the Company, there is no overdue amount for more than ninety days. Further, the Company has not given any advances in the nature of loans to any party during the year.
 - e. There are no loan given falling due during the year, which has been renewed or extended or fresh loans given to settle the over dues of existing loans given to the same parties.
 - f. The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.
- iv. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees provided, as applicable.
 - v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
 - vi. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
 - vii.a. According to the records, the company is regular in depositing undisputed statutory dues including Goods and service tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and all other material statutory dues with the appropriate authorities and there were no arrears of statutory dues as at March 31, 2022 for a period of more than six months from the date they became payable.
 - b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Goods and service tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and all other material statutory dues which have not been deposited on account of any disputes.
- viii. According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
 - ix.a. According to the information and explanations given to us, the Company has not defaulted in repayment of loans or in the payment of interest thereon to any lender.
 - b. According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
 - c. In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.
 - d. In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
 - e. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
 - f. According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries or associates or joint ventures.
- x.a. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, para 3 (x)(a) of the Order is not applicable.
 - b. The Company has made Preferential allotment of equity shares during the year and the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with. The company has utilized funds raised by way of preferential allotment for the purposes for which they were raised.

- xi.a. No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b. No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- c. According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, para 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv.a. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business;
- b. We have considered the reports of the Internal Auditors for the period under audit.;
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company
- xvi.a. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, Para 3(xvi) (a) of the Order is not applicable.
- b. The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, para 3 (xvi)(b) of the Order is not applicable.
- c. The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence Para 3(xvi) (c) of the said Order is not applicable.
- d. The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, para 3(xvi) (d) of the said Order is not applicable.
- xvii. The company has not incurred any cash losses in the financial year and also in the immediately preceding financial year.
- xviii. There is no resignation of statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under Para 3(xx) of the Order is not applicable to the Company.

for **BRAHMAYYA & CO.**
Chartered Accountants
Firm's Regn No. 000513S

(K.SHRAVAN)
Partner

Place: Raichur
Date: 23.05.2022

Membership No. 215798
UDIN: 22215798AJLAHC2110

Annexure – B to the Auditor’s Report

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

We have audited the internal financial controls with reference to standalone financial statements of SHILPA MEDICARE LIMITED (“the Company”) as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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 with reference to standalone financial statements 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 (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to standalone financial statements 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, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, both issued by ICAI. 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 with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls

with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud and 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 financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

A company’s internal financial control with reference to standalone financial statements 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 controls with reference to standalone financial statements 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 expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2022, 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 ICAI.

for **BRAHMAYYA & CO.**
Chartered Accountants
Firm's Regn No. 000513S

(K.SHRAVAN)

Partner

Place: Raichur
Date: 23.05.2022

Membership No. 215798
UDIN: 22215798AJLAHC2110

Standalone Balance Sheet

As at 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	As at 31 March, 2022	As at 31 March, 2021
ASSETS			
Non-Current Assets			
(a) Property, plant & equipment	2	52,739.20	60,258.84
(b) Right-of-use assets	2A	2,090.72	2,170.11
(c) Capital work-in-progress	3	5,256.58	29,718.62
(d) Intangible assets	4	1,747.90	1,660.66
(e) Intangible assets under development	5	24,054.89	18,515.97
(f) Financial assets	6		
(i) Investments		23,749.57	21,931.77
(ii) Loans		57,797.46	35,793.95
(iii) Other financial assets		295.84	709.69
(g) Other non-current assets	7	1,489.46	2,990.18
Total Non-Current Assets		169,221.62	173,749.79
Current Assets			
(a) Inventories	8	10,176.74	29,907.90
(b) Financial assets	9		
(i) Investments			
(ii) Trade receivables		10,273.44	21,826.57
(iii) Cash and cash equivalents		1,554.71	11,501.22
(iv) Other bank balance other than (iii) above		28.34	26.08
(v) Loans		1.27	1.29
(vi) Others financial assets		4,333.19	6,583.06
(c) Other current assets	10	3,768.84	7,415.21
(d) Current tax assets (net)	11	807.41	728.23
Total Current Assets		30,943.94	77,989.56
Assets classified as held for sale	12	89,446.10	-
TOTAL ASSETS		289,611.66	251,739.35
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	868.02	815.27
(b) Other equity	14	205,698.77	162,967.91
Total Equity		206,566.79	163,783.18
Liabilities			
Non-Current Liabilities			
(a) Financial liabilities	15		
(i) Borrowings		12,027.58	32,451.56
(ii) Lease liability		122.67	125.33
(iii) Others		500.00	500.00
(b) Provisions	16	583.27	1,376.26
(c) Deferred tax liabilities (Net)	17	7,503.95	5,683.68
(d) Other non-current liabilities	18	277.43	420.94
Total Non-Current Liabilities		21,014.90	40,557.77
Current Liabilities			
(a) Financial Liabilities	19		
(i) Borrowings		7,375.34	32,890.52
(ii) Trade Payables			
- Total outstanding dues of micro and small enterprises		278.33	760.65
- Total outstanding dues of other than micro and small enterprises		2,111.17	4,930.31
(iii) Other financial liabilities		4,328.24	6,007.07
(b) Other Current Liability	20	1,406.89	1,692.42
(c) Provisions	21	665.36	1,117.43
Total Current Liabilities		16,165.33	47,398.40
Liability directly associated with assets classified as held for sale		45,864.64	-
TOTAL EQUITY & LIABILITIES		289,611.66	251,739.35

The accompanying notes form an integral part of the standalone financial statements 01 to 52

As per our report of even date attached
for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 000513S

For and on behalf of the Board of Directors of
Shilpa Medicare Limited

K. Shravan
Partner
M.No. 215798

Omprakash Inani
Chairman
DIN : 01301385

Vishnukant Bhutada
Managing Director
DIN : 01243391

Place : Raichur
Date : 23 May, 2022

Ritu Tiwary
Company Secretary

Alpesh Maheshkumar Dalal
Chief Financial Officer

Standalone Statement of Profit and Loss

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Continuing operations :			
INCOME			
Revenue from operations			
(a) Sales	22	32,609.03	23,550.36
(b) Service income and license fees	23	3,086.15	2,154.69
Total revenue from continuing operations		35,695.18	25,705.05
(c) Other Income	24	4,086.20	3,224.58
Total Income		39,781.38	28,929.63
EXPENSES			
(a) Cost of materials consumed	25	7,518.73	5,835.56
(b) Purchases of stock-in trade	26	677.73	1,101.15
(c) Change in inventories of finished goods, work-in-progress and stock-in-trade	27	(317.86)	(1,026.40)
(d) Employee benefits expense	28	11,056.99	7,610.05
(e) Finance costs	29	905.36	607.42
(f) Depreciation and amortisation expenses	28&4	3,481.77	2,228.06
(g) Other expenses	30	14,590.97	8,847.59
Total Expenses		37,913.69	25,203.44
Profit before exceptional item and tax from continuing operations		1,867.69	3,726.19
Exceptional (income) / expense	31	(880.90)	(5,294.80)
Profit before tax from continuing operations		2,748.59	9,020.99
Tax Expenses of continuing operations			
a) Current Tax		480.23	1,577.95
b) Deferred Tax (net of Mat credit)		252.52	933.69
Total tax expenses		732.75	2,511.64
Profit for the year from continuing operations		2,015.84	6,509.35
Discontinued operations :			
Profit/ (loss) before tax from discontinued operation		16,540.71	16,532.88
Tax expense/(credit) of discontinued operation		4,457.74	4,603.07
Profit for the year from discontinued operations		12,082.97	11,929.81
Profit for the year		14,098.81	18,439.17
Other comprehensive Income / (Expenses)			
(i) Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit (liability)/asset (net of tax)		18.36	30.10
(ii) Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges (net of tax)		22.73	16.59
Total other comprehensive income / (loss) for the year		41.09	46.70
Other comprehensive Income from discontinue operation			
(i) Items that will not be reclassified subsequently to profit or loss		-	-
Remeasurement of the net defined benefit liability/ (asset) (net of tax)		159.61	44.90
Total other comprehensive income / (loss) for the year from the discontinue operations		159.61	44.90
Total comprehensive income/(expenses) for the year from continuing operations		2,056.93	6,556.05
Total comprehensive income for the year from discontinued operations		11,923.36	11,884.91
Total comprehensive income for the year		13,980.29	18,440.96
Earning per equity share , par value of ₹1/- each			
Continuing operations :			
Basic (₹)		2.41	7.98
Diluted (₹)		2.41	7.98
Discontinued operations :			
Basic (₹)		14.46	14.63
Diluted (₹)		14.46	14.63

The accompanying notes form an integral part of the standalone financial statements 01 to 52

As per our report of even date attached
for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 000513S

For and on behalf of the Board of Directors of
Shilpa Medicare Limited

K. Shravan
Partner
M.No. 215798

Omprakash Inani
Chairman
DIN : 01301385

Vishnukant Bhutada
Managing Director
DIN : 01243391

Place : Raichur
Date : 23 May, 2022

Ritu Tiwary
Company Secretary

Alpesh Maheshkumar Dalal
Chief Financial Officer

Standalone Statement of Changes in Equity

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

A. Equity Share Capital

Particulars	Total
Balance as at 01 April, 2020	815.27
Changes in equity share capital during the year	-
Balance as at 31 March, 2021	815.27
Changes in equity share capital during the year	52.75
Balance as at 31 March, 2022	868.02

B. Other Equity

Particulars	Securities Premium	General Reserves	Retained Earnings	Other Comprehensive Income (OCI)		Gain on forfeiture of equity shares	Total
				Cash flow hedge reserve	Remeasurement of defined benefit plan		
Balance as at 01 April, 2020	42,863.93	5,182.68	96,805.20	(41.91)	(291.72)	8.76	144,526.94
Profit for the year	-	-	18,439.18	-	-	-	18,439.18
Other Comprehensive income, net of tax	-	-	-	16.59	(14.80)	-	1.79
Balance as at 31 March, 2021	42,863.93	5,182.68	115,244.38	(25.32)	(306.52)	8.76	162,967.91
Profit for the year	-	-	14,098.80	-	-	-	14,098.80
Other Comprehensive income, net of tax	-	-	-	22.73	(125.09)	-	(102.36)
Dividend including dividend distribution tax	-	-	(896.79)	-	-	-	(896.79)
Addition/Deletion during the year	29,631.20	-	-	-	-	-	29,631.20
Balance as at 31 March, 2022	72,495.13	5,182.68	128,446.39	(2.58)	(431.61)	8.76	205,698.77

The accompanying notes form an integral part of the standalone financial statements 01 to 52

Note:

- Securities premium:** This reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.
- General Reserve:** This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of other Comprehensive Income. The same can be utilised in accordance with the provisions of the Companies Act, 2013.
- Retained Earnings:** This Reserve represents the cumulative profits of the Company. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.
- Cash flow hedge reserve:** This Reserve represents the cumulative effective portion of changes in Fair Value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the Company's accounting policy.
- Remeasurements of the net defined benefits plan:** This reserve comprises the cumulative net gains/ losses on actuarial valuation of post-employment obligations.

As per our report of even date attached for **Brahmayya & Co.**,
Chartered Accountants
Firm's Registration No. 0005135

K. Shravan
Partner
M.No. 215798

Place : Raichur
Date : 23 May, 2022

For and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN : 01301385

Ritu Tiwary
Company Secretary

Vishnukant Bhutada
Managing Director
DIN : 01243391

Alpesh Maheshkumar Dalal
Chief Financial Officer

Standalone Statement of Cash Flow

for the year ended 31 March, 2022

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

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
A. Cash Flow From Operating Activities		
Profit/ (Loss) before tax		
- Continuing Operations	2,748.59	9,021.03
- Discontinued Operations	16,540.70	16,532.88
Adjustments for:		
Depreciation and amortisation expenses	5,588.76	4,084.80
Interest income	(3,251.56)	(1,991.43)
Liabilities/ Provision written back	(486.96)	(680.67)
Finance cost	2,675.02	1,746.84
Dividend income	(363.52)	(311.97)
(Profit) / Loss on sale of Asset	18.15	40.34
Bad Debts written off	399.45	35.97
Provision for gratuity and compensated absence	428.74	387.99
Corporate Guarantee fees	(145.61)	(105.80)
Capital Subsidy (Grants)	(12.93)	(11.06)
Unrealised foreign exchange (gain)/loss	(704.32)	(446.60)
Net gain recognised on sale of stake in Associate company	(890.90)	(5,294.81)
Provision for Diminution in the value of Investment- exceptional	10.00	-
Operating Profit before working capital changes	22,553.63	23,007.50
Movement in Working Capital		
Decrease/(increase) in inventories	(1,752.11)	(9,284.51)
Decrease/(increase) in trade receivables	(15,466.30)	954.57
Increase / (decrease) trade payables	8,133.83	(1,297.71)
Decrease / (increase) in financial and non financial assets	5,846.19	(2,794.11)
Increase / (decrease) in financial liabilities and other liabilities	1,521.13	711.43
Cash Generated from Operations	20,836.37	11,297.15
Taxes Paid	(3,449.40)	(4,334.07)
Net Cash flow generated /(used) from operating activities (A)	17,386.97	6,963.08
Cash Flow From Investing Activities		
Purchase of Property plant and equipment and intangible assets (refer note ii)	(17,345.37)	(26,571.74)
Proceeds from sale of assets	19.22	211.08
Loan given to subsidiaries and others	(21,811.15)	(28,338.23)
Recovery of loans from subsidiaries and others	132.29	2,500.00
Purchase of Investments	(3,793.78)	(12,083.36)
Proceeds from sale of business on slump sale	-	33,660.00
Proceeds from sale of stake in group Companies	2,856.75	6,084.00
Movement in other bank balances	(2.26)	(1.22)
Interest Received	1,947.03	677.63

Standalone Statement of Cash Flow (Cont..)

for the year ended 31 March, 2022

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

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Dividend Received	100.02	48.47
Net cash flow generated/(used) from investing activities (B)	(37,897.27)	(23,813.38)
Cash flows from Financing Activities		
Proceeds from Issue of Shares (net of transaction cost)	29,683.96	
Proceeds from/(repayment of) long-term loans and borrowings (net)	(10,541.05)	18,767.00
Proceeds from/(repayment of) short-term loans and borrowings (net)	(5,812.14)	8,501.97
Payment of lease liabilities	(25.20)	(27.99)
Dividend paid including DDT	(896.80)	0.00
Interest paid	(2,686.21)	(1,683.12)
Net cash flow generated/(used) from financing activities (C)	9,722.56	25,557.85
Net increase in cash and cash equivalents (A+B+C)	(10,787.74)	8,707.56
Cash and cash equivalents at the beginning of the year	11,501.22	2,793.66
Cash and cash equivalents at the end of the year	713.48	11,501.22
Component of Cash and Cash Equivalent	713.48	11,501.22
Cash in Hand	23.42	31.26
Balance with Banks in current account	1,186.39	537.89
Deposits with original maturity of less than 3 month	344.89	10,932.07
Book overdraft	(849.01)	
Cash included in asset held for sale	7.79	

The accompanying notes form an integral part of the standalone financial statements 01 to 52

Note:

- Previous year figures have been reclassified wherever necessary.
- Purchase and sale of property, plant and equipment and intangibles represents additions and deletions to property, plant and equipment, intangibles, intangibles under development further adjusted for movement of capital work in progress, capital advances, capital creditors during the year.
- Adjusted for bank-overdraft of Rs. 849.01 lakhs for the period ended 31 March 2022 and Rs. 7.79 included in Asset held for sale.
- Cash Flow statement has been prepared under Indirect method as per Ind AS-7 "Statement of Cash flows" as prescribed under Companies (Accounting Standard) Rules, 2015.

As per our report of even date attached
for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 000513S

For and on behalf of the Board of Directors of
Shilpa Medicare Limited

K. Shravan
Partner
M.No. 215798

Omprakash Inani
Chairman
DIN : 01301385

Vishnukant Bhutada
Managing Director
DIN : 01243391

Place : Raichur
Date : 23 May, 2022

Ritu Tiwary
Company Secretary

Alpesh Maheshkumar Dalal
Chief Financial Officer

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

CORPORATE INFORMATION

Shilpa Medicare Limited (SML) is a listed Company engaged in the manufacturing of API, Formulation and Development service. Shilpa Medicare Limited (SML) started its operations as API manufacturer way back in 1987 at Raichur, Karnataka-India. The Company started its commercial production in November 1989. In November 1993, Shilpa Medicare Limited was converted into a Public Limited Company. The Company was listed on Bombay Stock Exchange on June 19, 1995 and National Stock Exchange (NSE) on December 03, 2009. Subsequently Shilpa Medicare has gained World Health Organization-Good Manufacturing Practices (GMP) Certificate recognition.

SML is presently dealing in high-quality Active Pharmaceutical Ingredients (APIs), Intermediates, Formulations, New Drug Delivery Systems, Peptides / Biotech products and Specialty Chemicals etc. using sophisticated technology meticulously in order to comply with laid down international standards/specifications. Today SML is among the world's leading suppliers of Oncology/Non-Oncology APIs and intermediates.

1. Basis of Preparation of Financial Statements

I. Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act 2013 read together with the Rule 4 of Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable and the other relevant provisions of the Act, pronouncements of the regulatory bodies applicable to the Company.

These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date March 31, 2022. The accounting policies are applied consistently to all the periods presented in the financial statements. The Standalone financial statements of the Company for the year ended 31 March, 2022 were approved by the Board of Directors on May 23, 2022.

II. Basis of Measurement

The financial statements have been prepared on the historical cost convention and on accrual basis, except for the following assets and liabilities

which have been measured at fair value wherever applicable

- Derivative financial instruments
- Certain financial assets / liability measured at fair value,
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

III. Functional and presentation currency

The financial statements are presented in Indian Rupees which is the functional currency of the Company. All amounts have been rounded-off to the nearest lakhs unless otherwise stated.

IV. Current v/s Non-current classification

The assets and liabilities in the balance sheet are presented based on current/non-current classification.

An asset is current when it satisfies the below mentioned criteria:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- (ii) Held primarily for the purpose of trading, or
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it satisfies the below mentioned criteria:

- (i) Expected to be settled in normal operating cycle, or
- (ii) Held primarily for the purpose of trading, or
- (iii) Due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non-current.

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

1.1 Significant Accounting Policies

Critical accounting Estimates and Judgments:

The preparation of financial statements in conformity with IndAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognised prospectively.

The areas involving critical estimates or judgments are:

- Measurement of defined benefit obligation (Note 1.1 (h))
- Estimation of Useful life of Property, plant and equipment and intangibles (Note 1.1(a))
- Recognition of deferred taxes (Note 1.1 (r))
- Estimation of impairment (Note 1.1 (d))
- Estimation of provision and contingent-liabilities (Note 1.1 (s))
- Business Combination (Note-1.1(e))

a) Property, Plant and Equipment & Depreciation:

- i. Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.
- ii. Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.
- iii. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

- iv. Depreciation on Fixed Assets is provided on ascertain useful life of assets under Straight Line Method (SLM) prescribed in Schedule II of the Companies Act 2013, with exception of those assets whose useful life is ascertain by the management.
- v. The Company follows the policy of charging depreciation on pro-rate basis on the assets acquired or disposed off during the year.

b) Intangible Assets:

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

Intangible Assets are stated at cost less accumulated amortization. Cost includes only such expenditure that is directly attributable to making the asset ready for its intended use.

Intangible assets are amortized over their useful life.

Intangible Assets include capitalized expenditure on filing and registration of any Drug Master File (DMF) or Abbreviated New Drug Application (ANDA) and compliance with regulatory procedures of the USFDA, in filing such DMF or ANDA, which are in respect of products for which commercial value has been established by virtue of third party agreements/ arrangements. The cost of each DMF/ANDA is amortized over its estimated useful life from the date on which the amount has been capitalized.

c) Research and Development:

All expenditure on research activities are recognized in the Profit and Loss Statement when incurred. Expenditure on development activities are also recognized in the Profit and Loss Statement in the year such expenditure is incurred. However, development expenditure is capitalized only in cases where such costs can be measured reliably, the technological feasibility has been established in respect of the product or process for which costs are incurred, future economic benefits are

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed product are capitalized. The Company's criteria for capitalization of such assets are consistent with the guidance given in paragraph 25 of Ind AS 38 (receipt of economic benefit out of the separately purchased transaction is considered to be probable).

Acquired research and development intangible assets that are under development are recognized as Intangible Assets under Development. These assets are not amortized, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Where a determination of impairment in respect of any such asset is made, the impairment of such asset is recognized in the Profit and Loss Statement in the year in which such determination is made. Where a determination is made to the effect that future economic benefits are probable, the total cost is capitalized in the year in which such determination is made.

Amortization of capitalized development expenditure is recognized on a straight-line basis, over the useful life of the asset

d) Impairment of Assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable value being higher of value in use and fair value less cost of disposal. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired.

e) Business Combination and Goodwill:

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the

date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets acquired and liabilities assumed.

Any goodwill that arises on account of such business combination is tested annually for impairment.

f) Non-Current asset held for sale:

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented separately in the Balance Sheet as "Assets Held for Sale".

g) Inventory:

Inventories are valued at the lower of cost and net realisable value. The cost is determined on FIFO basis. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

h) Employee Benefits:

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

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

Contribution towards Provident Fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution schemes as the Company does not carry any further obligations, apart from the Contributions made on a monthly basis.

Defined benefit plans

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contributions to LIC.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense/(income) on the net defined (liability)/assets is computed by applying the discount rate, used to measure the net defined (liability)/asset. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss

i) Cash and Cash Equivalent:

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk. Cash flow statement is prepared under the indirect method as per Ind AS 7, For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of bank overdraft.

j) Dividends to Shareholders:

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by

the shareholders. Any interim dividend paid is recognised on approval by Board of Directors, Dividend payable and corresponding tax on dividend distribution is recognised directly in other equity.

k) Leases:

The Company assesses whether a contract contains a lease, at the inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control use of an identified asset, the Company assesses whether:

- The contract involves use of an identified asset;
- The Company has substantially all the economic benefits from the use of the asset through the period of lease; and
- The Company has the right to direct the use of an asset.

At the date of commencement of lease, the Company recognises a Right-of-use asset ("ROU") and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the Company recognises the lease payment as an operating expense on straight line basis over the term of lease.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

Lease liability and ROU asset have been separately presented in the Balance Sheet and the lease payments have been classified as financing cash flows.

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

l) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i. Sale of products:

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, Amount disclosed as revenue are excluding goods and service tax (GST), sales tax or value added taxes or service taxes or duties collected on behalf of the government, and net off returns, trade discounts, rebates and any amount collected on behalf of third parties.

ii. Development Revenue:

Development revenue are recognized over the time period of the development activity and are recognized on the completion of each mile- stones as per term of the agreement.

iii. Recognition of Export benefits:

Export benefit entitlements in respect of incentive schemes including Merchandise Export Incentive Scheme (MEIS) and Focus Product Scheme (FPS) of the government of India are recognized in the period in which they are approved.

m) Other Income:

- i. Interest Income is recognized using the Effective interest rate (EIR) method.
- ii. Dividend income is recognized when right to receive is established.

- iii. The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with and the grants is received. Government grants received in relation to assets are recognised as deferred income and amortized over the useful life of such asset. Grants related to income are recognised in the profit & loss account under other income.

n) Foreign Currency Transactions/

Translations:

Initial Recognition

Foreign Currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Translations

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange Differences

The exchange difference arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized in the Statement of Profit and Loss in the period in which they arise as income or as expense.

o) Government Grant:

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Grants related to revenue items are presented as part of profit or loss under general heading such as other income.

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

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Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as 'Deferred Government Grant' and are credited to profit & loss account under other income on a straight-line basis over the expected lives of the related assets.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

p) Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred. Further, interest earned out of borrowed funds from temporary investments are reduced from the borrowing cost.

q) Financial Instrument:

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

l) Financial Asset:

Initial recognition and measurement

All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through P&L, transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognized on the trade date i.e. the date that the company commits to purchase or sell the asset.

Subsequent Measurement

For the purpose of subsequent measurement financial assets are

classified as measured at:

- Amortised cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

(a) Financial Asset measured at amortized Cost

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss. The company while applying above criteria has classified the following at amortized cost:

- Trade receivables
- Loans
- Other financial assets

(b) Financial Assets measured at fair value through other comprehensive income (FVTOCI)

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(c) Financial Assets at fair value through profit or loss (FVTPL)

Financial Assets are measured at Fair value through Profit & Loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of Profit & Loss.

Equity Instruments:

All investments in equity instruments classified under financial assets are initially measured at fair value, the group may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The classification is made on initial recognition and is irrevocable

Investments in subsidiaries, associates and joint venture:

Investments in subsidiaries, associates and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

De-recognition of financial Assets:

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for Derecognition. On Derecognition of a financial asset in its entirety, the difference between the carrying amount (measured on the date of recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the statement of Profit & Loss.

Impairment of financial Assets:

In accordance with Ind AS 109, the

company applies expected credit loss (ECL) model by adopting the simplified approach using a provision matrix reflecting current condition and forecasts of future economic conditions for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial Assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance
- Financial Assets that are debt instruments and are measured at FVTOCI.
- Lease receivables under Ind AS 17.
- Trade receivables or any contractual right to receive cash or another financial asset
- Loan commitments which are not measured at FVTPL
- Financial guarantee contracts which are not measured at FVTPL

II) Financial Liability:

Initial recognition and measurement

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Financial Liabilities at amortized cost:

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

The company is classifying the following under amortized cost

- Borrowings from banks
- Borrowings from others
- Trade payables
- Other financial liabilities

Derecognition:

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

III. Derivative financial instrument and hedge accounting:

The Company uses derivative financial instruments, such as foreign exchange forward contracts, interest rate swaps and currency options to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

r) Taxes on Income:

Tax expense comprises of current and deferred tax.

- I. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Tax Act.
- II. Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured

based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

- III. Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

s) Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. Contingent Liabilities are not recognized but are disclosed in the notes.

t) Offsetting:

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

u) Earnings per share:

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per

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for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period.

v) Exceptional Items:

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are nonrecurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

1.2 Recent Indian Accounting Standards (Ind AS):

Standards Issued But Not Yet Effective

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate

directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification, and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to de recognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

2 PROPERTY, PLANT & EQUIPMENT

Particulars	Gross Block				Depreciation / Adjustment				Net Block				
	As at 1 April 2021	Additions	Transfer	Deduction/ Adjustment during the Period	As at 31 March, 2022	As at 1 April 2021	Depreciation On Discontinued Operation	For the Period	Dep Transfer's	Adjustment (Others)	Adjusted to Assets classified as held for sale	As at 31 March, 2022	As at 31 March, 2022
Tangible Assets													
i) Owned													
a) Borewell	19.90	2.80	-	-	12.28	17.87	0.06	0.46	-	-	9.26	9.13	3.14
b) Building	16,575.18	5436.42	0.00	-	14,688.71	3,069.24	221.36	387.45	0.00	0.00	2,284.79	1,393.26	13,295.44
c) Canteen Equipment	52.64	23.20	-	-	69.38	15.48	0.06	9.08	-	-	6.08	18.54	50.84
e) Computer	901.88	287.76	-	-	763.28	687.88	26.33	114.21	-	-	365.41	463.00	300.28
f) Network Server equipment	241.23	117.66	-	-	297.94	85.31	7.90	36.31	-	-	33.50	96.01	201.91
g) Electrical installation	6,023.16	1,477.62	-	-	4,072.77	2,534.28	194.85	348.01	-	-	1,679.46	1,397.68	2,675.10
g) ETP Building	565.85	-	-	-	0.00	205.47	17.73	-	-	-	223.19	0.00	-
h) ETP Machinery	753.81	-	-	-	138.43	183.49	29.87	6.58	-	-	212.34	7.59	130.83
j) Furniture	1,859.20	521.69	-	-	1,686.87	844.05	41.74	144.15	-	-	360.26	669.69	1,017.18
j) Land and Green field	1,119.84	319.81	-	-	773.11	-	-	-	-	-	-	0.00	773.11
k) Lab Equipments	8,437.78	9149.23	207.96	1.44	5,236.37	12,141.24	4,230.77	311.19	713.41	-60.22	2,812.24	2,331.58	9,809.66
l) Office Equipment	205.01	19.99	-	-	156.05	117.78	5.76	21.84	-	-	55.89	89.48	66.57
m) P/M (Power Generation Unit)	3,843.04	-	-	-	3,843.04	2,211.88	-	103.97	-	-	-	2,315.86	1,527.18
n) Pipeline	4,524.41	3,183.05	2.60	-	6,455.53	1,249.33	1,384.45	195.63	54.11	-2.47	1,356.44	2,75.28	9,740.7
o) Plant & Machinery	41,114.00	8,882.39	13.52	43.35	22,148.64	27,290.88	10,627.92	824.62	12,10.24	-3.58	6,973.25	5,679.37	21,611.49
p) Pollution Control Equip.	37.07	9.17	-	-	37.07	31.38	0.39	0.04	-	-	31.77	0.04	9.12
q) Vehicle	168.41	136.07	-	-	257.08	90.60	2.03	23.67	-	-	44.55	71.75	184.77
r) weigh bridge	8.42	-	-	-	0.00	5.79	0.47	-	-	-	6.26	0.00	-
s) EHS Equipment	164.95	28.16	-	-	78.59	114.52	23.32	6.28	10.33	-	26.98	12.95	101.57
t) Vehicles Electrical Operated	40.36	-	-	-	40.36	30.34	-	3.64	-	-	-	33.98	6.94
	86,656.14	29,095.03	224.08	44.78	47,877.87	67,604.43	1,886.25	3,187.51	(66.27)	(6.44)	(51.46)	16,481.70	52,739.20

4 INTANGIBLE ASSET

Particulars	Gross Block				Depreciation / Adjustment				Net Block				
	Additions	Transfer	Deduction/ Adjustment during the Period	As at 31 March, 2022	As at 1 April 2021	Depreciation On Discontinued Operation	For the Period	Dep Transfer's	Adjustment (Others)	Adjusted to Assets classified as held for sale	As at 31 March, 2022	As at 31 March, 2022	
Intangible Assets													
Computer software	1,130.43	518.45	-	4.14	613.86	1,030.87	624.18	89.82	117.46	-	475.30	356.16	674.71
Technical Know How	454.10	476.75	-	-	69.57	861.29	46.15	0.01	69.78	-	21.89	94.05	767.24
DMF/ Patents Fees	1,436.96	372	-	-	1,161.92	646.97	690.50	96.30	65.58	-	511.36	341.02	305.96
Sub-Total (B)	3,021.49	1,367.14	-	4.14	1,845.35	2,539.13	1,360.83	186.14	252.82	-	1,008.56	791.23	1,747.90

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for the year ended 31 March, 2022

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2 PROPERTY, PLANT & EQUIPMENT

Particulars	Gross Block			Depreciation / Adjustment			Net Block		
	As at 01 April, 2020	Additions	Deduction/ Adjustment during the Year	As at 31 March, 2021	As at 01 April, 2020	For the Year	Deduction/ Adjustment during the Year	As at 31 March, 2021	As at 31 March, 2021
a) Borewell	19.90	-	-	19.90	17.19	0.67	-	17.86	2.04
b) Building	11,509.59	5,065.59	-	16,575.18	2,661.06	408.18	-	3,069.24	13,505.94
c) Canteen Equipment	17.76	34.88	-	52.64	12.49	2.99	-	15.48	37.16
d) Computer	745.80	161.07	(4.99)	901.88	629.43	63.14	(4.69)	687.88	214.00
e) Electrical Installation	4,374.62	1,685.35	(36.81)	6,023.16	2,192.02	366.40	(24.13)	2,534.29	3,488.87
f) ETP Building	565.85	-	-	565.85	187.75	17.73	-	205.48	360.37
g) ETP Machinery	530.58	223.23	-	753.81	158.80	24.70	-	183.50	570.31
h) EHS Equipment	50.61	114.40	(0.06)	164.95	16.57	6.76	(0.01)	23.32	141.63
i) Furniture	1,521.09	346.95	(8.84)	1,859.20	667.61	180.87	(4.43)	844.05	1,015.15
j) Land & Green Field	1,092.96	26.88	-	1,119.84	-	-	-	-	1,119.84
k) Lab Equipments	7,275.25	1,334.05	(171.52)	8,437.78	3,685.95	651.15	(106.30)	4,230.80	4,206.98
l) Network Server equipment	160.92	98.78	(18.47)	241.23	58.76	30.40	(3.84)	85.32	155.91
m) Office Equipment	154.13	51.71	(0.83)	205.01	96.78	21.32	(0.32)	117.78	87.23
n) P/M (Power Generation Unit)	3,843.04	-	-	3,843.04	2,107.90	103.97	-	2,211.87	1,631.17
o) Pipeline	4,076.28	448.13	-	4,524.41	1,198.53	185.91	-	1,384.44	3,139.97
p) Plant & Machinery	34,463.03	6,786.71	(135.74)	41,114.00	9,036.37	1,623.84	(32.29)	10,627.92	30,486.08
q) Pollution Control Equipment	37.07	-	-	37.07	30.55	0.84	-	31.39	5.68
r) Vehicle	225.75	5.15	(62.49)	168.41	93.10	25.19	(27.69)	90.60	77.81
s) Vehicles Electrical Operated	40.36	-	-	40.36	25.41	4.92	-	30.33	10.03
t) Weigh bridge	8.42	-	-	8.42	5.27	0.48	-	5.75	2.67
Total	70,713.01	16,382.88	(439.75)	-86,656.14	22,881.54	3,719.46	(203.70)	- 26,397.30	60,258.84

4 INTANGIBLE ASSET

Particulars	Gross Block			Depreciation / Adjustment			Net Block		
	As at 01 April, 2020	Additions	Deduction/ Adjustment during the Year	As at 31 March, 2021	As at 01 April, 2020	For the Year	Deduction/ Adjustment during the Year	As at 31 March, 2021	As at 31 March, 2021
a) Computer software	1,004.94	125.49	-	1,130.43	461.01	163.16	-	624.17	506.26
b) Technical Know How	236.78	217.32	-	454.10	11.51	34.64	-	46.15	407.95
c) DMF/ANDA/Patents Fees	1,436.96	-	-	1,436.96	545.36	145.15	-	690.51	746.45
Total	2,678.68	342.81	-	- 3,021.49	1,017.88	342.95	-	- 1,360.83	1,660.66

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

2A RIGHT OF USE OF ASSETS

Particulars	As at 31 March, 2022	As at 31 March, 2021
Land and Building	2,090.72	2,170.11
Total	2,090.72	2,170.11

Description of the property	Gross Carrying value (in lakhs)	Held in the name of	Whether promoter, director or their relative or employee	Period held	Reason for not held in name
Leasehold land located in Jadcherla, Telangana admeasuring 9 acres	349.26	Raichem Lifesciences Pvt. Ltd.	No	Since 2012	The title deeds are in the name of the erstwhile Company that was amalgamated with the Company pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Andhra Pradesh dated August , 31, 2012.

3 CAPITAL WORK-IN-PROGRESS

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Machinery under erection	2,654.98	3,115.02
b) Projects under erection	2,601.60	26,603.60
Total	5,256.58	29,718.62

Additional disclosure pursuant to amendment of revised schedule III are in note 51

5 INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Software under installation	38.19	86.52
b) Product under development	24,015.14	18,226.15
c) DMF /ANDA/Patents Fees	1.56	203.30
Total	24,054.89	18,515.97

Additional disclosure pursuant to amendment of revised schedule III are in note 51

6 FINANCIAL ASSETS

(i) Non-Current Investments

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Investments in Equity Instruments (Unquoted)		
 i) In Subsidiary Companies		
i) 2,000 (2,000) shares of Euro 1.71 each in Zatortia Holdings Ltd, Cyprus.	63.06	2,028.91
ii) 1,837,634 (1,837,634) shares of ₹ 10 each in Shilpa Therapeutic (P) Ltd, Hyderabad.	1,112.46	1,112.46
iii) 15,00,000 (15,00,000) shares of ₹ 10 each in INM Technologies Pvt. Ltd., Bangalore.	113.25	113.25

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
iv) 100 (100) shares of GBP 1 each in Koanaa Healthcare Limited, UK.	0.10	0.10
v) Investment in shares of Koanaa Healathcare GmbH, Austria.	77.63	77.63
vi) Investment in shares of Koanaa Healthcare, Spain	6.25	
vii) 100 (100) shares of USD 1 each in Shilpa Pharma INC., USA.	0.07	0.07
viii) 30,000,00 (3000000) shares of ₹ 100 each in Shilpa Biologicals Pvt. Ltd., Hubli.	3,360.93	3,360.93
ix) 2,00,00,000 (7422620) shares of ₹ 10 each in Shilpa Biocare Pvt. Ltd. (Erstwhile Shilpa Albumin Private Limited), Raichur.	2,000.00	742.26
x) 1000 (1000) shares of CAD 0.1 each in Koanna Healthcare Canada Inc., Canada.	0.06	0.06
xi) 1,00,00,000 (7812800) shares of ₹ 10 each in Shilpa Pharma Lifesciences Limited (formerly known as Shilpa Corporate Holdings Pvt. Ltd., Raichur.)	1,000.00	781.28
xii) 25,000 (25000) shares of RM 1 each in Indo Biotech SDN.BHD. Malaysia.	4.42	4.42
xiii) 307,697 (307697) shares of ₹ 10 each in FTF Pharma Pvt. Ltd. Gujarat.	6,577.97	6,577.97
xiv) 10 (10) shares of AED 1000 each in Koanna International FZ-LLC, Dubai.	1.98	1.98
xv) 95,10,000 (nil) equity shares face value of ₹ 10/- each in Vegil Labs Pvt Ltd	951.00	-
II) In Associate Companies		
i) 100,000 (100,000) shares of ₹ 10 each in Reva Pharmachem Pvt. Ltd., Raichur.	10.00	10.00
III) In Joint Venture Companies		
i) 5,001 (5,001) share of ₹ 10 each in Reva Medicare Pvt. Ltd, Raichur.	0.50	0.50
ii) 65,000 (65,000) shares of ₹ 10 each in Sravathi Advance Process Technologies Pvt. Ltd., Bangalore.	6.50	6.50
b) Investments in Preference Instruments (Unquoted)		
I) In Subsidiary Companies		
i) 4,00,000 (4,00,000) cumulative shares of ₹ 10 each in Shilpa Therapeutic Pvt. Ltd., Hyderabad.	40.00	40.00
ii) 3,25,37,670 (3,25,37,670) cumulative shares of ₹ 10 each in INM Technologies Pvt. Ltd., Bangalore.	3,253.77	3,253.77
iii) 99,30,000 (99,30,000) Non-cumulative shares of ₹ 10 each in INM Technologies Pvt. Ltd., Bangalore.	993.00	993.00
iv) 3,900,012 (3900012) convertible preference shares of ₹ 10 each in FTF Pharma Pvt. Ltd. Gujarat.	390.00	390.00
II) In Joint Venture/Associate Companies		
i) 1,400,000 (1,400,000) Preferred Stock at par value of USD 0.0001 each in MAIA Pharmaceuticals INC., USA.	795.69	795.69
ii) 2843500 (1535000) Non-cumulative convertible preference shares of ₹ 100 each in Sravathi Advance Process Technologies Pvt. Ltd., Bangalore.	2,843.50	1,535.00

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
c) Others		
I) Investments in Equity Instruments (Unquoted)		
i) 741,362 (741,362) shares of ₹ 14 each of Prathijna Sustainable Solutions Pvt. Ltd., Bangalore.	103.79	103.79
ii) 2,000 (2000) shares of ₹ 100 each of Mana Effluent Treatment Plant Ltd., Hyderabad.	2.00	2.00
iii) 20550 (nil) shares of ₹ 251.00 each of Atria Windower (Chitradurga) Pvt Ltd	51.58	-
d) Investment in Government Securities	0.05	0.20
	23,749.57	21,931.77
Less: Provision for diminution in the value of investments	10.00	-
Total value of unquoted investment	23,749.57	21,931.77
Aggregate value of unquoted investment	23,749.57	21,931.77
Aggregate amount of impairment in the value of investments in the unquoted equity shares	10.00	-

Refer note no. 49

(ii) Loans

Particulars	As at 31 March, 2022	As at 31 March, 2021
Considered good, unsecured		
(i) Shilpa Therapeutic Pvt. Ltd. (Wholly owned subsidiary)	4,904.30	3,363.30
(ii) Koanaa Healathcare GmbH, Austria. (Wholly owned subsidiary)	4,427.28	4,373.38
(iii) Koanaa Healthcare Limited, UK. (Wholly owned subsidiary)	723.47	789.16
(iv) Shilpa Pharma INC., USA. (Wholly owned subsidiary)	1,250.82	826.93
(v) Shilpa Biologicals Pvt. Ltd., Hubli. (Wholly owned subsidiary)	38,219.55	25,206.00
(vi) Koanna Healthcare Canada Inc., Canada. (Wholly owned subsidiary)	834.45	378.85
(vii) Indo Biotech SDN.BHD. Malaysia. (Wholly owned subsidiary)	856.62	808.55
(viii) Koanna International FZ-LLC, Dubai. (Wholly owned subsidiary)	295.65	47.78
(ix) Koanna International FZ-LLC, Dubai. (Wholly owned subsidiary)	465.63	-
(x) Shilpa Biocare Pvt Ltd, Kadechur (Wholly owned subsidiary)	5,515.16	-
(xi) Shilpa Lifesciences Pvt Ltd (Step down subsidiary)	245.25	-
(xii) Shilpa Pharma Lifesciences Limited (Previously known as Shilpa Corporate Holdings Pvt Ltd Wholly owned subsidiary)	59.28	-
Total	57,797.46	35,793.95

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(iii) Other Financial Assets

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Security deposits (unsecured considered good)		
(i) Electricity deposits	195.55	401.51
(ii) Rental deposits	3.96	16.81
(iii) Telephone deposits	0.08	0.65
(iv) Miscellaneous deposits	59.82	82.13
Total (a)	259.41	501.10
b) Cross currency swap account	-	174.27
Total (b)	-	174.27
c) Fixed deposit in bank		
Fixed deposited having maturity more than 12 months held as Security	36.43	34.32
Total (c)	36.43	34.32
Total (a + b+c)	295.84	709.69

7 OTHER NON-CURRENT ASSETS

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Capital advances		
(i) Unsecured, considered good	1,413.67	2,803.45
Less: Written off	-	-
Total (a)	1,413.67	2,803.45
b) Others		
(i) Income Tax paid under protest	43.33	43.33
(ii) VAT on Capital Goods & Others Item	-	41.79
(iii) Prepaid Expenses	32.46	101.61
Total (b)	75.79	186.73
Total (a+b)	1,489.46	2,990.18

8 INVENTORIES

Particulars	As at 31 March, 2022	As at 31 March, 2021
(i) Raw materials	4,043.97	13,324.83
(ii) Work-in-progress	606.51	3,373.35
(iii) Finished goods	2,668.99	8,784.18
(iv) Stock-in-trade	549.21	424.31
(v) Stores and Spares	1,344.26	2,857.59
(vi) Packing materials	963.80	1,143.64
Total	10,176.74	29,907.90

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

9 FINANCIAL ASSETS

(i) Current Investment

Particulars	As at 31 March, 2022	As at 31 March, 2021
Investment in Bonds	1,437.39	1,437.39
Total	1,437.39	1,437.39
Less : Provision for diminishing in the value of Investment	1,437.39	1,437.39
Total value of unquoted investment	-	-
Aggregate value of unquoted investment	-	-

(ii) Trade Receivables (Refer Note 50)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Unsecured		
(a) Considered good	10,273.44	21,826.57
Total (a)	10,273.44	21,826.57
(b) Unsecured considered doubtful	391.45	81.83
Less Written-off	(391.45)	(81.83)
Total (b)	-	-
Total (a+b)	10,273.44	21,826.57

Note : Trade receivable in above note no: 9 (ii) (a) includes ₹ 3189.65 (PY ₹ 731.04) is receivable from related parties (refer note no: 45 Related Party Transaction)

Additional disclosure pursuant to amendment of revised schedule III are in note 51

(iii) Cash and Cash Equivalents

Particulars	As at 31 March, 2022	As at 31 March, 2021
i) Cash on Hand	23.42	31.26
ii) Balance with Banks in current account	1,186.39	537.89
iii) Deposit with original maturity of less than 3 month	344.90	10,932.07
Total	1,554.71	11,501.22

(iv) Other Bank Balance other than (iii) above

Particulars	As at 31 March, 2022	As at 31 March, 2021
Earmarked Balances		
(i) Unclaimed dividend Accounts	28.34	26.08
Total	28.34	26.08

(v) Loans

Particulars	As at 31 March, 2022	As at 31 March, 2021
(a) Unsecured, considered good		
(i) Zatortia Holdings Ltd (Wholly owned subsidiary)	1.27	1.29
Total	1.27	1.29

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(vi) Other Financial Assets

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Income accrued and due	42.89	638.85
b) Staff advance	12.36	30.56
c) Tender deposits	8.94	8.74
d) Fixed deposit having maturity less than 12 months and held as margin money		3,150.00
e) Interest accrued on fixed deposits/others	2,798.67	1,548.09
f) Dividend accrude on preference shares	1,470.33	1,206.82
Total	4,333.19	6,583.06

10 OTHER CURRENT ASSETS

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) CENVAT receivable	-	0.17
b) Prepaid Expenses	446.61	600.47
c) Advances to supplier/ receivables	341.06	771.34
d) Export incentives	-	85.48
e) CGST /IGST /SGST receivable	2,981.17	5,957.76
Total	3,768.84	7,415.22

11 CURRENT TAX ASSETS

Particulars	As at 31 March, 2022	As at 31 March, 2021
Income tax (Net)	807.41	728.23
Total	807.41	728.23

12 ASSETS HELD FOR SALE

ACCOUNTING POLICY

Non-current assets or disposal group are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset or disposal group and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. As at each balance sheet date, the management reviews the appropriateness of such classification.

Non-current assets or disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment's and intangible assets once classified as held for sale are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- (1) represents a separate major line of business or geographical area of operations,
- (2) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Profit and Loss. Additional disclosures are provided hereunder. All other notes to the Standalone financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

The shareholders of the Company vide special resolution dated March 15, 2022 by way of postal ballot, approved the transfer of Active Pharmaceuticals ingredient ("API") business undertaking to Shilpa Pharma Lifesciences Limited (formerly known as Shilpa Corporate Holdings Private Limited, a wholly owned subsidiary of the Company as a going concern on slump sale basis through Business Transfer Agreement.

i. Analysis of profit from discontinuing operations

Income	for the Period ended 31.03.2022	for the Period ended 31.03.2021
Revenue from operations	82,487.55	62,892.09
Other income	440.93	165.44
Total Income	82,928.48	63,057.53
Expenditure		
Cost of material consumed	38,507.06	25,263.43
Employee benefits expense	12,185.26	9,952.31
Finance costs	1,769.66	1,139.42
Depreciation and amortisation expenses	2,106.86	1,856.74
Other expenses	11,818.94	8,312.75
Total expenditure	66,387.78	46,524.65
Profit / (loss) before tax from the discontinue operations	16,540.70	16,532.88
Tax expense / (income)		
Current tax	2889.99	2891.91
Deferred tax	1567.74	1711.15
Total tax expense	4,457.74	4,603.07
Profit / (loss) after tax from the discontinue operations	12,082.96	11,929.81
Other comprehensive Income net of tax	159.61	44.90
Total comprehensive income for the year	11,923.35	11,884.91

ii. Net cash flows attributable to the discontinuing

Particulars	for the Period ended 31.03.2022	for the Period ended 31.03.2021
Net cash generated from operating activities	12,349.06	11,808.31
Net cash used in investing activities	(5,826.89)	(8,814.90)
Net cash used in financing activities	(9,526.25)	9290.15

iii. The carryig amount assets of discontinue operation

Particulars	for the Period ended 31.03.2022	for the Period ended 31.03.2021
Non- Current Assets		
(a) Property, plant & equipment.	31,396.17	22,032.54
(b) Right of use - Lease Assets	12.93	47.40

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

	for the Period ended 31.03.2022	for the Period ended 31.03.2021
(c) Capital work- in- progress	5,911.04	11,366.86
(d) Intangible assets	836.80	590.89
(e) Intangible assets under development	410.49	396.39
(f) Financial assets		
(i) Investments	0.14	0.14
(ii) Other financial assets	224.67	239.68
(g) Other non-current assets	200.47	799.11
Total Non- Current Assets	38,992.71	35,473.01
Current Assets		
(a) Inventories	21,483.27	20,200.36
(b) Financial assets		
(i) Trade receivables	27,094.87	13,045.89
(ii) Cash and cash equivalents	7.79	28.83
(iii) Others financial assets	151.01	22.36
(c) Other current assets	1,716.45	3,594.13
Total Current Assets	50,453.39	36,891.57
Total Assets	89,446.10	72,364.58

iv. Liability directly associated with assets of discontinue operation

Particulars	for the Period ended 31.03.2022	for the Period ended 31.03.2021
Non- Current Liabilities		
(a) Financial liabilities		
(i) Borrowings	11,477.06	16,976.56
(b) Provisions	1,073.12	1,037.97
(c) Other non current liabilities	51.55	107.31
Total of non current liabilities	12,601.73	18,121.84
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	18,196.12	20,405.10
(ii) Trade Payables	10,956.70	2,392.74
(iii) Other financial liabilities	1,954.77	2,712.15
(b) Other Current Liability	733.99	523.07
(c) Provisions	1,421.33	480.83
Total of current liabilities	33,262.91	26,513.89
Total of liabilities	45,864.64	44,635.73

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

13 EQUITY SHARE CAPITAL

Particulars	As at 31 March, 2022	As at 31 March, 2021
Authorised share capital		
95,000,000 (PY 95,000,000) shares face value of Re. 1/- each.	950.00	950.00
	950.00	950.00
Issued, subscribed & fully paid up capital		
Opening Balance	815.27	815.27
Changes During the Year	52.75	
Closing Balance	868.02	815.27
8,601,898 (P.Y. 81,526,898) shares face value of Re. 1/- each.		
	868.02	815.27

(a) Reconciliation of the number of shares.

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Nos	Amount	Nos	Amount
Shares outstanding at the beginning of the year	81,526,898	815.27	81,526,898	815.27
Add : 5275000 shares issued during the year for face value of Re. 1/- each at ₹ 564.00	5,275,000	52.75	-	-
Shares outstanding at the end of the year	86,801,898	868.02	81,526,898	815.27

(b) Rights, preference and restriction attached to each class of shares :

Equity Shares:

The Company has only one class of equity shares having par value of Re .1/- per share. Each holder of equity shares is entitle to one vote per share.

In the event of liquidation, the holders of equity are entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shareholders holding more than 5% shares in the Company

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	No. of Shares	% Holding	No of Shares	% Holding
(i) Vishnukant .C. Bhutada	6,365,610	7.33	6,365,610	7.81
(ii) Dharmavati Bhutada	6,207,796	7.15	6,207,796	7.61
(iii) Tano Mauritius India FVCI II	-	-	4,979,605	6.11

(d) Details of Equity Shares allotted as fully paid-up pursuant to contracts without payment being received in cash during the period of five years immediately preceding the Balance Sheet date.

Particulars	31-Mar-21	31-Mar-20	31-Mar-19	31-Mar-18	31-Mar-17
Shares issue to Director of Navya Biological Pvt. Ltd. on account of merger	-	-	-	1,399,994	-

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(e) Preferential allotment of equity shares

During the year ended 31 March 2022, the Company has raised additional capital aggregating to ₹ 29683.95 lakhs (net of expenses of ₹ 67.05 lakhs) by way of preferential allotment of equity shares. The Company has issued 52,75,000 shares at a price of ₹ 564/- per share whereby equity share capital has increased by ₹ 52.75 lakhs and securities premium account is increased by ₹ 29631.20 lakhs (net of expenses of ₹ 67.05 lakhs).

Details of utilization of preferential allotment proceeds are as follows:

Objects of the issue	Proceeds from preferential allotment	Utilised upto 31 March 2022	Unutilised amount as on 31 March 2022
Working capital requirement, reduction in debt, investment in subsidiaries and joint ventures, to fund capex investment and towards corporate general purpose	29683.95	29683.95	-

(f) Promoters Share Holding

S No.	Name of the Shareholders	Number of shares held at the beginning of the year 2021	Shareholding as a % of total no. of shares as on 31.03.2021	Number of shares held at the end of the year 2022	Percentage of shares held to total shares 31.03.2022	Change in Shareholding in the year 2021-22	Change in percentage of shares held to total shares in the year 2021-22
1	VISHNUKANTH C BHUTADA (HUF)	1,336,130	1.64	1,336,130	1.54	-	-0.10
2	BRJGOPAL INNANI	2,174,866	2.67	1,174,866	1.35	-1,000,000	-1.32
3	OM PRAKASH INANI	2,867,691	3.52	2,867,691	3.30	-	-0.22
4	MANJULATHA INNANI	157,546	0.19	157,546	0.18	-	-0.01
5	NATAMAL INNANI	1,131,232	1.39	1,131,232	1.30	-	-0.09
6	RAMAKANT INNANI	3,497,778	4.29	1,497,778	1.73	-2,000,000	-2.56
7	KANTADEVI INANI	2,540,096	3.12	2,540,096	2.93	-	-0.19
8	KAMALKISHORE INNANI	165,236	0.20	165,236	0.19	-	-0.01
9	SHAKUNTALABAI INNANI	1,129,186	1.39	1,129,186	1.30	-	-0.09
10	TARADEVI INNANI	249,998	0.31	1,249,998	1.44	-1,000,000	1.13
11	DEEPAK KUMAR INNANI	2,733,960	3.35	2,733,960	3.15	-	-0.20
12	TRIVENI INANI	294,810	0.36	294,810	0.34	-	-0.02
13	VISHNUKANTA INANI	212,498	0.26	1,212,498	1.40	-1,000,000	1.14
14	RAVI KUMAR INNANI	4,006,370	4.91	4,006,370	4.62	-	-0.29
15	SURAJ KUMAR INNANI	3,980,695	4.88	3,980,695	4.59	-	-0.29
16	KEERTI INNANI	155,021	0.19	155,021	0.18	-	-0.01
17	VISHNUKANT CHATURBHUJ BHUTADA	6,365,610	7.81	6,365,610	7.33	-	-0.48
18	DHARMAVATI BHUTADA	6,207,796	7.61	6,207,796	7.15	-	-0.46
19	PRIYA INNANI	180,696	0.22	180,696	0.21	-	-0.01
20	KESHAV BHUTADA	2,000,000	2.45	2,000,000	2.30	-	-0.15
21	MADHAV VISHNUKANT BHUTADA	2,000,000	2.45	2,000,000	2.30	-	-0.15
22	NAMRATA BHUTADA	22,500	0.03	22,500	0.03	-	0.00
23	SAGAR INNANI	-	0	1,000,000	1.15	1,000,000	1.15
	TOTAL	43,409,715	53.25	43,409,715	50.01		

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

14 OTHER EQUITY

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Securities Premium Account	72,495.13	42,863.88
b) General Reserves	5,182.68	5,182.68
c) Surplus in statement of profit and loss	128,446.39	115,244.42
d) Other comprehensive income (OCI)		
i) Cash flow hedge reserve	(2.58)	(25.32)
ii) Remeasured of defined benefit plan	(431.60)	(306.51)
e) Gain on Forfeiture of Equity share	8.76	8.76
Total	205,698.77	162,967.91

15 FINANCIAL LIABILITIES

(i) Long Term Borrowings

Particulars	As at 31 March, 2022	As at 31 March, 2021
Term Loans		
a) From Banks (secured)		
I) HDFC - Term Loan		6,976.56
Nature of Security		
Term loan of ₹ 1000 MN taken from HDFC, Hyderabad and is secured by first pari passu charge on the movable and immovable fixed assets of Unit -I, Raichur, second pari passu charge on SEZ unit, Jadcherla and personal guarantees given by two (02) of its Directors.		
Terms of Repayment & Interest Rate:		
5% Repayment is payable in the first year in equal quarterly installment and remaining 95% in four (04) years in equal quarterly installment from the date of disbursement. Interest linked to repo rate with reset on every three month.		
II) HSBC - Term Loan		10,000.00
Nature of Security		
Term loan of ₹ 1000 MN taken from HSBC, Bangalore and is secured by first pari passu charge on the movable and immovable fixed assets of Unit -I situated at Deosugur and exclusive charge on Unit-II situated at Chicksugur and personal guarantee given by two (02) of its Directors.		
Terms of Repayment & Interest Rate:		
Repayment of term loan from HSBC with a moratorium period of 12 months and would be repayable in 16 rear ended quarterly installments of ₹ 62.50 MN with the final installment falling due at the end of the January- 2024 interest payable 03 month MCLR payable monthly.		

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
III) Axis Bank - Term Loan	5,625.00	8,125.00
Nature of Security		
Term loan of ₹ 1000 MN taken from Axis Bank, Bangalore and is secured by exclusive charge, by way of equitable mortgage, on immovable fixed assets of Dobaspet, Bangalore unit, both present and future and also exclusive charge, by way of hypothecation, on movable fixed assets of Dobaspet, Bangalore unit, both present and future and secured by personal guarantee given by two (02) of its Directors.		
Terms of Repayment & Interest Rate:		
Repayment of term loan from Axis Bank with a moratorium period of 12 months and would be repayable in 16 equal quarterly installments of ₹ 62.50 MN with the final installment falling due at the end of the June- 2025. Interest payable monthly rests even during moratorium period.		
IV) SCB - Term Loan	5,512.25	7,350.00
Nature of Security		
Term loan of ₹ 735 MN taken from SCB, Bangalore and is secured by first pari passu charge on the movable fixed assets at Jedcherla, Formulation unit and first pari passu charge on Land and building of Formulation unit at Jedcherla and secured by personal guarantee given by two (02) of its Directors.		
Terms of Repayment & Interest Rate:		
Repayment of term loan from SCB would be repayable within 5 years in 16 equal quarterly installments starting from 15th month from the date of draw down and the final installment falling due at the end of the January - 2026. Interest payable monthly.		
a) From others (Unsecured)		
a) From INM Technologies Pvt Ltd	890.33	
Total	12,027.58	32,451.56
(ii) Lease liability		
Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Land and Building	122.67	125.33
Total	122.67	125.33
(iii) Others		
Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Deferred Consideration Payable	500.00	500.00
Total	500.00	500.00

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

16 PROVISIONS

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Provision for gratuity	583.27	1,237.57
b) Provision for leave encashment		138.69
Total	583.27	1,376.26

17 DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Deferred tax liability (Difference in tax base of property, plant, equipment & others)	14,491.59	9,416.82
b) Deferred tax asset (On account of disallowable items under Income Tax Act)	(738.74)	(551.00)
c) MAT Credit Entitlement	(6,248.90)	(3,182.14)
Total	7,503.95	5,683.68

18 OTHER NON-CURRENT LIABILITIES

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Deferred revenue	12.44	12.44
b) Capital subsidy / Deferred Government grant	76.77	74.67
c) Corporate guarantee liability	188.22	333.83
Total	277.43	420.94

19 FINANCIAL LIABILITIES

(I) Borrowings

Particulars	As at 31 March, 2022	As at 31 March, 2021
Secured Loan		
a) Working capital loan		
From Banks		
i) Standard Chartered Bank (PCFC) [refer note 'a' & 'e (i)' below]	-	6,232.09
ii) Citi Bank (PCFC) [refer note 'b' & 'e (ii)' below]	47.68	5,325.72
iii) HSBC (PCFC) [refer note 'c' & 'e (iii)' below]	-	2,932.58
iv) HDFC (WCDL) [refer note 'd' & 'e (iv)' below]	-	5,000.00
v) HSBC (WCDL) [refer note 'c' & 'e (v)' below]	-	2,000.00
vi) Citi Bank (WCDL) [refer note 'b' & 'e (vi)' below]	1,600.00	2,700.00
vii) Axis Bank PCFC [refer note (vii) below]	2,308.66	-

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Nature of Security		
a) Working capital loan from Standard Chartered Bank (SCB) is secured by first pari passu charge on current assets and first charge on certain fixed assets movable & imovable (except those created through other loans) in line with other working capital lenders and personal Gurantee of 02 Directors		
b) Working capital loan from Citi bank (CB) is secured by first pari passu charge on current assets and charge on fixed assets (except those created through other loans) in line with other working capital lenders and personal gurantee of 02 Directors . The sanction facility is interchangeably as PCFC/Cash credit and applicable interest will be charge.		
c) Working capital loan from HSBC is secured by first pari passu charge on current assets and charge on moveable fixed assets (except those created through other loans) in line with other working capital lenders and personal Gurantee of 02 Directors		
d) Working capital loan from HDFC is secured by first pari passu charge on current assets of the company. Second pari passu charge on Factory land and building of unit 1. Second pari passu charge on Factory movable and immovable fixed assets of unit 1 and personal Gurantee of 02 Directors .		
e) Interest rate as at March 31, 2022 is as under:		
(i) (PY 2021 On PSFC/PCFC - LIBOR + 0.90%)		
(ii) PSPFC /PCF LIBOR + 1.628 (PY 2021 On PSFC/PCFC - LIBOR + 1.50%)		
(iii) (PY 2021 On PSFC/PCFC - LIBOR + 1.25%)		
(iv) (PY 2021 5.20% per annum)		
(v) (PY 2021 6.35% per annum)		
(vi) CY 5.25 % per annum (PY 2021 6.00% per annum)		
(vii) On PSFC/PCFC LIBOR + 0.90 per annum		
B) Current maturity of long term debt	3,419.00	8,700.13
Total	7,375.34	32,890.52

(II) Trade Payable (Refer Note 45 & 50)

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Trade payables due to micro and small enterprises	278.33	760.65
b) Trade paybles due to other than micro and small enterprises	2,111.17	4,930.31
Total	2,389.50	5,690.96

Note : Trade payable in above note no: 19 (ii) (b) includes ₹ 491.78 (PY ₹ 740.37) is payable to related parties (refer note no: 45 Related Party Transaction)

Additional disclosure pursuant to amendment of revised schedule III are in note 51

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(III) Other financial liabilities

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Interest accrued but not due on borrowings	17.82	143.85
b) Unclaimed dividends	28.34	26.08
c) Employee benefit liability	1,967.37	2,320.98
d) Capital creditors	1,465.70	3,487.96
e) Book overdraft	849.01	-
f) Lease liability	-	28.20
Total	4,328.24	6,007.07

20 OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Advances from customers	511.58	673.53
b) Tax deduction at source	622.97	719.34
c) ESI, Professional tax Etc.	5.09	5.91
d) Security trade deposit	140.00	154.40
e) Provident fund payable	92.55	114.56
f) Unclaimed bonus & salary	34.23	15.69
g) Custom duty	0.47	8.99
Total	1,406.89	1,692.42

21 PROVISIONS

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Compensated absences (Leave Encashment)	-	14.71
b) Gratuity	106.65	184.93
c) Others	558.71	917.79
Total	665.36	1,117.43

22 REVENUE FROM OPERATIONS-SALES

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
a) Sales of products	31,773.11	23,037.59
b) Export Incentives	373.01	1.11
c) Energy sales	462.91	511.66
Total	32,609.03	23,550.36
Abstract		
(i) Formulation	30,685.82	21,621.49
(ii) Export Incentives	373.01	1.11
(iii) Power	462.91	511.66
(iv) Trading and others	1,087.28	1,416.10
Total	32,609.03	23,550.36

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

23 REVENUE FROM OPERATIONS-SERVICE AND LICENCE FEES

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Product development & License fees	3,086.15	2,154.69
Total	3,086.15	2,154.69

24 OTHER INCOME

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
a) Interest Income on :		
i) Deposit with bank	133.47	301.84
ii) Others	3,109.72	1,680.44
b) Liabilities written back	200.40	669.40
c) Corporate guarantee fees	145.61	105.80
d) Capital Subsidy (Grants)	1.88	-
e) Dividend on preference shares	263.50	263.50
f) Dividend on equity shares	100.02	48.47
g) Miscellaneous income	131.60	155.13
Total	4,086.20	3,224.58

25 COST OF MATERIAL CONSUMED

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Inventory at the beginning of the year	4,586.49	3,186.86
Add: Purchases	7,940.01	7,235.19
Less: Inventory at the end of the year	5,007.77	4,586.49
Cost of raw materials and packing materials consumed	7,518.73	5,835.56
Material consumed comprises of:		
i) Raw material	6,401.11	5,011.47
ii) Packing material	1,117.62	824.09
Total	7,518.73	5,835.56

26 PURCHASE OF STOCK-IN-TRADE

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Purchase of Medicines/Bulk Drugs/Others	677.73	1,101.15
Total	677.73	1,101.15

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

27 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Opening Inventories		
(i) Finished goods	3,190.48	2,357.01
(ii) Work-In-process	316.38	123.45
Closing Inventories		
(i) Finished goods	3,218.20	3,190.48
(ii) Work-In-process	606.52	316.38
(Increase) / decrease in inventory	(317.86)	(1,026.40)

28 EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
a) Salaries, wages and bonus	10,212.37	7,207.65
b) Contribution to provident fund /gratuity and other funds	705.99	318.36
c) Staff welfare expenses	138.63	84.04
Total	11,056.99	7,610.05

29 FINANCE COSTS

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Interest expense on :		
a) Working capital facility	208.45	167.11
b) Finance cost on lease Liability	10.88	10.71
c) Term loans	685.42	421.75
d) Others	0.61	7.85
Total	905.36	607.42

30 OTHER EXPENSES

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
a) Power and fuel	1747.30	1241.95
b) Repairs and maintenance		
Buildings	235.65	32.17
Plant and machinery	1669.04	1305.52
Others	148.31	159.82
c) Rent	7.40	5.96
d) Foreign exchange fluctuation, gain/ loss net)	(1066.13)	(489.78)

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
e) Rates, taxes and fees	98.50	142.13
f) Insurance	203.06	101.88
g) Travelling and conveyance	244.95	95.44
h) Contractor labour charges	221.44	171.65
i) Legal & Professional fees	4304.16	1819.67
j) Facility fees	646.80	603.26
k) Payments to auditors	7.10	4.93
l) Quality Control/Research and development	3470.08	1733.85
m) Transportation Charges	79.41	58.53
n) Commission and brokerage	682.03	397.64
o) Job work charges	4.22	1.70
p) Directors sitting fees	1.40	0.75
q) Sales promotion and advertisement	544.92	318.55
r) Bad debts / advance written-off	391.45	26.23
s) Clearing and forwarding expenses	329.37	269.48
t) Loss/gain) on sale /discard of assets.	15.55	22.28
u) Custom Duty & Vat GST Exp	2.93	39.69
v) CSR expenditure	111.75	101.34
z) Miscellaneous expenses	490.28	682.95
TOTAL	14590.97	8847.59

31 EXCEPTIONAL (INCOME) / EXPENSE

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
a) Gain on sale on equity instrument	(880.90)	(5294.80)
Total	(880.90)	(5294.80)

Note: Exceptional item for the year ended 31 March 2022 ₹ 880.90 lakh represent sale of investment in subsidiary Zatoria Holdings Ltd Cyprus and for the year ended 31 March 2021 represents gain on sale of investment in associate Raichem Medicare Pvt. Ltd. of ₹ 5294.80 Lakhs

32 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Foreign letter of credit	182.96	340.19
b) Bank guarantees / Corporate guarantee*	29,464.78	18,244.50
c) Claims against the Company not acknowledged as debt	5,780.00	-
d) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	2,010.39	2,194.18
Total	37,438.13	20,778.87

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

- Out of the guarantee given of ₹ 29205 (P.Y ₹ 18000) lakhs, the outstanding liabilities against corporate guarantee given to banks for Subsidiaries for the financial year ended 31.03.2022 is ₹ 19851.69 lakhs (PY 17650).
- The Company is involved in disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that above matters are not tenable and will not have any material adverse effect on the Company's financial position and results of operations.

33 EMPLOYEE BENEFIT DEFINED CONTRIBUTION PLANS

Particulars	As at 31 March, 2022	As at 31 March, 2021
Defined Contribution Plan		
Provided fund	836.49	582.79
Movement of present value of the defined benefit obligation		
i) Change in defined benefit obligation		
Obligations at year beginning	1,603.18	1,319.42
Service cost	296.42	238.22
Interest on defined benefit obligation	108.78	88.11
Benefits settled	(53.17)	(58.50)
Divestures (Demerger)		
Actuarial (gain)/loss	141.76	15.92
Obligations at year end	2,096.97	1,603.17
ii) Change in plan assets		
Plans assets at year beginning, at fair value	195.48	230.33
Expected return on plan assets	12.53	14.06
Actuarial gain/(loss)	0.50	1.11
Benefits payout	(28.76)	(50.02)
Plans assets at year end, at fair value	179.75	195.48
iii) Amount recognised in the balance sheet		
Closing BPO	2,096.97	1,603.17
Closing fair value of plan assets	179.75	181.42
Net asset/(liability) recognized in the balance sheet	1,917.22	1,421.75
iv) Expenses recognised in the statement of P & L account		
Service cost	296.42	238.22
Interest cost	108.78	88.11
Expected return on plan assets	(12.53)	(14.06)
Expenses recognised in the statement of Other Comprehensive income		
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(90.53)	(334.56)

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at	
	31 March, 2022	31 March, 2021
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	(39.19)	136.85
Actuarial (Gain)/ Losses due to Experience on DBO	271.48	213.62
Return on Plan Assets (Greater) / Less than Discount rate	(0.50)	(1.11)
Total actuarial (gain)/loss included in OCI	141.26	14.80
v) Assets Information		
i) Insured (fund is managed with Life insurance corporation of India)	179.75	181.42
%	8.57	11.32
ii) Non fund based (Company manages at its own)	1,917.22	1,421.75
%	91.43	88.68
vi) Principal actuarial assumptions		
Interest rate		
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	7.53%	6.90%
Expected rate of return on assets	7.53%	6.90%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	11%	11%
Attrition rate of employees	21.00%	16.00%
Retirement age of employees (Years)	58	58

Actuarial gain / loss is recognised immediately. The estimates of salary increase, inflation, promotion, Seniority etc taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

Sensitivity Analysis

The Sensitivity of the defined benefit obligation to changes in the weighted principal assumption are as below:

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Decrease	Increase	Decrease	Increase
Discounted rate	4.50%	4.1%	6.40	5.70
Salary increase	4.10%	4.3%	5.60	6.00
Attrition rate	0.80%	0.7%	1.30	1.20

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by 100 basis points keeping all other actuarial assumption constant.

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

34 FAIR VALUE MEASUREMENT HIERARCHY:

Particulars	As at 31 March, 2022					As at 31 March, 2021				
	Carrying Amount					Carrying Amount				
	Amortized cost	FVTPL			Total	Amortized cost	FVTPL			Total
Level 1		Level 2	Level 3	Level 1			Level 2	Level 3		
FINANCIAL ASSETS										
I. At Amortized Cost										
Non-current investments	23,749.57	-	-	-	23,749.57	21,931.77	-	-	-	21,931.77
Loans	57,798.73	-	-	-	57,798.73	35,795.24	-	-	-	35,795.24
Trade receivable	10,273.44	-	-	-	10,273.44	21,826.57	-	-	-	21,826.57
Cash & bank balance	1,554.71	-	-	-	1,554.71	11,501.22	-	-	-	11,501.22
Other bank balance	28.34	-	-	-	28.34	26.08	-	-	-	26.08
Other financial assets	4,592.60	-	-	-	4,592.60	7,084.16	-	174.27	-	7,258.43
Total	97,997.39	-	-	-	97,997.39	98,165.04	-	174.27	-	98,339.31
FINANCIAL LIABILITIES										
Borrowings	19,402.92	-	-	-	19,402.92	63,274.76	-	2,067.32	-	65,342.08
Trade payables	2,389.50	-	-	-	2,389.50	5,690.96	-	-	-	5,690.96
Other financial liabilities	4,328.24	-	-	-	4,328.24	6,007.07	-	-	-	6,007.07
Total	26,120.66	-	-	-	26,120.66	74,972.79	-	2,067.32	-	77,040.11

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETFs and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

Valuation technique used to determine fair value:

- 1) The use of quoted market prices or dealer quotes for similar instruments
- 2) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- 3) The fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

35 FINANCIAL RISK MANAGEMENT

The Company activities expose it to a variety of financial risks such as Market Risk, Credit Risk and Liquidity Risk. The company's focuses on minimizing potential adverse effect on its financial performance.

A) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The changes in the values of financial assets/liability may result from change in the foreign currency exchange rates (Foreign Currency Risk), change in interest rates (Cash flow & interest rate risk), and change in price of investments (Price Risk).

(i) Foreign Currency Risk

The Company operates internationally and a major portion of the business is transacted in USD, EURO & GBP currencies and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward, interest rate swaps and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

(Amount in lakhs)

Particulars	As at 31 March, 2022			As at 31 March, 2021		
	USD	EURO	GBP	USD	EURO	GBP
Loan	31.70	57.79	7.27	22.90	50.81	7.82
Trade receivables	63.55	55.48	-	135.96	42.40	-
Cash and cash equivalents	0.37	0.13	0.01	1.30	0.14	0.01
Short-term borrowings	0.63	(27.27)	-	(197.13)	-	-
Trade payables	18.74	(4.52)	-	(20.74)	(0.79)	-
Net Foreign Currency Risk	76.25	81.61	7.28	(57.71)	92.56	7.83

Sensitivity analysis

Sensitivity analysis of 1% change in exchange rate at the ending of the reporting period net of hedges

Particulars	Impact on Profit & Loss		Impact on other component of equity	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
USD-Sensitivity				
Increase by 1% (gain/(loss))	57.80	(42.42)	-	-
Decrease by 1% (gain/(loss))	(57.80)	42.42	-	-
Euro-Sensitivity				
Increase by 1% (gain/(loss))	69.09	79.69	-	-
Decrease by 1% (gain/(loss))	(69.09)	(79.69)	-	-
GBP-Sensitivity				
Increase by 1% (gain/(loss))	7.24	7.90	-	-
Decrease by 1% (gain/(loss))	(7.24)	(7.90)	-	-

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest expenses/income and to manage the interest rate risk, the Company weighted average balance manage its interest rate risk by having portfolio of fixed / variable interest rate on long / short term borrowings. The analysis is prepared assuming the amount of liability outstanding at the ending of the reporting period is the average weighted balance of the respective reporting period.

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

According to the Company interest rate risk exposure is only for floating rate borrowings, change in 0.5% in the interest rate component applicable to the short term borrowings would effect the Companies net profit before tax at the end of the reporting period year ended 31 March, 2022 and 31 March, 2021 respectively.

Particulars	31-Mar-22	31-Mar-21
Change in 0.50% interest on WCL	36.88	164.45

Note :

- The Company has hedged ECB loan availed from Standard chartered bank. Therefore not subject to interest risks defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

(iii) Price Risk

Company does not have any exposure to price risk, as there is no market based equity investment made by the Company.

(B) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises from its operation activity primarily from trade receivable and from its financial activity. Customer credit risk is controlled by analysis of credit limit and credit worthiness of the customer on a continuous basis to whom the credit has been granted.

Long outstanding receivable from customer are regularly monitored and transaction with such customer are covered under letter of credit. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivable. Three customer are accounted for more than 10% of the trade receivable as of 31 March, 2022 and Two customer for 31 March, 2021. Since the Company is dealing with the customer from past several years, hence there is no concordent risk in dealing with said customers.

Expected credit loss assessment

The Group reviewed customers outstanding at the end of each reporting period and determine incurred and expected credit losses. Past trend of impairment of trade receivables do not reflect any significant credit losses. The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for Impairment	31-Mar-22	31-Mar-21
Impairment loss recognised - trade receivable	391.45	26.23
%	4%	0.00%

C) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations of its financial liability. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for making liability when they are due, under normal and stressed condition without incurring losses and risk.

The present available working capital facility is sufficient to meet its current requirement. Accordingly no liquidity risk is perceived. In addition, the Company maintains the following line of credit facility

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March, 2022 :

Particulars	On Demand	< 01 year	01 to 05 Years	> 05 years
Short term borrowing	3,956.34	-	-	-
Long term borrowings	-	3,419.00	12,027.58	-
Trade and other payable	-	2,389.50	-	-
Total	3,956.34	5,808.50	12,027.58	-

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March, 2021 :

Particulars	On Demand	< 01 year	01 to 05 Years	> 05 years
Short term borrowing	24,190.39	-	-	-
Long term borrowings	-	8,700.13	32,451.56	-
Trade and other payable	-	5,690.96	-	-
Total	24,190.39	14,391.09	32,451.56	-

36 CAPITAL MANAGEMENT

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus of safeguard their ability to continue as a going concern, benefits for stakeholders, creditors and market confidence. Continue to maintain excess liquidity to shareholders by distributing dividends in future.

Company's vision is to keep the ratio below 1.00 and its adjusted net debt to equity ratio was as follows

Particulars	31-Mar-22	31-Mar-21
Total Debts	19,402.92	65,342.08
Less : Cash and cash equivalents	1,583.05	11,498.46
Net Debt (A)	17,819.87	53,843.62
Total equity (B)	206,566.79	163,783.18
Net Debt to Equity Ratio A/B	0.09	0.33

Total debt for the year ended 31 March 2022 represents only continuing operation. Hence, the net debt equity ratio is not comparable with previous period

37 EARNINGS PER SHARE ('EPS')

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Profit for the year before OCI from continuing operations	2,015.84	6,509.35
Profit for the year before OCI from discontinued operations	12,082.97	11,929.81
Shares		
Weighted average shares used for computing basic EPS	83,535,734	81,526,898
Weighted average shares used for computing diluted EPS	83,535,734	81,526,898
Earnings Per Share		
from continuing operations		
Basic (in ₹)	2.41	7.98
Diluted (in ₹)	2.41	7.98
from discontinued operations		
Basic (in ₹)	14.46	14.63
Diluted (in ₹)	14.46	14.63
Total operation		
Basic (in ₹)	16.87	22.61
Diluted (in ₹)	16.87	22.61

Notes Forming Part of Standalone Financial Statement

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(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

38 RESEARCH AND DEVELOPMENT EXPENSES ELIGIBLE FOR WEIGHTED DEDUCTION UNDER INCOME TAX ACT 1961

Particulars	For the year ended 31 March, 2022			For the year ended 31 March, 2021		
	Raichur Facility*	Bengaluru Facility	Hyderabad Facility**	Raichur Facility	Bengaluru Facility	Hyderabad Facility
A) ELIGIBLE EXPENSES						
a) Capital Expenditure	296.05	6,653.02	2,907.80	29.24	1,845.35	-
b) Revenue Expenditure						
i) Employee Cost	1,868.93	2,377.14	1,251.95	1,349.95	1,790.80	-
ii) Research & Development expenses	1,102.40	1,418.43	276.86	697.42	673.26	-
iii) Equipment Maintenance	46.38	138.34	10.06	67.10	33.59	-
iv) Power & Fuel	0.59	0.34	60.68	2.48	0.03	-
v) Other Expenses	44.49	81.38	55.67	14.20	266.94	-
Total	3,358.84	10,668.67	4,563.02	2,160.39	4,609.97	-
Less : Revenue Income	180.61	27.86	18.94	-	-	-
Less : Sale of Assets	-	-	-	-	98.32	-
Total (A)	3,178.23	10,640.82	4,544.08	2,160.39	4,511.65	-
B) ELIGIBLE EXPENSES						
a) Revenue Expenditure						
i) Misc. Expenses	27.35	434.47	98.29	4.47	159.08	-
ii) Depreciation	214.54	615.71	307.19	235.09	336.34	-
	241.89	1,050.18	405.47	239.56	495.42	-
b) Capital Expenditure	11.24	284.79	2,204.43	-	217.32	-
Total (B)	253.13	1,334.98	2,609.91	239.56	712.74	-
Total (A+B)	3,431.36	11,975.79	7,153.99	2,399.95	5,224.39	-

*R&D Raichur facility represents discontinued operations for FY 2021-22

**Facility has started its operation from 1st July 2021

39 CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a Company, has to spend 2% of its average net profits of three immediate preceding financial year. The Company has formed trust by name 'Shilpa Foundation' to commit the expenditure under the various activity like pure and safe drinking water, Orphanage home, Education promotion, Hospital/ Medical facility. Swatch bharat, Green Prroject with local bodies/NGO to make eco-friendly environment.

Particulars	For the year 2021-22	For the year 2020-21
a) Amount required to be spent by the company during the year	372.00	331.18
b) Amount of expenditure on construction/acquisition of any asset	-	-
c) Amount of expenditure expenditure other than B above	372.00	331.18
d) Short fall at the end of the year	-	-
e) Total of previous year shortfall	-	-
f) Details of related party transaction	361.00	326.33

The Company has transferred ₹ 361.00 Lakhs (326.33 lakhs) to "Shilpa Foundation". The amount of earmarked fund is insufficient to kick start the project, the committee has set aside the fund to take up the project when sufficient fund are available for initiating the project.

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

40 Distribution of Dividend

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Dividend on equity shares declared and paid :		
Final dividend for the year ended March 31, 2021 : ₹ 1.10 per share (March 31, 2020: Nil)	896.79	0
Proposed Dividend on equity shares :		
Proposed dividend on equity shares for the year ended on March 31, 2022 : ₹ 1.10 per share (March 31, 2021 : ₹ 1.10 per share)	954.82	896.79

41 RECONCILIATION OF TAX EXPENSES

(I) Income Tax

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Statement of Profit or loss		
On continuing operations		
Current Tax	480.23	1577.95
Deferred Tax	252.52	933.69
On discontinuing operations		
Current Tax	2889.99	2891.91
Deferred Tax	1567.75	1711.15
Amount recognised in statement of profit & loss account	5190.48	7114.70
Profit before tax from continuing operations	2748.59	9020.99
Profit before tax from discontinuing operations	16540.71	16532.88
Profit before tax from operations	19289.30	25553.87
Tax at enacted tax rate in India C.Y. @ 34.944% (P.Y. 34.944%)	6740.45	8929.55
Effect of:		
Tax Holidays (Sec. 10AA Benefit)	(1855.43)	(991.24)
Non-deductible expenses for tax purpose	14.53	79.16
Income which is chargeable at different rate	0.00	(695.20)
Others	290.94	(207.56)
Income tax expense reported in the profit or loss relating to operations	5190.50	7114.71
Effective income tax rate	26.91%	27.84%

(II) Recognised Deferred Tax Assets / Liabilities

Movement of Deferred Tax Assets / Liabilities	As at 31 March, 2022	As at 31 March, 2021
Deferred Tax Liabilities		
Property, plant and equipment, and intangible assets	14,491.59	9,407.90
Cross Currency Swap (Through Profit & Loss A/c)		22.13
Others		(13.21)
Gross Deferred Tax Liabilities	14,491.59	9,416.82
Deferred Tax Assets		
Defined benefit obligations	675.04	497.02
Employees benefit liability	63.70	53.98
MAT Credit Entitlement Benefit	6,248.90	3,182.14
Gross Deferred Tax Assets	6,987.64	3,733.14
Net Deferred Liabilities	7,503.95	5,683.68

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Movement of Deferred Tax Assets / Deferred Tax Liabilities	As at 01 April, 2021	Recognised in statement of profit & loss	Recognised in OCI	As at 31 March, 2022
Deffered Tax Assets				
Defined benefit obligations	497.02	185.96	(7.94)	675.04
Employees benefit liability	53.98	9.72	-	63.70
MAT Credit Entitlement Benefit	3,182.14	3,066.75	-	6,248.90
Total	3,733.14	3,262.43	(7.94)	6,987.64
Deffered Tax Liabilities				
Property, plant and equipment, and intangible assets	9,407.90	5,083.69	-	14,491.59
Cross Currency Swap	22.13	(14.19)	(7.94)	-
Others	(13.21)	13.21	-	-
Total	9,416.82	5,082.71	(7.94)	14,491.59
Net Deffered Liabilities recognised	5,683.68	1,820.28	-	7,503.95

41 PAYMENTS TO AUDITORS

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
a) Statutory Audit	18.70	17.00
b) Reimbursement of expenses	0.34	-
	20.04	17.00
Less : Shown in Discontinued Operations	12.56	12.07
Total	7.48	4.93

42 SEGMENT INFORMATION

In accordance with paragraph 3 of Indian Accounting Standard (Ind AS) 108 - Operating Segments, segment information has been given in the consolidated financial statements of the Company, and therefore, no separate disclosure on segment information is given in these standalone financial statements.

43 OPERATING LEASE

The Company has entered into lease agreements for use of land for its production and R&D facility which expires over a period. Future minimum lease payments and payment profile of non-cancellable operating leases are as under:

(a) Land

Particulars	As at 31 March, 2022	As at 31 March, 2021
Not later than one year	33.48	33.48
Later than one year and not later than five year	133.90	133.90
Later than five years	1,814.09	1,847.57
Total	1,981.47	2,014.95

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(b) Building

Particulars	As at 31 March, 2022	As at 31 March, 2021
Not later than one year	15.60	20.06
One to Five Year	-	15.60
Total	15.60	35.66

44 FOREIGN EXCHANGE EARNINGS AND OUTGO

(i) Earning in Foreign Currency

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Products & Services	64,929.95	50,579.80
Others	206.30	198.77
Total	65,136.24	50,778.57

(ii) Expenditure in foreign currency

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Import of raw material	21,759.29	22,308.74
Others	6,381.55	10,908.46
Total	28,140.85	33,217.20

(iii) Dividend remitted in foreign currency

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
(a) Number of share holders	-	-
(b) Number of equity shares held		
(ii) 2020-21	-	-
(ii) 2021-22	10,960,822	-
(c) Amount of Dividend Paid		
(ii) 2020-21	-	-
(ii) 2021-22	120.56	-

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

45 RELATED PARTY TRANSACTIONS

Related parties where control exists and related parties with whom transactions have taken place during period 01st April 2021 to 31st March 2022 are listed below;

(All amounts are in Indian rupees in Lakhs unless otherwise stated)

List of Related Parties

1. Associates

- a) Reva Pharmachem Pvt. Ltd.
- b) Maia Pharmaceuticals INC. USA
- c) Auxilla Pharmaceuticals and Research LLP (Investment Entity)

2. Subsidiaries

- a) Zatortia Holdings Ltd. (Wholly-owned Subsidiary)
- b) Shilpa- Therapeutics Pvt. Ltd. (Wholly-owned Subsidiary)
- c) INM Technologies Pvt. Ltd. (Wholly-owned Subsidiary)
- d) INM Nuvent Paint Pvt Limited (Step-down Subsidiary)
- e) Koanna Healthcare Ltd. U.K (Wholly-owned Subsidiary)
- f) Koanna Healthcare GmbH. Austria (Wholly-owned Subsidiary)
- g) Makindus LLC. USA. (Subsidiary)
- h) Shilpa Pharma Inc. (Wholly-owned Subsidiary)
- i) Shilpa Biocare Pvt. Ltd (Formerly known as Shilpa Albumin Pvt. Ltd.) (Wholly-owned Subsidiary)
- j) Shilpa Biologicals Pvt. Ltd. (Wholly-owned Subsidiary)
- k) Shilpa Pharma Lifesciences Limited (Formerly known as Shilpa Corporate Holdings Pvt. Ltd.) (Wholly-owned Subsidiary)
- l) Sravathi AI Technologies Pvt. Ltd. (JV of Wholly-owned subsidiary)
- m) Koanna Healthcare Canada Inc. (Wholly-owned Subsidiary)
- n) INDO BIOTECH SDN. BHD (Wholly-owned Subsidiary)
- o) FTF Pharma Private Limited (Wholly-owned Subsidiary)

- p) Koanna International FZ LLC. UAE (Wholly-owned Subsidiary)
- q) KOANNA HEALTHCARE SPAIN S.L. Spain (Wholly-owned Subsidiary) (w.e.f. 26.05.2021)
- r) Vegil Labs Private Limited (Wholly-owned Subsidiary) (w.e.f. 30.06.2021)
- s) Shilpa Lifesciences Private Limited (Wholly-owned Subsidiary) (w.e.f. 20.07.2021)

3. Joint Venture (JV)

- a) Reva Medicare Pvt. Ltd.
- b) Sravathi Advance Process Technologies Pvt. Ltd.

4. (i) Key Management Personnel-(KMP)

- a) Vishnukant C. Bhutada - Managing Director
- b) V.V. Krishna Chaitanya - Company Secretary (Resigned w.e.f. 16.03.2022)
- c) Kalakota Sharath Reddy - Whole Time Director
- e) Alpesh M Dalal - Chief Financial Officer

(ii) Remuneration paid to Directors

- a) Omprakash Inani - Non-executive Director
- b) Pramod Kasat-Independent Director (Retired w.e.f. 28.09.2021)
- c) Rajender Sunki Reddy-Independent Director (Retired w.e.f. 28.09.2021)
- d) Sirisha Chintapalli - Independent Woman Director (Reappointment w.e.f. 28.09.2021)
- e) Piyush Goenka - Independent Director (Resigned w.e.f. 07.02.2022)
- f) Arvind Vasudev - Independent Director (Appointed w.e.f. 02.09.2021)
- g) Hetal Madhukant Gandhi- Independent Director (Appointed w.e.f. 02.09.2021)

5. Relatives

- a) Deepak Kumar Inani
- b) Keshav Bhutada
- c) Madhav Bhutada
- d) Triveni Inani

6. Enterprises having common Directors/ Board of Trustees

- a) Shilpa Foundation
- b) Mohini Infra (P) Ltd

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01 st April 2021 to 31 st Mar 2022		01 st April 2020 to 31 st March 2021	
				(Income) / Expenses Other Transaction	Balance as at 31 st Mar 2022 Payable / (Receivable)	(Income) / Expenses Other Transaction	Balance as at 31 st March 2021 Payable / (Receivable)
A Remuneration paid to Key Management Personnel							
i)	Vishnukant C. Bhutada	Managing Director	Salary and perquisites*	966.98	455.52	966.98	454.76
ii)	Kalakota Sharath Reddy	Whole Time Director	Salary and perquisites	138.52	6.95	122.08	7.19
iii)	Sushil Bajaj	Chief Financial Officer	Salary and perquisites	-	-	36.97	-
iv)	V.V. Krishna Chaitanya	Company Secretary	Salary and perquisites	7.76	0.31	7.49	0.56
v)	Alpesh M Dalal	Chief Financial Officer	Salary and perquisites	91.83	4.88	-	-
B Remuneration paid to other Directors							
i)	Omprakash Inani	Non-executive Director	Sitting Fees	1.90	0.45	0.50	-
ii)	Pramod Kasat	Independent Director	Sitting Fees	0.20	-	0.50	-
iii)	Rajender Sunki Reddy	Independent Director	Sitting Fees	0.20	-	0.30	-
iv)	Amit Chander	Independent Director	Sitting Fees	-	-	0.30	-
v)	Sirisha Chintapalli	Independent Woman Director	Sitting Fees	1.90	0.45	0.50	-
vi)	Piyush Goenka	Independent Director	Sitting Fees	0.90	-	0.50	-
vii)	Arvind Vasudev	Independent Director	Sitting Fees	1.20	-	-	-
viii)	Hetal Madhukant Gandhi	Independent Director	Sitting Fees	1.20	-	-	-
ix)	Arvind Vasudev	Independent Director	Professional Fees	16.30	6.30	-	-
x)	Hetal Madhukant Gandhi	Independent Director	Professional Fees	22.10	8.55	-	-
C Relative							
i)	Deepak Kumar Inani	Relative to Director	Salary	69.28	3.80	59.21	3.19
ii)	Keshav Bhutada	Relative to Managing Director	Salary	20.08	1.14	18.45	1.06

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01 st April 2021 to 31 st Mar 2022		01 st April 2020 to 31 st March 2021		Balance as at 31 st March 2022 Payable / (Receivable)	Balance as at 31 st March 2021 Payable / (Receivable)
				(Income) / Expenses Other	Transaction	(Income) / Expenses Other	Transaction		
iii)	Madhav Bhutada	Relative to Managing Director	Salary	20.08	1.14	18.45	1.06		
iv)	Keshav Bhutada	Relative to Managing Director	Rent	4.80	1.08	4.63	1.11		
v)	Madhav Bhutada	Relative to Managing Director	Rent	4.80	1.08	4.63	1.11		
vi)	Triveni Inani	Relative to Director	Rent	3.40	0.77	3.28	0.79		
D Others									
i)	Koanna Healthcare GmbH, Austria	Wholly owned Subsidiary	Sales of Goods or Service	(7,351.96)	-	(2,701.36)	-		
			Interest Income (Loan)	(133.11)	-	(128.47)	-		
			Purchases of Goods or Service	90.18	-	-	-		
			Expenses incurred on behalf of the related party	-	-	(2.55)	-		
			Loan Receivable	-	(4,427.27)	-	(4,373.38)		
			Trade Receivable	-	(2,987.29)	-	(521.61)		
			Trade Payable	-	88.63	1,484.18	-		
			Interest accrued but not received (Loan)	-	(133.11)	-	-		
ii)	Koanna Healthcare Ltd, United Kingdom	Wholly owned Subsidiary							

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01 st April 2021 to 31 st Mar 2022		01 st April 2020 to 31 st March 2021	
				(Income) / Expenses Other Transaction	Balance as at 31 st Mar 2022 (Receivable)	(Income) / Expenses Other Transaction	Balance as at 31 st March 2021 Payable / (Receivable)
			Interest Income (Loan)	(31.32)	-	(27.35)	-
			Loan Receivable	-	(723.48)	-	(789.16)
			Advance from Customer	-	-	-	-
			Interest accrued but not received (Loan)	-	(31.32)	-	(27.35)
iii)	Shilpa Therapeutics Pvt. Ltd.	Wholly owned Subsidiary					
			Purchases of Goods or Service	256.93	-	207.02	-
			Purchases of Capital goods	-	-	307.26	-
			Sales of Goods or Service	(24.61)	-	(33.02)	-
			Sales of Capital Goods	-	-	(7.96)	-
			Interest Income (Loan)	(298.62)	-	(242.57)	-
			Interest Income (Preference shares)	(3.20)	-	(3.20)	-
			Corporate Guarantees to Banks **	-	(3,000.00)	-	(3,000.00)
			Trade Receivable	-	(7.72)	-	(14.09)
			Loan Receivable	-	(4,904.30)	-	(3,363.30)
			Trade Payable	-	84.42	-	244.62

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01 st April 2021 to 31 st Mar 2022 (Income) / Expenses Other Transaction	Balance as at 31 st Mar 2022 (Receivable) / (Payable)	01 st April 2020 to 31 st March 2021 (Income) / Expenses Other Transaction	Balance as at 31 st March 2021 (Receivable) / (Payable)
			Advance against purchase	-	(24.22)	-	-
			Interest accrued but not received (Loan)	-	(268.76)	-	(224.37)
			Interest accrued but not received (Loan)	-	(25.61)	-	(22.41)
iv)	Zatortia Holdings Limited	Wholly owned Subsidiary	Advances	-	(1.27)	-	(1.29)
v)	INM Technologies Pvt. Ltd.	Wholly owned Subsidiary	Purchases of Goods or Service	10.22	-	7.19	-
			Purchases of Capital goods	529.67	-	66.90	-
			Expenses incurred on behalf of the related party	-	-	0.01	-
			Interest Paid (Loan)	0.22	-	-	-
			Interest Income (Preference shares)	(260.30)	-	(260.30)	-
			Advance against purchase	-	(0.89)	-	-
			Trade Payable	-	-	-	154.44
			Loan Payable	-	890.33	-	-
			Interest accrued but not paid (Loan)	-	0.19	-	-

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01 st April 2021 to 31 st Mar 2022		01 st April 2020 to 31 st March 2021	
				(Income) / Expenses Other Transaction	Balance as at 31 st Mar 2022 (Receivable)	(Income) / Expenses Other Transaction	Balance as at 31 st March 2021 Payable / (Receivable)
			Interest accrued but not received (Preference shares)	-	(1,444.72)	-	(1,184.42)
v)	INM Nuvent Paints Private Limited	Step-down Subsidiary					
			Purchases of Goods or Service	121.10	-	0.01	-
			Purchases of Capital goods	38.27	-	-	-
			Sales of Goods or Service	-	-	(0.07)	-
vii)	Loba Feinchemie, GmbH.	Step-down Subsidiary					
viii)	Raichem Medicare Pvt. Ltd.	Associates					
viii)	Reva Pharmachem Pvt. Ltd.	Associates					
vii)	Reva Medicare Pvt. Ltd.	Joint Venture					
			Commission	477.07	-	425.36	-
			Sales of Goods or Service	(4.20)	-	(30.45)	-
			Trade Payable	-	263.55	-	119.68
			Commission Accrued but not paid	-	40.93	-	88.51
			Trade Receivable	-	(0.41)	-	(0.41)
viii)	Maia Pharmaceuticals INC. USA	Associates					

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01 st April 2021 to 31 st Mar 2022 (Income) / Expenses Other Transaction	Balance as at 31 st Mar 2022 (Payable) / (Receivable)	01 st April 2020 to 31 st March 2021 (Income) / Expenses Other Transaction	Balance as at 31 st March 2021 (Payable) / (Receivable)
			Trade Receivable	-	(182.90)	-	(177.34)
ix)	Shilpa Pharma INC. USA	Wholly-owned Subsidiary	Interest Income (Loan)	(38.96)	-	(27.73)	-
			Commission	103.67	-	-	-
			Purchases of Goods or Service	-	-	2.53	-
			Interest accrued but not received (Loan)	-	(38.96)	-	(27.73)
			Trade Payable	-	-	-	-
			Commission	-	103.67	-	-
			Accrued but not paid	-	-	-	-
			Loan Receivable	-	(1,250.82)	-	(826.93)
x)	Sravathi Advance Process Technologies Pvt. Ltd.	Joint Venture	Purchases of Goods or Service	209.25	-	90.00	-
			Trade Payable	-	19.43	-	-
xi)	Shilpa Biocare Pvt. Ltd (Erstwhile Shilpa Albumin Pvt. Ltd.)	Wholly-owned Subsidiary	Sales of Goods or Service	(7.58)	-	-	-
			Sales of Capital Goods	(8.27)	-	-	-

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01 st April 2021 to 31 st Mar 2022		01 st April 2020 to 31 st March 2021	
				(Income) / Expenses Other Transaction	Balance as at 31 st Mar 2022 (Receivable)	(Income) / Expenses Other Transaction	Balance as at 31 st March 2021 Payable / (Receivable)
			Interest Income (Loan)	(119.96)	-	-	-
			Expenses incurred on behalf of the related party	(0.03)	-	(0.01)	-
			Loan Receivable	-	(5,515.16)	-	-
			Interest accrued but not received (Loan)	-	(107.96)	-	-
			Trade Receivable	-	(0.48)	-	(0.01)
xii)	Shilpa Biologicals Pvt. Ltd.	Wholly-owned Subsidiary	Sales of Goods or Service	(9.62)	-	(20.25)	-
			Sales of Capital Goods	(4.12)	-	(6.26)	-
			Purchases of Goods or Service	14.62	-	41.63	-
			Purchases of Capital goods	41.11	-	3.37	-
			Expenses incurred on behalf of the related party	(2.85)	-	-	-
			Expenses incurred by related party on behalf of Shilpa	5.00	-	-	-
			Interest Income (Loan)	(2,385.82)	-	(1,230.42)	-

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01 st April 2021 to 31 st Mar 2022 (Income) / Expenses Other Transaction	Balance as at 31 st Mar 2022 (Receivable) / (Payable)	01 st April 2020 to 31 st March 2021 (Income) / Expenses Other Transaction	Balance as at 31 st March 2021 (Receivable) / (Payable)
			Trade Receivable	-	(1.69)	-	(7.41)
			Trade Payable	-	34.39	-	9.31
			Loan Receivable	-	(38,219.55)	-	(25,306.00)
			Interest accrued but not received (Loan)	-	(2,147.24)	-	(1,138.14)
			Corporate Guarantees to Banks ***	-	(25,000.00)	-	(15,000.00)
xiii)	Shilpa Foundation	Trust in which key management are the board of trustees or Director are Trestee	Corporate Social Responsibility Expenses	360.95	-	346.61	-
			Other Payable	-	-	-	337.19
xiv)	Mohini Infra (P) Ltd	Company in which key management are the board of trustees or Director	Godown Rent	10.16	-	14.96	-
			Trade Payable	-	0.70	-	1.17
xv)	FIF PHARMA PVT LTD	Wholly-owned Subsidiary	Sales Goods & Services	(9.20)	-	(8.70)	-
			Purchases of Goods or Service	256.27	-	191.25	-
			Advance to Vendor	-	(25.00)	-	(57.48)

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01 st April 2021 to 31 st Mar 2022		01 st April 2020 to 31 st March 2021	
				(Income) / Expenses Other Transaction	Balance as at 31 st Mar 2022 Payable / (Receivable)	(Income) / Expenses Other Transaction	Balance as at 31 st March 2021 Payable / (Receivable)
			Trade Receivable	-	(0.18)	-	(10.18)
			Trade Payable	-	-	-	211.15
			Corporate Guarantees to Banks ****	-	(1,204.50)	-	-
xvi)	Koanna Healthcare Canada INC	Wholly-owned Subsidiary	Interest Income (Loan)	(25.52)	-	(6.06)	-
			Loan Receivable	-	(834.45)	-	(378.85)
			Interest accrued but not received (Loan)	-	(25.52)	-	(6.06)
xvii)	Auxilla Pharmaceuticals and Research LLP	Investment Entity	Sales Goods & Services	(10.31)	-	(0.04)	-
			Purchases of Goods or Service	263.84	-	85.00	-
			Trade Receivable	-	(8.98)	-	-
			Trade Payable	-	0.66	-	-
xviii)	Shilpa Pharma Lifesciences Limited (Formerly known as Shilpa Corporate Holdings Pvt. Ltd.)	Wholly owned Subsidiary					

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01 st April 2021 to 31 st Mar 2022 (Income) / Expenses Other Transaction	Balance as at 31 st Mar 2022 (Receivable) / (Payable)	01 st April 2020 to 31 st March 2021 (Income) / Expenses Other Transaction	Balance as at 31 st March 2021 (Receivable) / (Payable)
			Expenses incurred on behalf of the related party	(0.27)	-	(2.56)	-
			Interest Income (Loan)	(0.69)	-	-	-
			Interest accrued but not received (Loan)	-	(0.63)	-	-
			Loan Receivable	-	(59.28)	-	-
xix)	INDO BIOTECH SDN. BHD	Wholly owned Subsidiary	Interest Income (Loan)	(47.53)	-	(9.17)	-
			Interest accrued but not received (Loan)	-	(47.53)	-	(9.17)
			Loan Receivable	-	(856.62)	-	(808.55)
xx)	Koanaa International FZ LLC. UAE	Wholly owned Subsidiary	Interest Income (Loan)	(10.29)	-	(0.17)	-
			Interest accrued but not received (Loan)	-	(10.29)	-	(0.17)
			Loan Receivable	-	(295.65)	-	(47.78)
xxi)	Koanaa Healthcare Spain, S.L. Spain	Wholly owned Subsidiary	Interest Income (Loan)	(8.04)	-	-	-
			Interest accrued but not received (Loan)	-	(8.04)	-	-

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01 st April 2021 to 31 st Mar 2022		01 st April 2020 to 31 st March 2021	
				(Income) / Expenses Other Transaction	Balance as at 31 st Mar 2022 (Receivable)	(Income) / Expenses Other Transaction	Balance as at 31 st March 2021 (Receivable)
xxii)	Vegil Labs Private Limited	Wholly owned Subsidiary	Loan Receivable	-	(465.63)	-	-
			Expenses incurred on behalf of the related party	(9.81)	-	-	-
			Other Receivable	-	(9.81)	-	-
xxiii)	Shilpa Lifesciences Private Limited	Wholly owned Subsidiary	Interest Income (Loan)	(3.14)	-	-	-
			Expenses incurred on behalf of the related party	(2.91)	-	-	-
			Other Receivable	-	(2.91)	-	-
			Interest accrued but not received (Loan)	-	(2.83)	-	-
			Loan Receivable	-	(245.25)	-	-
a)	The above disclosures include related parties as per Ind AS 24 on "Related Party Disclosures" and Companies Act, 2013.						
b)	As the provisions for gratuity are obtained on an actuarial basis for the Company as a whole amounts pertaining to the Key Management Personnel are not specifically identified and hence not included in the above.						
	*payable includes commission provision (net)						
	** the outstanding liabilities against corporate guarantee given to banks on behalf of Shilpa Therapeutics Pvt. Ltd. is for the financial period ended 31.03.2022 is ₹ 1875.00 (P.Y. ₹ 2650.00)						
	*** the outstanding liabilities against corporate guarantee given to banks on behalf of Shilpa Biologicals Pvt. Ltd. is for the financial period ended 31.03.2022 is ₹ 17137.50 (P.Y. ₹ 15000)						
	**** the outstanding liabilities against corporate guarantee given to banks on behalf of FTF Pharma Pvt Ltd. is for the financial period ended 31.03.2022 is ₹ 839.19 (P.Y. NIL)						

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

- 46 A sum of ₹ 278.33 lakhs is payable to Micro, Small and Medium Enterprises as at 31 March, 2022 (₹ 760.65 lakhs as at 31 March, 2021). There are no Micro, Small and Medium Enterprises, to whom the Company owes, which are outstanding for more than 45 days during the year and also as at 31 March, 2022. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the Auditors.
- 47 Board of Directors had approved Draft Scheme for merger of its wholly owned subsidiary (INM Technologies Private Limited) with the Company, during last financial year at their meeting held on September 9, 2020, under Section 233 of the Companies Act, 2013. The Company has filed second stage petition with National Company Law Tribunal (Bengaluru bench) and awaiting for final order.”
- 48 The Company has taken into account all the possible impacts of COVID-19 in preparation of these standalone financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition and impact on leases. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these standalone financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements owing to the nature and duration of COVID-19.
- 49 Investments are tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each investment. When the recoverable amount of the investment is less than its carrying amount, an impairment loss is recognised.

The recoverable amounts of the above investments have been assessed using a value-in-use model. Value in use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value of the business. Initially, a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows. Key assumptions upon which the Company has based its determinations of value-in-use include :

- Estimated cash flows based on internal budgets and industry outlook for a period of five years and a terminal growth rate thereafter.
- A terminal value arrived at by extrapolating the last forecasted year cash flows to perpetuity, using a constant long-term growth rate ranging from 1-3%. This long term growth rate takes into consideration external macroeconomic sources of data. Such long-term growth rate considered does not exceed that of the relevant business and industry sector.
- The after tax discount rates used reflect the current market assessment of the risks specific to the investment, the discount rate is estimated based on the weighted average cost of capital for respective investment. After tax discount rate used range from 12%-16%

The Company believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

- 50 Balance of trade receivables/ trade payables/advances and security deposits are subject to confirmation
- 51 **Additional disclosures required by Schedule III (amendments dated 24 March 2021) to the Companies Act, 2013;**
- The Company do not have any Benami property and neither any proceedings have been initiated or is pending against the Company for holding any Benami property.
 - The Company do not have any transactions with companies struck off.

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

- 3) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 4) The Company has not been declared a wilful defaulter by any bank or financial institution or any other lender during the current period.
- 5) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds), other than in the ordinary course of business 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 lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 6) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year
- 7) The Company has not made any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- 8) The Company has complied with number of layers prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- 9) The quarterly returns of current assets filed by the Company with banks are in agreement with books of account.

Ageing schedule for receivables as at March 31, 2022 is as follows

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	3,819.92	3,178.10	2,435.99	205.05	84.91	281.17	10,005.14
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	268.30	-	268.30
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Total	3,819.92	3,178.10	2,435.99	205.05	350.21	281.17	10,273.44

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Ageing schedule for receivables as at March 31, 2021 is as follows

Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	10,008.26	9,374.40	1,204.12	170.26	144.35	446.86	21,348.25
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	478.30	-	-	478.30
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Total	10,008.26	9,374.40	1,204.12	648.56	144.35	446.86	21,826.57

Trade payables Ageing Schedule as at March 31, 2022

S No	Particulars	Outstanding for following periods from due date of payment					Total
		Less than 1 Year	1-2 years	2-3 years	More than 3 years		
		INR lacs	INR lacs	INR lacs	INR lacs	INR lacs	
a)	MSME	253.33	25.00	-	-	-	278.33
	Total of MSME	253.33	25.00	-	-	-	278.33
b)	Others	2,050.75	26.05	1.40	32.97	-	2,111.17
	Total of Others	2,050.75	26.05	1.40	32.97	-	2,111.17

Trade payables Ageing Schedule as at March 31, 2021

S No	Particulars	Outstanding for following periods from due date of payment					Total
		Less than 1 Year	1-2 years	2-3 years	More than 3 years		
		INR lacs	INR lacs	INR lacs	INR lacs	INR lacs	
a)	MSME	757.29	-	-	2.77	-	760.05
	Total of MSME	757.29	-	-	2.77	-	760.05
b)	Others	4,164.49	144.84	586.93	34.05	-	4,930.30
	Total of Others	4,164.49	144.84	586.93	34.05	-	4,930.30

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Intangible assets under development (IAUD) as at March 31, 2022

Particulars	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	5,934.29	6,472.61	6,389.40	5,258.59	24,054.89
Projects temporarily suspended	-	-	-	-	-
Total	5,934.29	6,472.61	6,389.40	5,258.59	24,054.89

Intangible assets under development (IAUD) as at March 31, 2021

Particulars	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	6,440.98	5,697.72	3,901.73	2,475.54	18,515.97
Projects temporarily suspended	-	-	-	-	-
Total	6,440.98	5,697.72	3,901.73	2,475.54	18,515.97

Capital work in progress ageing schedule as at March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	3,190.53	932.35	481.03	368.56	4972.48
Projects temporarily suspended	-	-	-	284.10	284.10
Total	3,190.53	932.35	481.03	652.66	5,256.68

Capital work in progress ageing schedule as at March 31, 2021

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4,402.99	12,803.22	3,473.79	8,628.62	29,308.62
Projects temporarily suspended	-	-	-	410.00	410.00
Total	4,402.99	12,803.22	3,473.79	9038.62	29,718.62

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Key Financial Ratio							
Sr No	Particulars	Numerator	Denominator	31 st March 2022	31 st March 2021	Change in ratio	Reasons for variance
1	Current Ratio (in times)	Current Assets	Current Liabilities	1.92	1.97	-2.62%	In respect of the said ratio there is no significant change (25% or more) in FY2021-22 as compared to FY2020-21
2	Debt Equity Ratio (in times)	Total Debt	Share holder equity	0.09	0.17	-44.81%	Improvement in Debt equity ratio is on account of equity fund raise of Rs. 297 cr. on a preferential allotment basis resulting in reduction in debt
3	Debt service coverage ratio	Earnings available for debt service	Debt service	2.08	8.24	-74.73%	Decrease in the ratio was on account of commencement of repayment of term loans during FY2021-22 as compared to moratorium available in the previous year
4	Inventory turnover ratio (in times)	Cost of Goods sold	Average inventory	0.85	0.73	15.95%	In respect of the said ratio there is no significant change (25% or more) in FY2021-22 as compared to FY2020-21
5	Return on equity (in %)	Net profit after taxes	Average shareholders equity	1.09%	4.21%	-74.15%	Reduction in ratio is mainly on account of decline in net profit on account of reduction in exceptional gain on sale of investment realised during FY2020-21 along with higher equity base on account of equity fund raise of Rs. 297 cr. during FY 2021-22
6	Trade receivable turnover ratio	Revenue	Average Trade Receivables	3.84	2.82	36.28%	Increase in the ratio is on account of improved realisation cycle from a mix of customers
7	Trade payable turnover ratio	Purchase of trade and services	Average Trade Payables	0.18	0.28	-36.89%	Decrease in this ratio is on account of swift payments made to vendors
8	Net Capital turnover ratio (in times)	Revenue	Working Capital	2.47	1.27	94.19%	Improvement in ratio is mainly on account of higher Revenue realisation along with lower working capital requirement
9	Net Profit ratio (in %)	Net Profit	Revenue	6%	25%	-78.24%	Decrease in ratio mainly on account of increase in expenditure & decrease in exceptional income.

Notes Forming Part of Standalone Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sr No	Particulars	Numerator	Denominator	31 st March 2022	31 st March 2021	Change in ratio	Reasons for variance
10	Return on Capital Employed	Earning Before Interest and Tax	Capital Employed	1.34%	2.43%	-45.09%	Decrease in ratio mainly on account of decrease in profit & increase in total equity including fund raising of Rs. 297 cr. on account preferential allotment.
11	Return on investment	Income generated from investments	investments	NA	NA	-	The Company is not having any market linked investments

* All ratios have been given excluding discontinuing operations

52 Figures of the previous year have been regrouped/rearranged wherever necessary.

As per our report of even date attached for **Brahmayya & Co.**, Chartered Accountants Firm's Registration No. 0005135

K. Shrivani
Partner
M.No. 215798

Place : Raichur
Date : 23 May, 2022

For and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN : 01301385

Ritu Tiwary
Company Secretary

Vishnukant Bhutada
Managing Director
DIN : 01243391

Alpesh Maheshkumar Dalal
Chief Financial Officer

Independent Auditor's Report

TO THE MEMBERS OF SHILPA MEDICARE LIMITED.

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of SHILPA MEDICARE LIMITED (hereinafter referred to as the "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint Ventures, which comprise the Consolidated Balance sheet as at March 31, 2022, and the consolidated Statement of Profit and Loss (including other comprehensive income), consolidated Statement of changes in equity and consolidated statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements / consolidated financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates and joint ventures as at March 31, 2022, and its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement and based on the consideration of the reports of the other auditors on separate financial statements / consolidated financial statements and on the other financial information of the subsidiaries, associates and joint ventures, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Auditor's Response
<p>Impairment of intangible assets under development</p> <p>The Group has significant intangible assets under development where certain products are under development or in their early stage of commercialisation in certain key developed markets as of 31 March 2022.</p> <p>As the products are yet to be launched or in their initial stages of commercialisation revenue and profitability are yet to reach its desired levels and hence, there is a risk of impairment in the event the carrying amount of the aforesaid assets are lower than its recoverable value. Company's assessment of recoverable value to test for impairment contains a number of parameters which involve significant judgements and estimates including weighted average cost of capital, revenue growth, expected market share and price erosion. Changes in these assumptions could lead to an impairment to the carrying value of these assets.</p> <p>For further information on the carrying value of intangible assets refer to:</p> <ul style="list-style-type: none"> - Significant accounting policies which includes General accounting principles, Key accounting judgements, estimates and assumptions - Note 1.1 (c) and (d) - financial disclosures as disclosed in Intangible assets - Note 5 of the Consolidated Financial Statements for the year ended March 31, 2022. 	<p>Principal audit procedures</p> <ul style="list-style-type: none"> • Tested the design and operating effectiveness of the Group's controls around the impairment testing; • Evaluating assumptions used by the Company in assessing the recoverability of assets - in particular, revenue and cash flow projections; • We evaluated the valuation methodologies and assumptions used by the Company; • Evaluating Company's assessment of key inputs by considering third party sources and the impact on future cash inflows due to actions by competitors or changes in relevant market conditions; • Inquired with the Company about potential impact of USFDA warning letter situation and its assessment of the likelihood of delay in product approvals, thereby impacting valuation; • Evaluating the sensitivity analysis carried out by the Company in respect of certain key estimates to assess the level of sensitivity to key assumptions.
<p>Minimum Alternate Tax (MAT) Credit Entitlement – Deferred tax assets</p> <p>The Group pays minimum alternate tax (MAT) under section 115JB of the Income Tax Act, 1961. The MAT paid would be available as an offset over a period of 15 years. The MAT credit is recognized as a deferred tax asset to be available for offset when the Group pays taxes under the provision of Income Tax Act, 1961. The balance of MAT credit receivable as at 31 March 2022 is Rs. 6541.24 Lakhs (refer note 37 to the consolidated financial statements).</p> <p>The recognition and recoverability of deferred tax asset on account of MAT credit requires significant judgement regarding the Group's future profitability and taxable income which will result in utilization of the MAT credit within the time limits available under the applicable Income tax laws.</p>	<p>Principal audit procedures</p> <p>In respect of such deferred tax assets, we assessed recoverability from a tax perspective by performing the following procedures:</p> <ul style="list-style-type: none"> • Understanding why the MAT credit entitlement arose and understanding whether the MAT credit entitlement can be utilized. • assessing any restriction in use of the MAT credit entitlement and • determining when the MAT credit entitlement will expire. <p>Further, we assessed the applicability of Ind AS 12 Income Taxes by assessing management's assessment of recoverability of MAT credit entitlement against forecast income streams.</p> <p>We validated the appropriateness of the related disclosures in the consolidated financial statements.</p>

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group, and its associates and joint ventures covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the

Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures is responsible for overseeing the financial reporting process of each company.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

- a. We did not audit the financial statements of nine subsidiaries whose financial statement reflect total assets of Rs. 88633.85 Lakhs as at March 31, 2022, total revenue of Rs. 4727.45 Lakhs, total net (loss) after tax of Rs. (3130.75) Lakhs and net cash inflows amounting to Rs. 1033.96 Lakhs for the year ended on that date as considered for the consolidated financial statements. Further, the consolidated financial statements also include the company's share of net (loss) of Rs. (366.03) Lakhs for the year ended March 31, 2022, in respect of four Joint Ventures (JV) and one Associate which were not audited by us.

These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associate and joint ventures covered under the Act, is based solely on the reports of the other auditors.

We did not audit the financial statements of five subsidiaries whose financial statement reflect total assets of Rs. 7346.97 Lakhs as at March 31, 2022 and total revenue of Rs. 7908.00 Lakhs, total net (loss) after tax of Rs. (319.95) Lakhs and net cash inflows amounting to Rs. (51.54) Lakhs for the year ended on that date as considered for the consolidated financial statements. Further, the financial results also include the company's share of net (loss)/profit of Rs. NIL Lakhs year ended March 31, 2022, in respect of one Associate which has not been audited by us.

These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate and our report in terms of subsection (3) of Section 143 of the Act in so far as

it relates to the aforesaid subsidiaries and associate to the extent covered under the Act, are based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below is not modified in respect of the above matters with respect to our reliance on the work done by and reports of other auditors and the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statement have been kept so far as it appears from our examination of those books and reports of other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement and Consolidated Statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.
- (e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiaries, associate and joint ventures incorporated in India, none of the directors of the Group Companies, associate and joint ventures companies incorporated in India

are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Companies Act;

- (f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiaries, associate and joint ventures incorporated in India, and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- (g) With respect to the Managerial remuneration to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company and its subsidiaries covered under the Act to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the report of the other auditors on the separate financial statements and other financial information of the subsidiaries, associates and joint ventures:
 - i. The Consolidated financial statements disclose the impact of pending litigations if any, on the consolidated financial position of the group and its associates and joint ventures.
 - ii. The Holding Company and its subsidiaries have made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company incorporated in India.
 - iv.a. The respective Managements of the Holding Company, its subsidiaries, associate and joint Ventures which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and the other auditors of such subsidiaries, associate and joint ventures respectively that, to the best of their knowledge and belief, no funds (which are material either individually

or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, associate and joint ventures to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries, associate and joint ventures ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- b. The respective Managements of the Holding Company, its subsidiaries, associate and joint Ventures which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and the other auditors of such subsidiaries, associate and joint ventures respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or any of such subsidiaries, associate and joint ventures from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, associate and joint ventures shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.;
- c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company, its subsidiaries, associate and joint

ventures which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.

- v.a. The final dividend paid by the Holding Company, during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
- b. As stated in note 40 to the standalone financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
2. With respect to the matters specified in paragraphs 3(xxii) and 4 of the Companies (Auditor's Report) Order, 2020 (the "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and its subsidiaries included in the consolidated financial statements of the Holding Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

for BRAHMAYYA & CO.
Chartered Accountants
Firm's Regn No. 000513S

(K.SHRAVAN)
Partner

Place : Raichur
Date : 23.05.2022

Membership No. 215798
UDIN: 22215798AJLAMK5557

Annexure – A

to the **Auditor's Report**

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

In conjunction with our audit of the consolidated financial statements of the SHILPA MEDICARE LIMITED ("the Holding Company) and its subsidiaries (the Holding Company and its subsidiaries together referred to as the Group), its associates and joint Ventures as at for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries, associate and joint ventures which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of Group, its associates and joint ventures which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements 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, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiaries, associates and joint ventures which are incorporated in India, in terms of their reports referred in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to

consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Group, its associate and joint ventures which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2022 based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to Nine subsidiary companies, four Joint ventures and one associate, which are incorporated in India, is based on the corresponding reports of the auditors of such companies.

for BRAHMAYYA & CO.

Chartered Accountants
Firm's Regn No. 000513S

(K.SHRAVAN)

Partner

Place : Raichur
Date : 23.05.2022

Membership No. 215798
UDIN: 22215798AJLAMK5557

Consolidated Balance Sheet

As at 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	As at 31 March, 2022	As at 31 March, 2021
ASSETS			
Non-Current Assets			
(a) Property, plant & equipment	2	118,243.34	96,663.57
(b) Right-of-use assets	2A	3,117.05	2,582.16
(c) Capital work- in- progress	3	19,004.20	30,213.50
(d) Goodwill		4,571.87	4,419.78
(e) Intangible assets	4	8,251.56	7,387.76
(f) Intangible assets under development	5	31,614.26	23,915.57
(g) Financial assets	6		
(i) Investments		3,422.86	2,121.81
(ii) Other financial assets		1,649.37	1,805.78
(h) Other non-current assets	7	8,955.89	3,849.80
Total Non-Current Assets		198,830.41	172,959.73
Current Assets			
(a) Inventories	8	35,523.84	31,683.73
(b) Financial assets	9		
(i) Investments		-	-
(ii) Trade receivables		38,632.58	21,749.80
(iii) Cash and cash equivalents		3,382.90	12,284.57
(iv) Other bank balance other than (iii) above		28.34	26.08
(v) Loans		-	122.22
(vi) Others financial assets		246.13	4,060.78
(c) Other current assets	10	10,001.23	11,110.19
(d) Current tax assets (net)	11	904.41	861.17
(e) Assets included in disposal group classified as held for sale		-	8,378.30
Total Current Assets		88,719.43	90,276.84
TOTAL ASSETS		287,549.84	263,236.56
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	868.02	815.27
(b) Other equity	13	181,351.46	147,051.39
Equity attributable to owners of the Company		182,219.48	147,866.66
(c) Non-controlling interest		(1,104.78)	(1,117.00)
Total Equity		181,114.70	146,749.66
Liabilities			
Non- Current Liabilities			
(a) Financial liabilities	14		
(i) Borrowings		35,360.24	47,422.29
(ii) Lease liability		113.30	158.49
(iii) Others		500.00	500.00
(b) Provisions	15	1,907.63	1,547.57
(c) Deferred tax liabilities (Net)	16	5,473.75	4,728.24
(d) Other non current liabilities	17	1,926.60	1,780.01
Total Non Current Liability		45,281.52	56,136.61
Current Liabilities			
(a) Financial Liabilities	18		
(i) Borrowings		32,830.99	36,986.71
(ii) Trade Payables			
- Total outstanding dues of micro and small enterprises		2,609.91	1,355.27
- Total outstanding dues of other than micro and small enterprises		11,994.55	5,370.09
(iii) Other financial liabilities		8,074.35	7,256.12
(b) Other Current Liability	19	3,397.76	2,030.25
(c) Provisions	20	2,246.06	1,330.86
(d) Liabilities included in disposal group classified as held for Sale		-	6,020.99
Total Current Liabilities		61,153.62	60,350.29
TOTAL EQUITY & LIABILITIES		287,549.84	263,236.56

The accompanying notes form an integral part of the consolidated financial statements 01 to 46

As per our report of even date attached

for **Brahmayya & Co.,**

Chartered Accountants

Firm's Registration No. 0005135

For and on behalf of the Board of Directors of
Shilpa Medicare Limited

K. Shravan
Partner
M.No. 215798

Omprakash Inani
Chairman
DIN : 01301385

Vishnukant Bhutada
Managing Director
DIN : 01243391

Place : Raichur
Date : 23 May, 2022

Ritu Tiwary
Company Secretary

Alpesh Maheshkumar Dalal
Chief Financial Officer

Consolidated Statement of Profit and Loss

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	For the year ended 31 March, 2022	For the year ended 31 March, 2021
INCOME			
Revenue from operations			
(a) Sales	21	108,837.94	85,920.78
(b) Service income and license fees	22	5,714.34	4,192.23
Total Revenue from operations		114,552.28	90,113.01
(c) Other income	23	1,424.55	3,014.16
Total Income		115,976.83	93,127.17
EXPENSES			
(a) Cost of materials consumed	24	38,174.89	31,888.45
(b) Purchases of stock-in trade	25	849.07	1,067.66
(c) Change in inventories of finished goods, work-in-progress and stock-in-trade	26	(702.14)	(5,883.03)
(d) Employee benefits expense	27	26,448.65	23,530.71
(e) Finance costs	28	4,116.52	2,186.87
(f) Depreciation and amortisation expenses	2 & 4	7,980.19	5,397.67
(g) Other expenses	29	29,396.24	21,344.06
Total Expenses		106,263.42	79,532.39
Profit before Share of Profit/(loss) in Associate/ Joint Venture, Exceptional item and tax		9,713.41	13,594.78
Share of Profit/(loss) in Associate/ Joint Venture, net of tax		(366.03)	(173.58)
Profit before Exceptional item and tax		9,347.38	13,421.20
Exceptional (income)/ expense	30	(879.11)	(6,084.00)
Profit before tax		10,226.49	19,505.20
Tax Expenses			
a) Current Tax		3,404.31	4,523.00
b) Deferred Tax (net of MAT credit)		763.96	361.83
Total Tax Expenses		4,168.27	4,884.83
Profit for the year		6,058.22	14,620.37
Other comprehensive Income/ (Expenses)			
(a) Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit (liability)/asset (net of tax)		(159.06)	10.48
(b) Items that will be reclassified to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges (net of tax)		22.73	16.59
Total Other Comprehensive Income/(Loss) for the year		(136.33)	27.07
Total Comprehensive Income/(Loss) for the year		5,921.89	14,647.44
Profit for the year attributable to:			
a) Owners of the Company		6,066.24	14,778.03
b) Non Controlling Interest		(8.02)	(157.67)
Other Comprehensive Income for the year attributable to:			
a) Owners of the Company		(136.33)	27.07
b) Non Controlling Interest		-	-
Total Comprehensive Income for the year attributable to:			
a) Owners of the Company		5,929.92	14,805.10
b) Non Controlling Interest		(8.02)	(157.67)
Earning per equity share, par value of Re. 1/- each			
Basic (₹)		7.26	18.13
Diluted (₹)		7.26	18.13

The accompanying notes form an integral part of the consolidated financial statements 01 to 46

As per our report of even date attached
for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 0005135

K. Shravan
Partner
M.No. 215798

Place : Raichur
Date : 23 May, 2022

For and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN : 01301385

Ritu Tiwary
Company Secretary

Vishnukant Bhutada
Managing Director
DIN : 01243391

Alpesh Maheshkumar Dalal
Chief Financial Officer

Consolidated Statement of Changes in Equity

As at 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

A. Equity Share Capital

Particulars	Total
Balance as at 01 April, 2020	815.27
Changes in equity share capital during the year	-
Balance as at 31 March, 2021	815.27
Changes in equity share capital during the year	52.75
Balance as at 31 March, 2022	868.02

B. Other Equity

Particulars	Securities Premium	General Reserves	Retained Earnings	Other Comprehensive Income		Foreign Currency Monetary Translation Difference Account	Gain on forfeiture of equity shares	Total
				Cash flow hedge reserve	Remeasurement of defined benefit plan			
Balance as at 01 April, 2020	42,688.70	5,182.68	84,299.78	(41.91)	(274.92)	257.91	8.76	132,121.00
Addition/Deletion during the year	175.23	-	73.25	-	-	(123.19)	-	125.29
Profit for the year	-	-	14,778.03	-	-	-	-	14,778.03
Other Comprehensive income, net of tax	-	-	-	16.59	10.48	-	-	27.07
Dividend including dividend distribution tax	-	-	-	-	-	-	-	-
Balance as at 31 March, 2021	42,863.93	5,182.68	99,151.06	(25.32)	(264.44)	134.72	8.76	147,051.39
Addition/Deletion during the year	29,631.21	-	-	-	-	(364.24)	-	29,266.97
Profit for the year	-	-	6,066.22	22.73	(159.06)	-	-	5,929.89
Dividend paid	-	-	(896.79)	-	-	-	-	(896.79)
Balance as at 31 March, 2022	72,495.14	5,182.68	104,320.49	(2.59)	(423.50)	(229.52)	8.76	181,351.46

The accompanying notes form an integral part of the standalone financial statements 01 to 46

Note:

- Securities premium:** This reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.
- General Reserve:** This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilised in accordance with the provisions of the Companies Act, 2013.
- Retained Earnings:** This Reserve represents the cumulative profits of the Company. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.
- Cash flow hedge reserve:** This Reserve represents the cumulative effective portion of changes in Fair Value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the Company's accounting policy.
- Remeasurements of the net defined benefits plan:** This reserve comprises the cumulative net gains/ losses on actuarial valuation of post-employment obligations.

As per our report of even date attached for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 0005135

For and on behalf of the Board of Directors of
Shilpa Medicare Limited

K. Shravan
Partner
M.No. 215798

Omprakash Inani
Chairman
DIN : 01301385

Vishnukant Bhutada
Managing Director
DIN : 01243391

Place : Raichur
Date : 31 May, 2021

Ritu Tiwary
Company Secretary

Alpesh Maheshkumar Dalal
Chief Financial Officer

Consolidated Statement of Cash Flow

for the year ended 31 March, 2022

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

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
A. Cash Flow From Operating Activities		
Profit/ (Loss) before tax	10,226.49	19,505.20
Adjustments for:		
Depreciation and amortization expense	7,980.19	5,397.66
Interest income	(206.66)	(353.17)
Liabilities/ Provision Written back	(501.46)	(701.64)
Finance Cost	4,116.52	2,186.87
(Profit)/Loss on sale of Asset	160.22	57.68
Share of (profit)/loss of associates and joint ventures	366.03	173.58
Bad Debts/ Advances written off	419.25	53.04
Unrealised foreign exchange (gain)/loss	(379.70)	(108.23)
Net gain recognized on sale of stake in Group Company	(879.11)	(6,084.00)
Government Grant	(141.05)	(45.57)
Operating Profit before working capital changes	21,160.73	20,081.41
Movement in Working Capital		
Decrease/(increase) in inventories	(3,840.10)	(10,634.32)
Decrease/(increase) in trade receivables	(16,827.15)	1,304.82
Increase / (decrease) trade payables	8,372.57	(630.22)
Decrease / (Increase) in financial and non financial assets	1,969.29	(3,395.81)
Increase / (decrease) in financial liabilities and other liabilities	3,126.27	2,726.91
Cash Generated from Operations	13,961.61	9,452.78
Taxes Paid	(3,448.27)	(4,760.00)
Net Cash flow generated /(used) from operating activities (A)	10,513.34	4,692.78
Cash Flow From Investing Activities		
Purchase of Property plant and equipment and intangible assets (refer note ii)	(33,182.61)	(35,424.21)
Proceeds from sale of Property plant and equipment	61.11	480.94
Acquisition of Subsidiaries, net of cash acquired	-	(6,243.93)
(Increase)/ Decrease in Investment	(1,732.38)	(1,416.70)
(Investment in)/ Redemption of Fixed Deposits	3,163.60	(4,151.61)
Movement in other bank balances	(2.26)	(1.22)
Proceeds from sale of stake in Group Company	2,841.27	6,084.00
Interest Received	201.42	196.66
Dividend Received from equity accounted investees	100.02	48.47
Net cash flow generated/(used) from investing activities (B)	(28,549.84)	(40,427.61)

Consolidated Statement of Cash Flow (Conti..)

for the year ended 31 March, 2022

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

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Cash flows from Financing Activities		
Proceeds from Issue of Shares	29,683.96	-
Proceeds from/(repayment of) long-term loans and borrowings (net)	(12,149.26)	38,052.39
Proceeds from/(repayment of) short-term loans and borrowings (net)	(4,155.72)	7,813.05
Payment of lease liabilities	(58.36)	(41.16)
Dividend paid	(896.80)	-
Interest paid	(4,137.98)	(2,186.87)
Net cash flow generated/(used) from financing activities (C)	8,285.83	43,637.41
Net increase in cash and cash equivalents (A+B+C)	(9,750.66)	7,902.59
Cash and cash equivalents at the beginning of the year (refer note iv)	12,284.57	4,431.43
Cash and cash equivalents at the end of the year	2,533.91	12,334.02
Component of Cash and Cash Equivalent	2,533.91	12,334.02
Cash in Hand	33.86	34.46
Balance with Banks in current account	3,004.15	1,318.04
Deposits with original maturity of less than 3 month	344.89	10,932.06
Bank overdraft	(849.01)	-
Cash balance included in disposal group classified as held for sale	-	49.46

The accompanying notes form an integral part of the standalone financial statements 01 to 46

Note:

- Previous year figures have been reclassified wherever necessary.
- Purchase and sale of property, plant and equipment and intangibles represents additions and deletions to property, plant and equipment, intangibles, intangibles under development further adjusted for movement of capital work in progress, capital advances, capital creditors during the year.
- Adjusted for bank-overdraft of ₹ 849.01 lakhs for the period ended 31 March 2022.
- Adjusted for ₹ 49.44 included in Disposal group held for sale for the year ended 31 March 2021
- Cashflow Statement has been prepared under Indirect method as per IND AS-7 "Statement of Cash flows" as prescribed under Companies (Accounting Standard) Rules, 2015

As per our report of even date attached
for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 0005135

K. Shravan
Partner
M.No. 215798

Place : Raichur
Date : 23 May, 2022

For and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN : 01301385

Ritu Tiwary
Company Secretary

Vishnukant Bhutada
Managing Director
DIN : 01243391

Alpesh Maheshkumar Dalal
Chief Financial Officer

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

I. Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act 2013 read together with the Rule 4 of Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable and the other relevant provisions of the Act, pronouncements of the regulatory bodies applicable to the Company.

These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date March 31, 2022. The accounting policies are applied consistently to all the periods presented in the financial statements. The consolidated financial statements of the Company for the year ended March 31, 2022 were approved by the Board of Directors on May 23, 2022.

II. Basis of Measurement

The consolidated financial statements have been prepared on the historical cost convention and on accrual basis, except for the following assets and liabilities which have been measured at fair value wherever applicable

- Derivative financial instruments
- Certain financial assets / liability measured at fair value,
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

III. Current Vs Non-current classification

The assets and liabilities in the balance sheet are presented based on current/non-current classification.

An asset is current when it satisfies the below mentioned criteria:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- (ii) Held primarily for the purpose of trading, or

(iii) Expected to be realised within twelve months after the reporting period, or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it satisfies the below mentioned criteria:

(i) Expected to be settled in normal operating cycle, or

(ii) Held primarily for the purpose of trading, or

(iii) Due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non-current

IV. Principles of consolidation

The consolidated financial statements relate to Shilpa Medicare Limited ('the Company'), and its subsidiaries, associates and joint ventures ('the Group').

The Consolidated financial statements have been prepared on the following basis:

Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. The net assets and results of acquired businesses are included in the consolidated financial statements from their respective dates of acquisition, being the date on which the Group obtains control. The results of disposed businesses are included in the consolidated financial statements up to their date of disposal, being the date control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group Companies are eliminated. Consolidated

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Other Equity' in the consolidated financial statements.

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity. Non-controlling interests in the net assets of consolidated subsidiaries consists of:

- (a) The amount of equity attributable to noncontrolling interests at the date on which investment in a subsidiary is made; and
- (b) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively

Investment in Associates and Joint Ventures has been accounted under the equity method as per Ind AS 28 –

The Company accounts for its share of postacquisition changes in net assets of associates and joint ventures, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates Statement of Profit and Loss and through its reserves for the balance based on available information.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

I) The subsidiaries considered in the Consolidated Financial Statements are as under:

Sl. No.	Name of the Subsidiary	Country	Extent of Holding
1	Zatortia Holding Limited ('Zatortia')	Cyprus	100.00%
2	Loba Feinchemie GmbH ('Loba') (Step-down Subsidiary)	Austria	99.99%
3	Shilpa Therapeutics Pvt. Ltd. (Shilpa Therapeutics')	India	100.00%
4	Makindus. Inc ('Makindus')	Delaware (USA)	55.78%
5	INM Technology Private Limited ('INM')	India	100.00%
6	INM Nuvent Paint Pvt Ltd (Step-down Subsidiary)	India	75.00%
7	Koanna Healthcare Limited	United Kingdom	100.00%
8	Koanna Healthcare GmbH	Austria	100.00%
9	Shilpa Pharma Inc.	USA	100.00%
10	Shilpa Biologicals Private Limited	India	100.00%
11	Shilpa Biocare Pvt. Ltd.(Erstwhile Shilpa Albumin Private Limited)	India	100.00%
12	Shilpa Pharma Life Sciences Limited (Previously referred Shilpa Corporate Holdings Pvt. Ltd.)	India	100.00%
13	FTF Pharma Private Limited	India	100.00%
14	Koanna Healthcare Canada Inc.	Canada	100.00%
15	Koanna International FZ LLC	Dubai	100.00%
16	Indo Biotech SDN. BHD	Malaysia	100.00%
17	Koanna Healthcare Spain S.L	Spain	100.00%
18	Vegil Labs Private Limited	India	100.00%

II) The Associates considered in the Consolidated Financial Statements are as under:

Sl. No.	Name of the Associate	Country	Extent of Holding
1	Maia Pharmaceuticals INC. USA NewJersey (USA)		34.79%

III) The Joint Venture considered in the Consolidated Financial Statements are as under:

Sl. No.	Name of the Subsidiary	Country	Extent of Holding
1	Reva Medicare Pvt. Ltd.	India	50.001%
2	Sravathi Advance Process Tech Private Limited	India	65.00%

1.1 Significant Accounting Policies

a) Critical accounting estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could

differ from these estimates. Revisions to accounting estimates are recognised prospectively.

The areas involving critical estimates or judgments are:

- Measurement of defined benefit obligation (Note 1.1 (h))
- Estimation of useful life of property, plant and equipment and intangibles (Note 1.1(a))
- Recognition of deferred taxes (Note 1.1 (r))
- Estimation of impairment (Note 1.1 (d))

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

- Estimation of provision and contingent liabilities (Note 1.1 (s))
- Business Combination (Note-1.1(e))

a) Property, Plant and Equipment & Depreciation:

- i. Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.
- ii. Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.
- iii. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- iv. Depreciation on Fixed Assets is provided on ascertain useful life of assets under Straight Line Method (SLM) prescribed in Schedule II of the Companies Act 2013, with exception of those assets whose useful life is ascertain by the management.
- v. The Company follows the policy of charging depreciation on pro-rate basis on the assets acquired or disposed off during the year.

b) Intangible Assets:

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

Intangible Assets are stated at cost less accumulated amortization. Cost includes only such expenditure that is directly attributable to making the asset ready for its intended use.

Intangible assets are amortized over their useful life.

Intangible Assets include capitalized expenditure on filing and registration of any

Drug Master File (DMF) or Abbreviated New Drug Application (ANDA) and compliance with regulatory procedures of the USFDA, in filing such DMF or ANDA, which are in respect of products for which commercial value has been established by virtue of third party agreements/ arrangements. The cost of each DMF/ANDA is amortized over its estimated useful life from the date on which the amount has been capitalized.

c) Research and Development:

All expenditure on research activities are recognized in the Profit and Loss Statement when incurred. Expenditure on development activities are also recognized in the Profit and Loss Statement in the year such expenditure is incurred. However, development expenditure is capitalized only in cases where such costs can be measured reliably, the technological feasibility has been established in respect of the product or process for which costs are incurred, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed product are capitalized. The Company's criteria for capitalization of such assets are consistent with the guidance given in paragraph 25 of Ind AS 38 (receipt of economic benefit out of the separately purchased transaction is considered to be probable).

Acquired research and development intangible assets that are under development are recognized as Intangible Assets under Development. These assets are not amortized, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Where a determination of impairment in respect of any such asset is made, the impairment of such asset is recognized in the Profit and Loss Statement in the year in which such determination is made. Where a determination is made to the effect that future economic benefits are probable, the total cost is capitalized in the year in which such determination is made.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Amortization of capitalized development expenditure is recognized on a straight-line basis, over the useful life of the asset

d) Impairment of Assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable value being higher of value in use and fair value less cost of disposal. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired.

e) Business Combination and Goodwill

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets acquired and liabilities assumed.

Any goodwill that arises on account of such business combination is tested annually for impairment.

f) Non-Current assets held for sale:

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented

separately in the Balance Sheet as "Assets Held for Sale".

g) Inventory:

Inventories are valued at the lower of cost and net realisable value. The cost is determined on FIFO basis. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

h) Employee Benefits:

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised 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

Contribution towards Provident Fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Defined benefit plans

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contributions to LIC.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss

i) Cash and Cash Equivalent.

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk. Cash flow statement is prepared under the indirect method as per Ind AS 7, For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of book overdraft.

j) Dividend to Shareholders:

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors, Dividend payable and corresponding tax on dividend distribution is recognised directly in other equity.

k) Leases

The Company assesses whether a contract contains a lease, at the inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control use of an identified asset, the Company assesses whether:

- a) The contract involves use of an identified asset;
- b) The Company has substantially all the economic benefits from the use of the asset through the period of lease; and
- c) The Company has the right to direct the use of an asset.

At the date of commencement of lease, the Company recognises a Right-of-use asset ("ROU") and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less

(short term leases) and low value leases. For short term and low value leases, the Company recognises the lease payment as an operating expense on straight line basis over the term of lease.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

Lease liability and ROU asset have been separately presented in the Balance Sheet and the lease payments have been classified as financing cash flows.

l) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of products:

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, Amount disclosed as revenue are inclusive of excise duty, excluding goods and service tax (GST), sales tax or value added taxes or service taxes or duties collected on behalf of the government, and net off returns, trade discounts, rebates and any amount

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

collected on behalf of third parties.

(ii) Development Revenue:

Development revenue are recognized over the time period of the development activity and are recognized on the completion of each mile- stones as per term of the agreement.

(iii) Recognition of Export benefits

Export benefit entitlements in respect of incentive schemes including Merchandise Export Incentive Scheme (MEIS) and Focus Product Scheme (FPS) of the government of India are recognized in the period in which they are approved.

m) other Income

- i. Interest Income is recognized using the Effective interest rate (EIR) method.
- ii. Dividend income is recognized when right to receive is established.
- iii. The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with and the grants is received. Government grants received in relation to assets are recognised as deferred income and amortized over the useful life of such asset. Grants related to income are recognised in the profit & loss account under other income.

n) Foreign Currency Transactions/Translations:

Initial Recognition

Foreign Currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Translations

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange Differences

The exchange difference arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized in the Statement of Profit and Loss in the period in which they arise as income or as expense.

o) Government Grant

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Grants related to revenue items are presented as part of profit or loss under general heading such as other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as 'Deferred Government Grant' and are credited to profit & loss account under other income on a straightline basis over the expected lives of the related assets.

The benefit of a government loan at a belowmarket rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

p) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred. Further, interest earned out of borrowed funds from temporary investments are reduced from the borrowing cost.

q) Financial Instrument:

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

I) Financial Asset:

Initial recognition and measurement

All financial instruments are recognized initially at fair value plus, in case of financial assets not recorded at fair value through P&L, transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the company commits to purchase or sell the asset.

Subsequent Measurement

For the purpose of subsequent measurement financial assets are classified as measured at:

- Amortised cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI).

(a) Financial Asset measured at amortized cost

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss. The company while applying above criteria has classified the following at amortized cost:

- Trade receivables
- Loans
- Other Financial Assets

(b) Financial Assets Measured at fair value through other comprehensive income (FVTOCI)

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income.

Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(c) Financial Assets at fair value through profit or loss (FVTPL)

Financial Assets are measured at Fair value through Profit & Loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of Profit & Loss.

Equity Instruments

All investments in equity instruments classified under financial assets are initially measured at fair value, the group may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL. The classification is based on initial recognition and is irrevocable

De-recognition of Financial Assets:

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for Derecognition. On Derecognition of a financial asset in its entirety, the difference between the carrying amount (measured on the date of recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the statement of Profit & Loss.

Impairment of Financial Assets:

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model by adopting the simplified approach using a provision matrix reflecting current condition and forecasts of future economic conditions for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial Assets that are debt instruments,

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance

- Financial Assets that are debt instruments and are measured at FVTOCI.
- Lease receivables under Ind AS 17.
- Trade receivables or any contractual right to receive cash or another financial asset
- Loan commitments which are not measured at FVTPL
- Financial guarantee contracts which are not measured at FVTPL

II) Financial Liability

Initial recognition and measurement

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Financial Liabilities at amortized cost:

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

The company is classifying the following under amortized cost

- Borrowings from banks
- Borrowings from others
- Trade payables
- Other financial liabilities

Derecognition:

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

III) Derivative financial instrument and hedge accounting

The Company uses derivative financial instruments, such as foreign exchange forward contracts, interest rate swaps and currency options to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

r) Taxes on Income:

Tax expense comprises of current and deferred tax.

- i. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Tax Act
- ii. Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.
- iii. Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting date and the

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

s) Provisions, Contingent Liabilities and Contingent Assets.

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. Contingent Liabilities are not recognized but are disclosed in the notes.

t) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

u) Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period,

v) Exceptional Items:

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are nonrecurring

and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

1.2 Recent Indian Accounting Standards (Ind AS):

Standards Issued But Not Yet Effective

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification, and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to de recognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

2 PROPERTY, PLANT & EQUIPMENT

Particulars	Gross Block			Depreciation / Adjustment			Net Block				
	As at 01 April, 2021	Additions during the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2022	As at 01 April, 2021	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2022	As at 31 March, 2022
a) Borewell	25.79	2.80	-	-	28.59	20.11	1.65	-	-	21.76	6.84
b) Building	23513.53	5548.82	-	-	29,062.35	3,239.12	838.37	-	-	4,077.49	24,984.86
c) Canteen Equipment	54.75	24.14	-	-	78.89	15.94	9.64	-	-	25.58	53.31
d) Computer	1417.02	295.87	83.77	0.14	1,629.12	1,003.52	247.37	(79.06)	0.01	1,171.83	457.29
e) Electrical Installation	7998.27	1499.28	65.22	-	9,432.33	2,698.27	726.96	(28.42)	-	3,396.80	6,035.52
f) ETP Building	565.85	-	-	-	565.85	205.47	17.73	-	-	223.19	342.66
g) ETP Machinery	911.97	1.01	-	-	912.98	184.40	43.84	-	-	228.24	684.74
h) EHS Equipment	165.44	28.16	0.48	-	193.11	23.51	16.61	(0.18)	-	39.93	153.18
i) Furniture	2707.16	521.69	214.46	0.29	3,014.38	1,016.77	244.69	(80.04)	(0.03)	1,181.42	1,832.96
j) Land & Green Field	2525.96	346.78	-	-	2,872.73	-	-	-	-	-	2,872.73
k) Lab Equipments	14050.93	9260.43	996.94	-	22,314.42	5,207.71	1,461.04	(407.61)	-	6,261.14	16,053.28
l) Network Server equipment	241.23	117.66	-	-	358.88	85.31	44.21	-	-	129.52	229.36
m) Office Equipment	420.84	31.04	10.63	0.14	441.24	152.86	67.10	(5.27)	(0.02)	214.69	226.55
n) P/M (Power Generation Unit)	3843.04	-	-	-	3,843.04	2,211.88	103.97	-	-	2,315.86	1,527.18
o) Pipeline	4921.54	3189.65	2.60	-	8,108.58	1,386.80	269.52	(2.47)	-	1,653.85	6,454.73
p) Plant & Machinery	61940.84	8710.84	134.82	-	70,516.86	11,273.05	3,092.78	47.26	-	14,413.09	56,103.76
q) Pollution Control Equip.	37.34	9.17	0.27	-	46.24	31.48	0.43	(0.10)	-	31.81	14.43
r) Vehicle	201.60	147.60	11.48	-	337.72	112.21	31.35	(6.68)	-	136.87	200.85
s) Vehicles Electrical Operated	40.92	-	-	-	40.92	30.34	3.64	-	-	33.98	6.94
t) Weigh bridge	8.42	-	-	-	8.42	5.79	0.47	-	-	6.23	2.18
Total	125,592.41	29,734.91	1,520.68	0.57	153,806.64	28,904.52	7,221.37	(562.58)	(0.04)	35,563.29	118,243.34

4 INTANGIBLE ASSET

Particulars	Gross Block			Depreciation / Adjustment			Net Block				
	As at 01 April, 2021	Additions during the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2022	As at 01 April, 2021	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2022	As at 31 March, 2022
a) Computer software	1,280.94	520.84	8.381	(0.74)	1,792.66	701.69	215.89	(4.14)	-	913.44	879.22
b) DMF/ANDA/Patents Fees	1,509.74	375.84	-	-	1,885.58	703.53	193.55	-	-	897.08	988.50
c) Non compete Agreement	1,245.00	-	-	-	1,245.00	653.90	172.85	-	-	826.75	418.25
d) Acquired Assets through fair valuation	245.03	2.45	-	-	247.48	-	-	-	-	-	247.48
e) Other	5,255.52	756.37	81.25	(20.39)	5,910.25	93.50	99.35	(0.00)	(0.70)	192.13	5,718.11
Total	9,536.23	1,655.50	89.63	(21.13)	11,080.97	2,152.62	681.65	(4.14)	(0.70)	2,829.40	8,251.56

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

2 PROPERTY, PLANT & EQUIPMENT

Particulars	Gross Block			Depreciation / Adjustment			Net Block				
	As at 01 April, 2020	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2021	As at 01 April, 2020	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2021	As at 31 March, 2021
a) Borewell	25.79	-	-	-	25.79	18.31	1.79	-	-	20.10	5.69
b) Building	15,675.57	11,315.98	(3,478.02)	-	23,513.53	5,450.14	477.55	(2,688.58)	-	3,239.11	20,274.42
c) Canteen Equipment	19.97	34.88	(0.10)	-	54.75	12.56	3.40	(0.02)	-	15.94	38.81
d) Computer	1,190.42	242.68	(16.13)	0.05	1,417.02	812.27	168.80	23.88	0.03	1,004.98	412.04
e) Electrical Installation	4,737.95	3,298.57	(38.25)	-	7,998.27	2,264.12	436.96	(2.82)	-	2,698.26	5,300.01
f) ETP Building	565.85	-	-	-	565.85	187.75	17.73	-	-	205.48	360.37
g) ETP Machinery	530.58	381.39	-	-	911.97	158.80	25.60	-	-	184.40	727.57
h) EHS Equipement	51.10	114.40	(0.06)	-	165.44	16.76	6.76	(0.01)	-	23.51	141.93
i) Furniture	3,994.24	837.53	(2,124.42)	(0.22)	2,707.13	2,556.94	219.71	(1,759.75)	(0.16)	1,016.74	1,690.39
j) Land & Green Field	1,602.56	1,059.72	(136.32)	-	2,525.96	-	-	-	-	-	2,525.96
k) Lab Equipment	10,675.30	3,916.80	(541.17)	-	14,050.93	4,467.86	887.44	(116.01)	-	5,239.29	8,811.64
l) Network Server equipement	160.92	98.78	(18.47)	-	241.23	58.76	30.40	(3.84)	-	85.32	155.91
m) Office Equipment	341.81	183.20	(104.21)	(0.11)	420.69	202.46	45.56	(95.18)	(0.12)	152.72	267.97
n) P/M (Power Generation Unit)	3,843.04	-	-	-	3,843.04	2,107.90	103.97	-	-	2,211.87	1,631.17
o) Pipeline	4,076.28	845.25	-	-	4,921.53	1,198.53	188.27	-	-	1,386.80	3,534.73
p) Plant & Machinery	39,774.05	25,348.65	(3,181.88)	-	61,940.82	12,173.96	1,904.51	(2,814.15)	-	11,264.32	50,676.50
q) Pollution Control Equip.	37.34	-	-	-	37.34	30.65	0.84	-	-	31.49	5.85
r) Vehicle	233.13	30.97	(62.49)	-	201.61	99.48	32.96	(20.23)	-	112.21	89.40
s) Vehicles Electrical Operated	40.92	-	-	-	40.92	25.39	4.92	0.03	-	30.34	10.58
t) Weigh bridge	8.42	-	-	-	8.42	5.32	0.47	-	-	5.79	2.63
Total	87,585.24	47,708.80	(9,701.52)	(0.28)	125,592.24	31,847.96	4,557.64	(7,476.68)	(0.25)	28,928.67	96,663.57

4 INTANGIBLE ASSET

Particulars	Gross Block			Depreciation / Adjustment			Net Block				
	As at 01 April, 2020	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2021	As at 01 April, 2020	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2021	As at 31 March, 2021
a) Computer software	1,261.39	151.96	(129.83)	1.57	1,285.09	628.97	180.11	(100.66)	-	708.42	576.67
b) DMF/ANDA/Patents Fees	1,485.09	24.65	-	-	1,509.74	552.27	151.27	-	-	703.54	806.20
c) Non compete Agreement	1,045.00	200.00	-	-	1,245.00	482.54	164.63	-	-	647.17	597.83
d) Acquired Assets through fair valuation	-	245.03	-	-	245.03	-	-	-	-	-	245.03
e) Other	926.15	4,535.70	(239.40)	33.07	5,255.52	86.13	58.87	(51.51)	-	93.49	5,162.03
Total	4,717.63	5,157.34	(369.23)	34.64	9,540.38	1,749.91	554.88	(152.17)	-	2,152.62	7,387.76

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

2A RIGHT OF USE OF ASSETS

Particulars	As at 31 March, 2022	As at 31 March, 2021
Lease hold land & Building	3,117.05	2,582.16
Total	3,117.05	2,582.16

Description of the property	Gross Carrying value (in lakhs)	Held in the name of	Whether promoter, director or their relative or employee	Period held	Reason for not held in name
Leasehold land located in Jadcherla, Telangana admeasuring 9 acres	349.26	Raichem Lifesciences Pvt. Ltd.	No	Since 2012	The title deeds are in the name of the erstwhile Company that was amalgamated with the Company pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Andhra Pradesh dated August , 31, 2012.

3 CAPITAL WORK-IN-PROGRESS

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Machinery under erection	4,869.20	3,169.38
b) Projects under erection	14,135.00	27,044.12
Total	19,004.20	30,213.50

Additional disclosure pursuant to amendment of revised schedule III are in note 45

5 INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Software under installation	52.39	86.52
b) Product under development	31,145.81	23,054.40
c) DMF /ANDA/Patents Fees	416.06	774.65
Total	31,614.26	23,915.57

Additional disclosure pursuant to amendment of revised schedule III are in note 45

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

6 FINANCIAL ASSETS

(i) Non-Current Investments

Particulars	As at 31 March, 2022	As at 31 March, 2021
Trade Investments (At Cost) fully paid up		
I) In Joint Venture/Associate Companies		
a) Investments in Equity Instruments (Unquoted)		
i) 5,001 (5,001) share of ₹ 10 each in Reva Medicare Pvt. Ltd., Raichur.	273.46	268.93
ii) Investment in Auxilla Pharmaceuticals & Research LLP (40% Capital Contribution)	516.56	565.02
b) Investments in Preference Instruments (Unquoted)		
i) 2843500 (1535,000) Non-cumulative, Non-participating, convertible preference shares of ₹ 100 each in Sravathi Advance Process Technologies Pvt. Ltd., Bangalore.	2,102.90	1,061.07
ii) 441000 (165000) Non-cumulative shares of ₹ 100 each in Sravathi AI Tech Pvt. Ltd., Bangalore.	276.08	120.79
II) Investments in Government securities (Unquoted)		
i) National Savings Certificate.	0.20	0.20
III) Others		
i) 741,362 (741,362) shares of ₹ 14 each of Prathijna Sustainable Solutions Pvt. Ltd., Bangalore.	103.80	103.80
ii) 2,000 (2000) shares of ₹ 100 each of Mana Effluent Treatment Plant Ltd., Hyderabad.	2.00	2.00
iii) Investment in Debenture application money pending for allotment in Atria Windpower (Chitradurga) Private Limited.	70.53	
iv) 30,813 (Nil) Shares of ₹ 251 each of Atria Windpower (Chitradurga) Private Limited	77.34	
Total value of unquoted investment	3,422.86	2,121.81
Aggregate value of unquoted investment	3,422.86	2,121.81

(ii) Other Financial Assets

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Security deposits (unsecured considered good)		
(i) Electricity deposits	462.14	461.82
(ii) Rental deposits	19.03	42.33
(iii) Telephone deposits	0.92	0.92
(iv) Miscellaneous deposits	86.55	92.11
Total (a)	568.64	597.18
b) Cross currency swap account		174.27
Total (b)	-	174.27
c) Fixed deposit with bank		
(i) Fixed deposited having maturity more than 12 month held has Security	1,080.73	1,034.33
Total (c)	1,080.73	1,034.33
Total (a + b+c)	1,649.37	1,805.78

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

7 OTHER NON-CURRENT ASSETS

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Capital advances		
(i) Unsecured, considered good	8,773.24	3,623.11
Less: Written off	-	-
Total (a)	8,773.24	3,623.11
b) Others		
(i) Income Tax paid under protest	43.33	43.32
(ii) VAT on Capital Goods & Others Item	4.69	46.47
(iii) Prepaid Expenses	134.63	136.90
Total (b)	182.65	226.69
Total (a+b)	8,955.89	3,849.80

8 INVENTORIES

Particulars	As at 31 March, 2022	As at 31 March, 2021
(i) Raw materials	15,269.90	13,629.71
(ii) Work-in-progress	4,493.94	3,412.72
(iii) Finished goods	7,538.23	8,860.16
(iv) Stock-in-trade	1,595.64	669.98
(v) Stores and Spares	5,291.53	3,766.09
(vi) Packing materials	1,334.60	1,345.07
Total	35,523.84	31,683.73

9 FINANCIAL ASSETS

(i) Current Investment

Particulars	As at 31 March, 2022	As at 31 March, 2021
Investment in mutual funds/ bonds		
Investment in Bonds	1,437.39	1,437.39
Total	1,437.39	1,437.39
Less : Provision for diminishing in the value of Investment	1,437.39	1,437.39
Total value of unquoted investment	-	-
Aggregate value of unquoted investment	-	-

(ii) Trade Receivables (Refer Note 44)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Unsecured		
(a) Considered good	39,032.07	21,802.84
Total (a)	39,032.07	21,802.84
(b) Significant increase in credit risk	-	-
Less Written-off	399.49	53.04
Total (b)	399.49	53.04
Total (a+b)	38,632.58	21,749.80

Note : Trade receivable in above note no: 9 (ii) (a) includes ₹ 192.28 (PY ₹ 177.75) is receivable from related parties (refer note no: 41 Related Party Transaction)

Additional disclosure pursuant to amendment of revised schedule III are in note 45

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(iii) Cash and Cash Equivalents

Particulars	As at 31 March, 2022	As at 31 March, 2021
i) Cash on Hand	33.86	34.47
ii) Balance with Banks in Current Account	3,004.15	1,318.04
iii) Deposit with original maturity of less than 3 months	344.89	10,932.06
Total	3,382.90	12,284.57

(iv) Other Bank Balance other than (iii) above

Particulars	As at 31 March, 2022	As at 31 March, 2021
Earmarked Balances		
(i) Unclaimed dividend Accounts	28.34	26.08
Total	28.34	26.08

(v) Loans

Particulars	As at 31 March, 2022	As at 31 March, 2021
(a) Unsecured, considered good		
(i) Koanaa Healthcare Spain. S. L.,	-	122.22
Total	-	122.22

(vi) Other Financial Assets

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Income accrued and due	42.89	640.91
b) Staff advance	36.71	48.80
c) Tender deposits	8.94	8.74
d) Fixed deposit having maturity less than 12 months and held as margin money	-	3,210.00
e) Interest accrued on fixed deposits/others	157.59	152.33
Total	246.13	4,060.78

10 OTHER CURRENT ASSETS

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) CENVAT receivable	0.17	0.17
b) Prepaid Expenses	649.65	626.65
c) VAT, Entry Tax ESI, & Professional Tax	-	0.26
d) Advances to supplier/ receivables	2,753.84	2,030.05
e) CGST /IGST /SGST receivable	6,512.08	8,342.88
f) Export Incentive Receivables	85.49	110.18
Total	10,001.23	11,110.19

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

11 CURRENT TAX ASSETS

Particulars	As at 31 March, 2022	As at 31 March, 2021
Income tax (Net)	904.41	861.17
Total	904.41	861.17

12 EQUITY SHARE CAPITAL

Particulars	As at 31 March, 2022	As at 31 March, 2021
Authorised share capital		
95,000,000 (PY 95,000,000) shares face value of Re. 1/- each.	950.00	950.00
	950.00	950.00
Issued, subscribed & fully paid up capital		
Opening Balance	815.27	815.27
Changes During the Year	52.75	-
Closing Balance	868.02	815.27
86,801,898 (P.Y. 81,526,898) shares face value of Re. 1/- each.		
	868.02	815.27

(a) Reconciliation of the number of shares.

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Nos	Amount	Nos	Amount
Shares outstanding at the beginning of the year	81,526,898	815.27	81,526,898	815.27
Add : Issued during the year face value of Re. 1/- each.	5,275,000	52.75	-	-
Shares outstanding at the end of the year	86,801,898	868.02	81,526,898	815.27

(b) Rights, preference and restriction attached to each class of shares :

Equity Shares:

The Company has only one class of equity shares having par value of Re .1/- per share. Each holder of equity shares is entitle to one vote per share.

In the event of liquidation, the holders of equity are entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shareholders holding more than 5% shares in the Company

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	No. of Shares	% Holding	No of Shares	% Holding
(i) Vishnukant .C. Bhutada	6,365,610	7.33	6,365,610	7.81
(ii) Dharmavati Bhutada	6,207,796	7.15	6,207,796	7.61
(iii) Tano Mauritius India FVCI II	-	-	4,979,605	6.11

(d) Details of Equity Shares allotted as fully paid-up pursuant to contracts without payment being received in cash during the period of five years immediately preceding the Balance Sheet date.

Particulars	31-Mar-21	31-Mar-20	31-Mar-19	31-Mar-18	31-Mar-17
Shares issue to Director of Navya Biological Pvt. Ltd. on account of merger	-	-	-	1,399,994	-

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(e) Preferential allotment of equity shares

During the year ended 31 March 2022, the Company has raised additional capital aggregating to ₹ 29683.95 lakhs (net of expenses of ₹ 67.05 lakhs) by way of preferential allotment of equity shares. The Company has issued 52,75,000 shares at a price of ₹ 564/- per share whereby equity share capital has increased by ₹ 52.75 lakhs and securities premium account is increased by ₹ 29631.20 lakhs (net of expenses of ₹ 67.05 lakhs).

Details of utilization of preferential allotment proceeds are as follows:

Objects of the issue	Proceeds from preferential allotment	Utilised upto 31 March 2022	Unutilised amount as on 31 March 2022
Working capital requirement, reduction in debt, investment in subsidiaries and joint ventures, to fund capex investment and towards corporate general purpose	29683.95	29683.95	-

(f) Promoters Share Holding

S No.	Name of the Shareholders	Number of shares held at the beginning of the year 2021	Shareholding as a % of total no. of shares as on 31.03.2021	Number of shares held at the end of the year 2022	Percentage of shares held to total shares 31.03.2022	Change in Shareholding in the year 2021-22	Change in percentage of shares held to total shares in the year 2021-22
1	VISHNUKANTH C BHUTADA (HUF)	1,336,130	1.64	1,336,130	1.54	-	-0.10
2	BRJGGOPAL INNANI	2,174,866	2.67	1,174,866	1.35	-1,000,000	-1.32
3	OM PRAKASH INANI	2,867,691	3.52	2,867,691	3.30	-	-0.22
4	MANJULATHA INNANI	157,546	0.19	157,546	0.18	-	-0.01
5	NATAMAL INNANI	1,131,232	1.39	1,131,232	1.30	-	-0.09
6	RAMAKANT INNANI	3,497,778	4.29	1,497,778	1.73	-2,000,000	-2.56
7	KANTADEVI INANI	2,540,096	3.12	2,540,096	2.93	-	-0.19
8	KAMALKISHORE INNANI	165,236	0.20	165,236	0.19	-	-0.01
9	SHAKUNTALABAI INNANI	1,129,186	1.39	1,129,186	1.30	-	-0.09
10	TARADEVI INNANI	249,998	0.31	1,249,998	1.44	-1,000,000	1.13
11	DEEPAK KUMAR INNANI	2,733,960	3.35	2,733,960	3.15	-	-0.20
12	TRIVENI INANI	294,810	0.36	294,810	0.34	-	-0.02
13	VISHNUKANTA INANI	212,498	0.26	1,212,498	1.40	-1,000,000	1.14
14	RAVI KUMAR INNANI	4,006,370	4.91	4,006,370	4.62	-	-0.29
15	SURAJ KUMAR INNANI	3,980,695	4.88	3,980,695	4.59	-	-0.29
16	KEERTI INNANI	155,021	0.19	155,021	0.18	-	-0.01
17	VISHNUKANT CHATURBHUJ BHUTADA	6,365,610	7.81	6,365,610	7.33	-	-0.48
18	DHARMAVATI BHUTADA	6,207,796	7.61	6,207,796	7.15	-	-0.46
19	PRIYA INNANI	180,696	0.22	180,696	0.21	-	-0.01
20	KESHAV BHUTADA	2,000,000	2.45	2,000,000	2.30	-	-0.15
21	MADHAV VISHNUKANT BHUTADA	2,000,000	2.45	2,000,000	2.30	-	-0.15
22	NAMRATA BHUTADA	22,500	0.03	22,500	0.03	-	0.00
23	SAGAR INNANI	-	0	1,000,000	1.15	1,000,000	1.15
TOTAL		43,409,715	53.25	43,409,715	50.01		

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

13 OTHER EQUITY

Particulars	As at 31 March, 2022	As at 31 March, 2021
(a) Securities Premium Account	72,495.14	42,863.93
(b) General Reserves	5,182.68	5,182.68
(c) Retained Earning	104,320.49	99,151.06
(d) Others		
i) Cash flow hedge reserve	(2.59)	(25.32)
ii) Remeasured of defined benefit plan	(423.50)	(264.44)
(e) Gain on forfeiture of equity shares	8.76	8.76
(f) Foreign Currency Monetary Translation Difference Account	(229.52)	134.72
Total	181,351.46	147,051.39

14 FINANCIAL LIABILITIES

(i) Long Term Borrowings

Particulars	As at 31 March, 2022	As at 31 March, 2021
Term Loans		
a) From Banks (secured)		
I) HDFC - Term Loan	15,930.35	19,881.00
Nature of Security		
Shilpa Medicare : Term loan of ₹ 1000 MN taken from HDFC, Hyderabad and is secured by first pari passu charge on the movable and immovable fixed assets of Unit -I, Raichur, second pari passu charge on SEZ unit, Jadcherla and personal guarantees given by two (02) of its Directors.		
Shilpa Biological : Term loan taken from HDFC is secured by charge on the Plant & Machinery, Factory Land and Building, Current Assets of the company and Corporate Gurantee from Shilpa Medicare Limited (Holding Co) and personal guarantee of 2 Director of the company.		
Terms of Repayment & Interest Rate:		
Shilpa Medicare : 5% Repayment is payable in the first year in equal quarterly installment and remaining 95% in four (04) years in equal quarterly installment from the date of disbursement. Interest chargeable at 8% linked to repo rate with reset on every three month.		
Shilpa Biological : The said loan is originally repayable in 4 years and 11 months starting from 30.08.2021.		
II) HSBC - Term Loan	6,875.00	10,000.00
Nature of Security		
Term loan of ₹ 1000 MN taken from HSBC, Bangalore and is secured by first pari passu charge on the movable and immovable fixed assets of Unit -I situated at Deosugur and exclusive charge on Unit-II situated at Chicksugur and personal guarantee given by two (02) of its Directors.		

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Terms of Repayment & Interest Rate:		
Repayment of term loan from HSBC with a moratorium period of 12 months and would be repayable in 16 rear ended quarterly installments of ₹ 62.50 MN with the final installment falling due at the end of the January- 2024 interest payable 03 month MCLR payable monthly.		
III) Axis Bank - Term Loan	5,625.00	8,125.00
Nature of Security		
Term loan of ₹ 1000 MN taken from Axis Bank, Bangalore and is secured by exclusive charge, by way of equitable mortgage, on immovable fixed assets of Dobaspet, Bangalore unit, both present and future and also exclusive charge, by way of hypothecation, on movable fixed assets of Dobaspet, Bangalore unit, both present and future and secured by personal guarantee given by two (02) of its Directors.		
Terms of Repayment & Interest Rate:		
Repayment of term loan from Axis Bank with a moratorium period of 12 months and would be repayable in 16 equal quarterly installments of ₹ 62.50 MN with the final installment falling due at the end of the June- 2025. Interest payable monthly rests even during moratorium period.		
IV) SCB - Term Loan	5,512.25	7,350.00
Nature of Security		
Term loan of ₹ 735 MN taken from SCB, Bangalore and is secured by first pari passu charge on the movable fixed assets at Jedcherla, Formulation unit and first pari passu charge on Land and building of Formulation unit at Jedcherla and secured by personal guarantee given by two (02) of its Directors.		
Terms of Repayment & Interest Rate:		
Repayment of term loan from SCB would be repayable within 5 years in 16 equal quarterly installments starting from 15th month from the date of draw down and the final installment falling due at the end of the January - 2026. Interest payable monthly in arrears.		
V) Citi Bank - Term Loan	1,406.25	2,031.25
Nature of Security		
Term Loan from Citibank NA is secured by exclusive charge on present & future current assets and movable and immovable assets of the company. Exclusive charge by way of equitable mortgage on land & buildings situated at 118, cherlapally, IDA Phase III, Hyderabad alongwith Corporate Guarantee by holding company Shilpa Medicare Limited		

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Terms of Repayment & Interest Rate:		
Repayment of Term Loan from Citibank NA have a moratorium period of 12 Months and repayable in 16 equal quarterly installments. . and final installment on 23.04.2025. Interest payable monthly in arrears.		
b) From others (Unsecured)		
l) Loan under SBIRI Scheme	11.39	32.44
Loan from Department of Biotechnology, Ministry of Science and Technology, New Delhi. Under Scheme Small Business Innovative Research Initiative (SBIRI)		
Terms of Repayment & Interest Rate:		
The loan is repayable in 10 equal yearly installments starting from 17.08.2013 of ₹ 21.05 Lakhs with final installment falling due on 17.08.2022. Interest is payable @ 1% P.A. on amount drawn upto ₹ 100 Lakhs and @ 2% above ₹ 100 Lakhs, and is payable in 02 equal installment after principal repayment.		
Preference Share Capital		
l) Shilpa Medicare Limited,Raichur		2.60
Total	35,360.24	47,422.29

(ii) Lease liability

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Land & Building	113.30	158.49
Total	113.30	158.49

(iii) Others

Particulars	As at 31 March, 2022	As at 31 March, 2021
(a) Deferred Consideration Payable on aquisition of FTF Pharma Pvt Ltd	500.00	500.00
Total	500.00	500.00

15 PROVISIONS

Particulars	As at 31 March, 2022	As at 31 March, 2021
(i) Provision for gratuity	1,708.62	1,340.77
(ii) Provision for leave encashment	199.01	206.80
Total	1,907.63	1,547.57

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

16 DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31 March, 2022	As at 31 March, 2021
(i) Deferred tax liability (Difference in tax base of property, plant, equipment & others)	17,303.18	11,208.91
(ii) Deferred tax asset (On account of disallowable items under Income Tax Act)	(5,288.19)	(2,964.39)
(iii) MAT Credit Entitlement	(6,541.24)	(3,516.28)
Total	5,473.75	4,728.24

17 OTHER NON-CURRENT LIABILITIES

Particulars	As at 31 March, 2022	As at 31 March, 2021
(a) Deferred revenue	12.44	12.44
(b) Capital subsidy / Deferred Government grant	1,914.16	1,767.57
Total	1,926.60	1,780.01

18 FINANCIAL LIABILITIES

(I) Borrowings

Particulars	As at 31 March, 2022	As at 31 March, 2021
Secured Loan		
a) Working capital loan		
From Banks		
i) Standard Chartered Bank (PCFC) [refer note 'a' & 'f (i)' below]	5,048.01	6,232.09
ii) Citi Bank (PCFC) [refer note 'b' & 'f - (ii)' below]	119.21	5,475.71
iii) HSBC (PCFC) [refer note 'c' & 'f (iii)' below]	2,990.35	2,932.58
iv) Axis Bank (PCFC) [refer note (vii) below]	2,308.66	-
v) ICICI Bank PCFC	4,624.23	-
vi) HDFC (WCL) [refer note 'f' & 'f (viii)' below]	1,200.00	-
vii) HDFC (WCL) [refer note 'e' & 'f (iv)' below]	-	5,000.00
viii) HSBC (WCDL) [refer note 'c' & 'f (v)' below]	-	2,000.00
ix) Citi Bank (WCDL) [refer note 'b' & 'f (vi)' below]	4,000.00	2,700.00
x) Current maturity of long term debt	12,540.53	12,646.33
Nature of Security		
a) Working capital loan from Standard Chartered Bank (SCB) is secured by first pari passu charge on current assets and first charge on certain fixed assets movable & immovable (except those created through other loans) in line with other working capital lenders and personal Guarantee of 02 Directors		
b) Working capital loan from Citi bank (CB) is secured by first pari passu charge on current assets and charge on fixed assets (except those created through other loans) in line with other working capital lenders and personal guarantee of 02 Directors. The sanction facility is interchangeable as PCFC/Cash credit and applicable interest will be charge.		

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
c) Working capital loan from HSBC is secured by first pari passu charge on current assets and charge on moveable fixed assets (except those created through other loans) in line with other working capital lenders and personal Gurantee of 02 Directors.		
d) Working capital loan from HDFC is secured by first pari passu charge on current assets of the company. Second pari passu charge on Factory land and building of Jadcherla SEZ unit. Second pari passu charge on Factory movable and immovable fixed assets of Jadcherla SEZ unit and personal Gurantee of 02 Directors.		
e) The Working capital loan was sanctioned by the bank on 29.09.2021. The said loan was initial repayable on bullet basis on 31.03.2022. However, the bank has extended the credit period by 178 days. The working capital loan is secured by way of first charge on the entire fixed assets of the company (both present and future), Factory Land & Building, exclusive charge on entire current asset of company (both present and future) and Corporate Gurantee from Shilpa Medicare Limited (Holding Co) and personal gurantee of Non Executive Nominee Director of the company.		
f) Interest rate as at March 31, 2022 is as under:		
(i) On PSFC/PCFC - LIBOR + 1.42%		
(ii) On PSFC/PCFC - LIBOR + 1.62%		
(iii) On PSFC/PCFC - LIBOR + 1.88%		
(iv) CY NA (PY 2021) 5.20% per annum		
(v) CY NA (PY 2021) 6.35 % per annum		
(vi) 5.25% per annum		
(vii) PSFC/PCFC LIBOR + 0.90 per annum		
(viii) HDFC (WCL) 5.25% per annum		
Total	32,830.99	36,986.71

(II) Trade Payable (Refer Note 44 & 45)

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Trade payables due to micro and small enterprises	2,609.91	1,355.27
b) Trade paybles due to other than micro and small enterprises	11,994.55	5,370.09
Total	14,604.46	6,725.36

Note : Trade payable in above note no: 18 (ii) (b) includes ₹ 284.34 (PY ₹ 120.85) is payable to related parties (refer note no: 41 Related Party Transaction)

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Additional disclosure pursuant to amendment of revised schedule III are in note 45

(III) Other financial liabilities

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Interest accrued but not due on borrowings	229.02	263.65
b) Unclaimed dividends	28.34	26.08
c) Employee benefit liability	3,120.20	2,789.01
d) Books overdraft	849.01	-
e) Unclaimed Bonus & Salary	1.13	0.75
f) Capital creditors	3,787.55	4,115.92
g) Lease liability	24.32	28.20
h) Others	34.78	32.51
Total	8,074.35	7,256.12

19 OTHER CURRENT LIABILITIES

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Advances from customers	1,636.56	748.19
b) Tax deduction at source	1,186.38	941.12
c) ESI, Professional tax Etc.	35.01	11.82
d) Security trade deposit	244.40	154.40
e) Provident fund payable	193.54	150.04
f) Unclaimed bonus & salary	67.79	15.69
g) Custom duty	34.08	8.99
Total	3,397.76	2,030.25

20 PROVISIONS

Particulars	As at 31 March, 2022	As at 31 March, 2021
i) Compensated absences (Leave Encashment)	55.31	14.71
ii) Gratuity	402.65	184.93
iii) Others	1788.10	1131.22
Total	2,246.06	1,330.86

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

21 REVENUE FROM OPERATIONS-SALES

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
a) Sales of products	107,827.68	85,312.01
b) Export Incentives	547.35	97.11
c) Energy sales	462.91	511.66
Total	108,837.94	85,920.78
Abstract		
(i) Bulk Drugs/Intermediates	72,218.11	56,223.27
(ii) Formulation	32,639.68	26,519.14
(iii) Export Incentives	547.35	97.11
(iv) Power	462.91	511.66
(v) Trading	1,813.12	1,751.65
(vi) Others	1,156.77	817.95
Total	108,837.94	85,920.78

22 REVENUE FROM OPERATIONS-SERVICE AND LICENCE FEES

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Product development & License fees	5,714.34	4,192.23
Total	5,714.34	4,192.23

23 OTHER INCOME

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
a) Interest Income on :		
i) Deposit with bank	178.30	313.19
ii) Others	28.36	30.56
b) Liabilities written back	501.46	701.64
c) Government grant	141.05	45.57
d) Claim received	-	1,377.68
e) Miscellaneous income	575.38	545.52
Total	1,424.55	3,014.16

24 COST OF MATERIAL CONSUMED

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Inventory at the beginning of the year	14,689.40	11,367.14
Add: Purchases	39,754.91	35,210.71
Less: Inventory at the end of the year	16,269.42	14,689.40
Cost of raw materials and packing materials consumed	38,174.89	31,888.45

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

25 PURCHASE OF STOCK-IN-TRADE

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Purchase of Medicines/Bulk Drugs/Others	849.07	1,067.66
Total	849.07	1,067.66

26 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Opening Inventories		
(i) Finished goods	10,443.62	6,073.41
(ii) Work-In-process	3,412.72	1,899.89
Less Reclassified to Asset held for sale	(1,168.17)	
Closing Inventories		
(i) Finished goods	8,896.37	10,443.62
(ii) Work-In-process	4,493.94	3,412.72
(Increase) / decrease in inventory	(702.14)	(5,883.03)

27 EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
a) Salaries, wages and bonus	24,487.68	21,473.78
b) Contribution to provident fund /gratuity and other funds	1,504.84	1,660.91
c) Staff welfare expenses	456.13	396.02
Total	26,448.65	23,530.71

28 FINANCE COSTS

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Interest expense on :		
a) Working capital facility	615.70	497.42
b) Finance cost on lease Liability (IND AS 116)	13.17	18.21
c) Term loans	3,450.53	1,637.69
d) Dividend on cumulative preference shares	17.62	16.16
c) Others	19.50	17.39
Total	4,116.52	2,186.87

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

29 OTHER EXPENSES

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
a) Power and fuel	5,242.69	4,025.06
b) Repairs & Maintenance		
i) Buildings	601.28	703.87
ii) Plant and machinery	3,706.27	3,067.08
iii) Others	518.51	520.56
c) Rent	115.94	146.06
d) Exchange Loss / (Gain) Net	(665.76)	(994.94)
e) Rates and taxes,	244.69	229.02
f) Insurance	386.57	363.04
g) Traveling and Conveyance	325.57	174.36
h) Contractor Labour Charges	1,374.19	1,035.16
i) Legal and Professional Fees	5,104.49	3,036.09
j) Facility Fees	691.79	645.21
k) Payment to auditors	31.63	24.51
l) Research and Development expenses	5,506.05	3,380.90
m) Transportation Charges	208.63	200.95
n) Brokerage and Commission	1,235.76	840.57
o) Job work charges	88.01	3.81
p) Directors Sitting Fees	5.60	4.20
q) Sales Promotion and Advertisement	565.89	351.73
r) Advance Written-off	122.96	-
s) Bad Debts written-off	419.25	53.04
t) Clearing and Forwarding expenses	727.11	670.49
u) (Profit) Loss on sale /Discard of Assets.	160.22	59.32
v) Custom Duty & Vat Exp	407.61	216.64
w) CSR Expenses	372.51	347.62
x) Product Filing Fees /patent application fees	251.35	148.43
y) Miscellaneous Expenses	1,647.43	2,091.28
TOTAL	29,396.24	21,344.06

30 EXCEPTIONAL (INCOME) / EXPENSE

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
a) Gain on sale of preferene shares (RMPL)	-	(6084.00)
b) Gain on account of reduction of Investment of Foreign Subsidiary	(880.91)	-
c) Loss on sale of subsidiary	20.12	-
d) Gain on sale of asset	(18.32)	-
Total	(879.11)	(6084.00)

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

31 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Foreign letter of credit	182.96	340.19
b) Bank guarantees / Corporate guarantee*	259.78	244.50
c) Claims against the Company not acknowledged as debt	5,780.00	*
d) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	4,163.41	4,199.82
Total	10,386.15	4,784.51

2. The Company is involved in disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that above matters are not tenable and will not have any material adverse effect on the Company's financial position and results of operations.

32 EMPLOYEE BENEFIT DEFINED CONTRIBUTION PLANS

i) Provided fund

Particulars	As at 31 March, 2022	As at 31 March, 2021
Defined Contribution Plan		
Provided fund	985.05	582.79

ii) Defined benefit Plan (Gratuity)

a) Holding Company

Movement of present value of the defined benefit obligation	As at 31 March, 2022	As at 31 March, 2021
i) Change in defined benefit obligation		
Obligations at year beginning	1,786.01	1,319.42
Service cost	355.97	238.22
Interest on defined benefit obligation	117.63	88.11
Benefits settled	(59.74)	(58.50)
Divestures (Demerger)	-	
Actuarial (gain)/loss	146.40	15.92
Obligations at year end	2,346.27	1,603.17
ii) Change in plan assets		
Plans assets at year beginning, at fair value	261.77	230.33
Expected return on plan assets	19.80	14.06
Actuarial gain/(loss)	(1.51)	1.11
Benefits payout	(34.71)	(50.02)
Plans assets at year end, at fair value	245.35	195.48

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Movement of present value of the defined benefit obligation	As at 31 March, 2022	As at 31 March, 2021
iii) Amount recognised in the balance sheet		
Closing BPO	2,346.27	1,603.17
Closing fair value of plan assets	245.35	195.48
Net asset/(liability) recognized in the balance sheet	2,100.92	1,407.69
iv) Expenses recognised in the statement of P & L account		
Service cost	355.96	238.22
Interest cost	114.86	88.11
Expected return on plan assets	(17.03)	(14.06)
Expenses recognised in the statement of Other Comprehensive income	-	
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(88.84)	(334.56)
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	(44.53)	136.85
Actuarial (Gain)/ Losses due to Experience on DBO	279.76	213.62
Return on Plan Assets (Greater) / Less than Discount rate	(0.98)	(1.11)
Total actuarial (gain)/loss included in OCI	145.41	14.80
v) Assets Information		
i) Insured (fund is managed with Life insurance corporation of India)	245.35	195.48
%	100.82	12.19
ii) Non fund based (Company manages at its own)	2,100.92	1,407.69
%	199.18	87.81
vi) Principal actuarial assumptions		
Interest rate	-	-
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	7,24%	6.90%
Expected rate of return on assets	7,24%	6.90%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	9%	11%
Attrition rate of employees	15.00%	16.00%
Retirement age of employees (Years)	58	58

Actuarial gain / loss is recognised immediately. The estimates of salary increase, inflation, promotion, Seniority etc taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

b) Indian Subsidiaries Companies

Defined benefit Plan (Gratuity)	As at 31 March, 2022	As at 31 March, 2021
i) Change in defined benefit obligation		
Obligations at year beginning	182.83	150.05
Service cost	59.55	26.79
Interest on defined benefit obligation	8.85	9.06
Benefits Settled	(6.57)	(13.51)
Actuarial (gain)/loss	4.64	(6.07)
Obligations at year end	249.30	166.32
ii) Change in plan assets		
Actuarial gain/(loss)	-	-
Plans assets at year end, at fair value	65.60	36.32
iii) Reconciliation of present value of the obligation and fair value of the plan assets		
Closing BPO	249.30	166.32
Closing fair value of plan assets	(65.60)	(36.32)
Closing funded status	183.70	130.00
Unrecognised actuarial (gains) / losses	-	-
Net asset/(liability) recognized in the balance sheet	183.70	130.00
iv) Expenses recognised in the statement of P & L account		
Service cost	59.54	26.79
Interest cost	6.08	9.06
Actuarial (gains) / losses	4.15	(6.07)
Net Gratuity Cost	69.77	29.78

c) Principal actuarial assumptions

Defined benefit Plan (Gratuity)	As at 31 March, 2022	As at 31 March, 2021
Interest rate	-	-
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	7.33%	6.73%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	9%	11%
Attrition rate of employees	13.00%	19.00%
Retirement age of employees (Years)	58	58

Actuarial gain / loss is recognised immediately. The estimates of salary increase, inflation, promotion, Seniority etc taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

Sensitivity Analysis

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

The Sensitivity of the defined benefit obligation to changes in the weighted principal assumption are as below:

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Decrease	Increase	Decrease	Increase
Discounted rate	7.63	6.67	6.40	5.70
Salary increase	5.91	6.61	5.60	6.00
Attrition rate	1.45	1.35	1.30	1.20

Sensitivity of signification actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by 100 basis points keeping all other actuarial assumption constant.

33 FAIR VALUE MEASUREMENT HIERARCHY:

Particulars	As at 31 March, 2022					As at 31 March, 2021				
	Carrying Amount					Carrying Amount				
	Amor- tized cost	FVTPL			Total	Amortized cost	FVTPL			Total
	Level 1	Level 2	Level 3	Level 1			Level 2	Level 3		
FINANCIAL ASSETS										
I. At Amortized Cost										
Non-current investments	3,422.86	-	-	-	3,422.86	2,121.81	-	-	-	2,121.81
Loans	-	-	-	-	-	122.22	-	-	-	122.22
Trade receivable	38,632.58	-	-	-	38,632.58	21,749.80	-	-	-	21,749.80
Cash & bank balance	3,382.90	-	-	-	3,382.90	12,284.57	-	-	-	12,284.57
Other bank balance	28.34	-	-	-	28.34	26.08	-	-	-	26.08
Other financial assets	814.77	-	-	-	814.77	4,657.96	-	174.27	-	4,832.23
Total	46,281.45	-	-	-	46,281.45	40,962.44	-	174.27	-	41,136.71
FINANCIAL LIABILITIES										
Borrowings	68,179.84	-	11.39	-	68,191.23	82,309.24	-	2,099.76	-	84,409.00
Trade payables	14,604.46	-	-	-	14,604.46	6,725.36	-	-	-	6,725.36
Other financial liabilities	8,574.35	-	-	-	8,574.35	7,256.12	-	-	-	7,256.12
Total	91,358.65	-	11.39	-	91,370.04	96,290.72	-	2,099.76	-	98,390.48

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETFs and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Valuation technique used to determine fair value:

- 1) The use of quoted market prices or dealer quotes for similar instruments
- 2) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- 3) The fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

34 FINANCIAL RISK MANAGEMENT

The Company activities expose it to a variety of financial risks such as Market Risk, Credit Risk and Liquidity Risk. The company's focuses on minimizing potential adverse effect on its financial performance.

A) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The changes in the values of financial assets/liability may result from change in the foreign currency exchange rates (Foreign Currency Risk), change in interest rates (Cash flow & interest rate risk), and change in price of investments (Price Risk).

(i) Foreign Currency Risk

The Company operates internationally and a major portion of the business is transacted in USD, EURO & GBP currencies and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward, interest rate swaps and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

Particulars	(Amount in lakhs)					
	As at 31 March, 2022			As at 31 March, 2021		
	USD	EURO	GBP	USD	EURO	GBP
Trade receivables	213.56	61.08	-	140.95	39.66	0.05
Cash and cash equivalents	4.07	0.15	0.01	1.89	2.10	0.36
Short-term borrowings	(168.61)	(27.27)	-	(197.14)	-	-
Trade payables	(54.37)	(5.20)	-	(21.13)	(2.55)	(0.15)
Net Foreign Currency Risk	(5.35)	28.76	0.01	(75.43)	39.21	0.26

Sensitivity analysis

Sensitivity analysis of 1% change in exchange rate at the ending of the reporting period net of hedges

Particulars	Impact on Profit & Loss		Impact on other component of equity	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	USD-Sensitivity			
Increase by 1% (gain/(loss))	(4.06)	(55.44)	-	-
Decrease by 1% (gain/(loss))	4.06	55.44	-	-
Euro-Sensitivity				
Increase by 1% (gain/(loss))	24.35	33.76	-	-
Decrease by 1% (gain/(loss))	(24.35)	(33.76)	-	-
GBP-Sensitivity				
Increase by 1% (gain/(loss))	0.01	0.26	-	-
Decrease by 1% (gain/(loss))	(0.01)	(0.26)	-	-

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest expenses/income and to manage the interest rate risk, the Company weighted average balance manage its interest rate risk by having portfolio of fixed / variable interest rate on long / short term borrowings. The analysis is prepared assuming the amount of liability outstanding at the ending of the reporting period is the average weighted balance of the respective reporting period.

According to the Company interest rate risk exposure is only for floating rate borrowings, change in 0.5% in the interest rate component applicable to the short term borrowings would effect the Companies net profit before tax at the end of the reporting period year ended 31 March, 2022 and 31 March, 2021 respectively.

Particulars	31-Mar-22	31-Mar-21
Change in 0.50% interest on WCL	101.45	121.70

Note :

- The Company has hedge ECB loan availed from Standard chartered bank. Therefore not subject to interest risks as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

(iii) Price Risk

Company does not have any exposure to price risk, as there is no market based equity investment made by the Company.

(B) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk is arises from its operation activity primarily from trade receivable and from its financial activity. Customer credit risk is controlled by analysis of credit limit and credit worthiness of the customer on a continuous basis to whom the credit has been granted.

Long outstanding receivable from customer are regularly monitored and transaction with such customer are covered under letter of credit. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivable. Three customer are accounted for more than 10% of the trade receivable as of 31 March, 2022 and Two customer for 31 March, 2021. Since the Company is dealing with the customer from past several years, hence there is no concordent risk in dealing with said customers.

Expected credit loss assessment

The Group reviewed customers outstanding at the end of each reporting period and determine incurred and expected credit losses. Past trend of impairment of trade receivables do not reflect any significant credit losses. The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for Impairment	31 March, 2022	31 March, 2021
Impairment loss recognised - trade receivable	399.49	53.04
%	1.02	0.24

C) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations of its financial liability. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for making liability when they are due, under normal and stressed condition without incurring losses and risk.

The present available working capital facility is sufficient to meet its current requirement. Accordingly no liquidity risk is perceived. In addition, the Company maintains the following line of credit facility

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

March, 2022 :

Particulars	On Demand	< 01 year	01 to 05 Years	> 05 years
Short term borrowing	20,290.46	-	-	-
Long term borrowings	-	12,540.53	35,106.90	253.34
Trade and other payable	-	14,604.46	-	-
Total	20,290.46	27,144.99	35,106.90	253.34

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March, 2021 :

Particulars	On Demand	< 01 year	01 to 05 Years	> 05 years
Short term borrowing	24,340.38	-	-	-
Long term borrowings	-	12,646.33	47,422.29	-
Trade and other payable	-	6,725.36	-	-
Total	24,340.38	19,371.69	47,422.29	-

35 CAPITAL MANAGEMENT

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus of safeguard their ability to continue as a going concern, benefits for stakeholders, creditors and market confidence. Continue to maintain excess liquidity to shareholders by distributing dividends in future.

Company's vision is to keep the ratio below 1.00 and its adjusted net debt to equity ratio was as follows

Particulars	31 March, 2022	31 March, 2021
Total Debts	68,191.23	84,409.00
Less : Cash and cash equivalents	3,382.90	12,284.57
Net Debt (A)	64,808.33	72,124.43
Total equity (B)	181,114.70	146,749.66
Net Debt to Equity Ratio A/B	0.36	0.49

36 EARNINGS PER SHARE ('EPS')

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Profit for the year before OCI	6,066.24	14,778.03
Shares		
Weighted average shares used for computing basic EPS	83,535,734	81,526,898
Weighted average shares used for computing diluted EPS	83,535,734	81,526,898
Earning Per Shares		
Basic (in ₹)	7.26	18.13
Diluted (in ₹)	7.26	18.13

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

37 RECONCILIATION OF TAX EXPENSES

(I) Income Tax

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Current tax on profit for the year	3404.31	4523.00
Deferred Tax (net of MAT credit)	763.96	361.83
Total Current Tax expenses	4,168.27	4,884.83
Profit before tax	10,226.49	19,678.77
Enacted tax rate in India (%) C.Y. 34.944% (P.Y. 34.944%)	3,573.54	6,876.55
Differences between tax rates	1415.28	(655.06)
Tax Holidays (Sec. 10AA Benefit)	(1,855.43)	(991.24)
Non-deductible expenses for tax purpose	14.53	79.16
Income which is chargeable at different rate	-	(644.18)
Others	1,020.34	219.61
Amount recognised in statement of profit & loss account	4,168.27	4,884.84

(II) Recognised Deferred Tax Assets / Liabilities

Movement of Deferred Tax Assets / Liabilities	As at 31 March, 2022	As at 31 March, 2021
Deferred Tax Liabilities		
Property, plant and equipment, and intangible assets	17303.18	11180.18
Cross Currency Swap	-	22.14
Others	-	6.59
Gross Deffered Tax Liabilities	17,303.18	11,208.91
Deffered Tax Assets		
Defined benefit liability	675.04	487.75
Employees benefit liability	117.67	53.98
On unabsorbed loss of subsidiary	3365.68	2108.17
MAT Credit Entitlement	6,541.24	3516.28
On Grants	328.34	309.14
Others	801.46	5.35
Gross Deffered Tax Assets	11,829.43	6,480.67
Net Deffered Liabilities	5,473.75	4,728.24

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Recognised Deferred Tax Assets / Liabilities	As at 31 March, 2021	Recognised in statement of profit & loss	Recognised in OCI	As at 31 March, 2022
Movement of Deferred Tax Assets / Liabilities				
Deffered Tax Liabilities				
Property, plant and equipment, and intangible assets	11,180.18	6,123.00	-	17,303.18
Cross Currency Swap	22.14	(22.14)	(7.94)	
Others	6.59	(6.59)	-	
Gross deffered tax liabilities	11,208.91	6,094.27	(7.94)	17,303.18
Deffered Tax Assets				
Defined benefit obligations	487.75	168.84	(18.45)	675.04
Employees benefit liability	53.98	63.69	-	117.67
On unabsorbed loss of subsidiaries	2,108.17	1,257.51	-	3,365.68
MAT Credit Entitlement Benefit	3,516.28	3,024.96	-	6,541.24
On Grants	309.14	19.20		328.34
Others	5.35	796.11		801.46
Gross Deffered Tax Assets	6,480.67	5,330.31	(18.45)	11,829.43
Net Liability	4,728.24	763.96	26.39	5,473.75

38 PAYMENTS TO AUDITORS

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
a) Statutory Audit	31.63	24.51
d) Reimbursement of expenses	0.34	-
Total	31.97	24.51

39 SEGMENT INFORMATION

The Company is mainly engage in the business of manufacturing of pharmaceutical product and wind power generation. The formulation and product development are inter related and integral part of business of "pharmaceutical products". In accordance with the provisions of IND AS - 108 power segment is not falling in the prescribed limit specified, hence segment reporting is not applicable.

(a) Information about Products and Services:

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Pharmaceutical product and services	113,542.02	89,504.24
Power sales	462.91	511.66
others	547.35	97.11
Total	114,552.28	90,113.01

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(b) Information about geographical areas

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
(i) Revenues		
(A) Within India	48,801.54	33,135.20
(B) Outside India		
(i) USA	19,096.49	13,292.68
(ii) Europe	32,517.06	26,085.35
(iii) ROW	14,137.19	17,599.78
Total	114,552.28	90,113.01

Particulars	As at 31 March, 2022	As at 31 March, 2021
ii) Non-current Assets		
(A) Within India	192,887.61	167,934.67
(B) Outside India	1,951.30	2,131.80
Total	193,758.18	169,032.14

Note: Non-current Assets excludes financial assets

(c) Information about major customer

The Company has three customers who contributed more than 10% of the Company's total revenue during the current year and two customers during the previous year.

40 OPERATING LEASE

The Company has entered into lease agreements for use of land for its production and R&D facility which expires over a period. Future minimum lease payments and payment profile of non-cancellable operating leases are as under:

(a) Land

Particulars	As at 31 March, 2022	As at 31 March, 2021
Not later than one year	33.48	33.48
Later than one year and not later than five year	133.90	133.90
Later than five years	1,814.09	1,847.57
Total	1,981.47	2,014.95

(b) Building

Particulars	As at 31 March, 2022	As at 31 March, 2021
Not later than one year	30.78	52.80
One to Five Year	8.35	23.53
Total	39.13	76.33

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

41. Related party transactions

Related parties where control exists and related parties with whom transactions have taken place during period 01st April 2021 to 31st March 2022 are listed below ;

(All amounts are in Indian rupees in Lakhs unless otherwise stated)

List of Related Parties

1. Associates

- a) Reva Pharmachem Pvt. Ltd.
- b) Maia Pharmaceuticals INC. USA
- c) Auxilla Pharmaceuticals and Research LLP

2. Joint Venture (JV)

- a) Reva Medicare Pvt. Ltd.
- b) Sravathi Advance Process Technologies Pvt. Ltd.

3. (i) Key Management Personnel-(KMP)

- a) Vishnukant C. Bhutada - Managing Director
- b) V.V. Krishna Chaitanya - Company Secretary (Resigned w.e.f. 16.03.2022)
- c) Kalakota Sharath Reddy - Whole Time Director
- d) Alpesh M Dalal - Chief Financial Officer

(ii) Remuneration paid to Directors

- a) Omprakash Inani - Non-executive Director
- b) Pramod Kasat-Independent Director (Retired w.e.f. 28.09.2021)
- c) Rajender Sunki Reddy-Independent Director (Retired w.e.f. 28.09.2021)
- d) Sirisha Chintapalli - Independent Woman Director (Reappointment w.e.f. 28.09.2021)
- e) Piyush Goenka - Independent Director (Resigned w.e.f. 07.02.2022)
- f) Arvind Vasudev - Independent Director (Appointed w.e.f. 02.09.2021)
- g) Hetal Madhukant Gandhi- Independent Director (Appointed w.e.f. 02.09.2021)

4. Relatives

- a) Deepak Kumar Inani
- b) Keshav Bhutada
- c) Madhav Bhutada
- d) Triveni Inani

5. Enterprises having common Directors/ Board of Trustees

- a) Shilpa Foundation
- b) Mohini Infra (P) Ltd

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01st April 2021 to 31st Mar 2022 (Income) / Expenses Other Transaction	Balance as at 31st Mar 2022 Payable / (Receivable)	01st April 2020 to 31st March 2021 (Income) / Expenses Other Transaction	Balance as at 31st March 2021 Payable / (Receivable)
A	Remuneration paid to Key Management Personnel						
i)	Vishnukant.C. Bhutada	Managing Director	Salary and perquisites*	966.98	455.52	966.98	454.76
ii)	Kalakota Sharath Reddy	Whole Time Director	Salary and perquisites	138.52	6.95	122.08	7.19
iii)	Sushil Bajaj	Chief Financial Officer	Salary and perquisites	-	-	36.97	-
iv)	V.V. Krishna Chaitanya	Company Secretary	Salary and perquisites	7.76	0.31	7.49	0.56
v)	Alpesh M Dalal	Chief Financial Officer	Salary and perquisites	91.83	4.88	-	-
B	Remuneration paid to other Directors						
i)	Omprakash Inani	Non-executive Director	Sitting Fees	1.90	0.45	0.50	-
ii)	Pramod Kasat	Independent Director	Sitting Fees	0.20	-	0.50	-
iii)	Rajender Sunki Reddy	Independent Director	Sitting Fees	0.20	-	0.30	-
iv)	Amit Chander	Independent Director	Sitting Fees	-	-	0.30	-
v)	Sirisha Chintapalli	Independent Woman Director	Sitting Fees	1.90	0.45	0.50	-
vi)	Piyush Goenka	Independent Director	Sitting Fees	0.90	-	0.50	-
vii)	Arvind Vasudev	Independent Director	Sitting Fees	1.20	-	-	-
viii)	Hetal Madhukant Gandhi	Independent Director	Sitting Fees	1.20	-	-	-
ix)	Arvind Vasudev	Independent Director	Professional Fees	16.30	6.30	-	-
x)	Hetal Madhukant Gandhi	Independent Director	Professional Fees	22.10	8.55	-	-
C	Relative						

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01st April 2021 to 31st Mar 2022 (Income) / Expenses Other Transaction	Balance as at 31st Mar 2022 Payable / (Receivable)	01st April 2020 to 31st March 2021 (Income) / Expenses Other Transaction	Balance as at 31st March 2021 Payable / (Receivable)
i)	Deepak Kumar Inani	Relative to Director	Salary	69.28	3.80	59.21	3.19
ii)	Keshav Bhutada	Relative to Managing Director	Salary	20.08	1.14	18.45	1.06
iii)	Madhav Bhutada	Relative to Managing Director	Salary	20.08	1.14	18.45	1.06
iv)	Keshav Bhutada	Relative to Managing Director	Rent	4.80	1.08	4.63	1.11
v)	Madhav Bhutada	Relative to Managing Director	Rent	4.80	1.08	4.63	1.11
vi)	Triveni Inani	Relative to Director	Rent	3.40	0.77	3.28	0.79
D Others							
i)	Reva Medicare Pvt. Ltd.	Joint Venture					
			Commission	477.07	-	425.36	-
			Sales of Goods or Service	(4.20)	-	(30.45)	-
			Trade Payable	-	263.55	-	119.68
			Commission Accrued but not paid	-	40.93	-	88.51
			Trade Receivable	-	(0.41)	-	(0.41)
ii)	Maia Pharmaceuticals INC. USA	Associates					
			Trade Receivable	-	(182.90)	-	(177.34)
iii)	Sravathi Advance Process Technologies Pvt. Ltd.	Joint Venture					

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for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01st April 2021 to 31st Mar 2022 (Income) / Expenses Other Transaction	Balance as at 31st Mar 2022 Payable / (Receivable)	01st April 2020 to 31st March 2021 (Income) / Expenses Other Transaction	Balance as at 31st March 2021 Payable / (Receivable)
			Purchases of Goods or Service	209.25	-	90.00	-
			Trade Payable	-	19.43	-	-
iv)	Shilpa Foundation	Trust in which key management are the board of trustees or Director are Trestee					
			Corporate Social Responsibility Expenses	360.95	-	346.61	-
			Other Payable	-	-	-	337.19
v)	Mohini Infra (P) Ltd	Company in which key management are the board of trustees or Director					
			Godown Rent	10.16	-	14.96	-
			Trade Payable	-	0.70	-	1.17
vi)	Auxilla Pharmaceuticals and Research LLP	Investment Entity					
			Sales Goods & Services	(10.31)	-	(0.04)	-
			Purchases of Goods or Service	263.84	-	85.00	-
			Trade Receivable	-	(8.98)	-	-
			Trade Payable	-	0.66	-	-

a) The above disclosures include related parties as per Ind AS 24 on "Related Party Disclosures" and Companies Act, 2013.

b) As the provisions for gratuity are obtained on an actuarial basis for the Company as a whole amounts pertaining to the Key Management Personnel are not specifically identified and hence not included in the above.

*payable includes commission provision (net)

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

- 42** A sum of ₹ 2609.91 lakhs is payable to Micro, Small and Medium Enterprises as at 31st March, 2022 (₹ 1355.27 lakhs as at 31st March, 2021). There are no Micro, Small and Medium Enterprises, to whom the Company overdues, which are outstanding for more than 45 days during the year and also as at 31st March, 2022. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act has been determined to the extent such parties has been identified on the basis of information available with the Company and relied upon by the Auditors.
- 43** The Company has taken into account all the possible impacts of COVID-19 in preparation of these standalone financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition and impact on leases. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these standalone financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements owing to the nature and duration of COVID-19.
- 44 Balance of trade receivables/ trade payables/advances and security deposits are subject to confirmation**
- 45 Additional disclosures required by Schedule III (amendments dated 24 March 2021) to the Companies Act, 2013;**
- 1) The Group do not have any Benami property and neither any proceedings have been initiated or is pending against the Company for holding any Benami property.
 - 2) The Group do not have any transactions with companies struck off.
 - 3) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
 - 4) The Group has not been declared a wilful defaulter by any bank or financial institution or any other lender during the current period.
 - 5) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds), other than in the ordinary course of business 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 lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
 - 6) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year
 - 7) The Group has not made any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
 - 8) The Group has complied with number of layers prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
 - 9) The quarterly returns of current assets filed by the group Companies with banks are in agreement with books of account.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Key Financial Ratio							
Sr No	Particulars	Numerator	Denominator	31st March 2022	31st March 2021	Change in ratio	Reasons for variance
1	Current Ratio (in times)	Current Assets	Current Liabilities	1.45	1.50	-3.02%	In respect of the said ratio there is no significant change (25% or more) in FY2021-22 as compared to FY2020-21
2	Debt Equity Ratio (in times)	Total Debt	Share holder equity	0.38	0.58	-34.56%	Improvement in Debt equity ratio is on account of equity fund raise of Rs. 297 cr. on a preferential allotment basis resulting in reduction in debt
3	Debt service coverage ratio	Earnings available for debt service	Debt service	1.03	1.98	-47.93%	Decrease in the ratio was on account of commencement of repayment of term loans during FY2021-22 as compared to moratorium available in the previous year
4	Inventory turnover ratio (in times)	Cost of Goods sold	Average inventory	1.14	1.00	14.42%	In respect of the said ratio there is no significant change (25% or more) in FY2021-22 as compared to FY2020-21
5	Return on equity (in %)	Net profit after taxes	Average shareholders equity	3.70%	10.48%	-64.75%	Reduction in ratio is mainly on account of decline in net profit in FY 2021-22
6	Trade receivable turnover ratio	Revenue	Average Trade Receivables	3.79	3.88	-2.25%	In respect of the said ratio there is no significant change (25% or more) in FY2021-22 as compared to FY2020-21
7	Trade payable turnover ratio	Purchase of trade and services	Average Trade Payables	0.16	0.14	11.41%	In respect of the said ratio there is no significant change (25% or more) in FY2021-22 as compared to FY2020-21
8	Net Capital turnover ratio (in times)	Revenue	Working Capital	4.16	3.01	38.01%	Improvement in ratio is mainly on account higher Revenue realisation along with lower working capital requirement
9	Net Profit ratio (in %)	Net Profit	Revenue	5%	16%	-67.40%	Decrease in ratio mainly on account of increase in expenditure & decrease in exceptional income.
10	Return on Capital Employed	Earning Before Interest and Tax	Capital Employed	6.26%	7.63%	-17.88%	In respect of the said ratio there is no significant change (25% or more) in FY2021-22 as compared to FY2020-21
11	Return on investment	Income generated from investments	investments	NA	NA	-	The group Companies is not having any market linked investments

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Intangible assets under development (IAUD) as at March 31, 2022

Particulars	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	8,742.58	5,947.91	10,632.48	6,291.30	31,614.26
Projects temporarily suspended	-	-	-	-	-
Total	8,742.58	5,947.91	10,632.48	6,291.30	31,614.26

Intangible assets under development (IAUD) as at March 31, 2021

Capital work in progress	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	5,902.16	11,101.86	4,676.18	2,235.38	23,915.57
Projects temporarily suspended	-	-	-	-	-
Total	5,902.16	11,101.86	4,676.18	2,235.38	23,915.57

Capital work in progress ageing schedule as at March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	12,745.20	4,500.79	915.71	558.39	18,720.10
Projects temporarily suspended	-	-	-	284.10	284.10
Total	12,745.20	4,500.79	915.71	842.49	19,004.20

Capital work in progress ageing schedule as at March 31, 2021

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4,447.28	13,361.19	3,473.41	8,521.62	29,803.50
Projects temporarily suspended	-	-	-	410.00	410.00
Total	4,447.28	13,361.19	3,473.41	8,931.62	30,213.50

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Creditor ageing schedule for the year ended 2022

S NO	Particulars	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 years	2-3 years	More than 3 years	
		INR lacs	INR lacs	INR lacs	INR lacs	
a)	MSME	2568.27	35.94	0.09	2.83	2607.14
b)	Disputed dues- MSME		2.77			2.77
	Total of MSME	2568.27	37.71	0.09	2.83	2609.91
c)	Others	11368.47	167.46	4.23	414.92	11955.08
d)	Disputed- others		39.47			39.47
	Total of Others	11368.47	206.93	4.23	414.92	11994.55

Creditor ageing schedule for the year ended 2021

S NO	Particulars	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 years	2-3 years	More than 3 years	
		INR lacs	INR lacs	INR lacs	INR lacs	
a)	MSME	1241.67	108	2.83	2.77	1355.27
	Total of MSME	1241.67	108	2.83	2.77	1355.27
b)	Others	4237.58	145.92	588.5	398.09	5370.09
	Total of Others	4237.58	145.92	588.5	398.09	5370.09

Trade receivables Ageing Schedule As at 31 March 2022

Sr No	Particulars	Current but not due	Outstanding for following periods from due date of payment				Total	
			Less than 6 Months	6 months – 1 year	1-2 years	2-3 years		More than 3 years
			INR lacs	INR lacs	INR lacs	INR lacs		INR lacs
a)	Undisputed Trade Receivables – considered good	12,925.47	14692.45	9,775.67	555.98	31.03	351.05	38,331.65
d)	Disputed Trade receivables - considered good					268.30	32.63	300.93
	Total	12,925.47	14692.45	9,775.67	555.98	299.33	383.68	38,632.58

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Trade receivables Ageing Schedule As at 31 March 2021

Sr No	Particulars	Current but not due INR lacs	Outstanding for following periods from due date of payment					Total INR lacs
			Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
			INR lacs	INR lacs	INR lacs	INR lacs	INR lacs	
a)	Undisputed Trade Receivables – considered good	8,869.39	9851.55	1,479.02	893.405463	144.35	479.46	21,717.17
d)	Disputed Trade receivables - considered good						32.63	32.63
	Total	8,869.39	9851.55	1,479.02	893.405463	144.35	512.09	21,749.80

46 Figures of the previous year have been regrouped/rearranged wherever necessary.

As per our report of even date attached for **Brahmayya & Co.**,
Chartered Accountants
Firm's Registration No. 000513S

K. Shravan
Partner
M.No. 215798

Place : Raichur
Date : 23 May, 2022

For and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN : 01301385

Ritu Tiwary
Company Secretary

Vishnukant Bhutada
Managing Director
DIN : 01243391

Alpesh Maheshkumar Dalal
Chief Financial Officer

ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF COMPANY CONSOLIDATED AS SUBSIDIARY

(Amount in Rs. Lakhs)

	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit & Loss Account		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit/Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
A Parent - Indian								
Shilpa Medicare Limited	114.05	206,566.78	232.41	14,098.80	0.87	(118.52)	235.76	13,980.28
B (a) Subsidiaries - Indian								
1 Shilpa Therapeutics Private Limited	(1.29)	(2,340.80)	(13.18)	(799.55)	0.12	(16.24)	(13.76)	(815.78)
2 INM Technology Private Limited	(2.41)	(4,371.13)	(4.08)	(247.53)	-	-	(4.17)	(247.53)
3 Shilpa Biologicals Private Limited	(1.25)	(2,266.20)	(35.19)	(2,134.61)	0.04	(4.78)	(36.08)	(2,139.39)
4 Shilpa Biocare Pvt. Ltd (Erstwhile Shilpa Albumin Pvt. Ltd.)	1.09	1,974.10	(0.23)	(13.80)	-	-	(0.23)	(13.80)
5 Shilpa Pharma Lifesciences Limited	0.47	850.90	(0.89)	(53.99)	-	-	(0.91)	(53.99)
6 FTF Pharma Pvt. Ltd.	1.14	2,060.44	0.49	29.47	(0.02)	3.21	0.55	32.68
7 Vegil Labs Private Limited	0.52	941.03	(0.16)	(9.97)	-	-	(0.17)	(9.97)
(b) Subsidiaries - Foreign								
1 Makindus Inc.	(0.21)	(371.88)	-	-	-	-	-	-
2 Koanaa Healthcare Limited (UK)	(0.13)	(233.24)	1.04	62.88	-	-	1.06	62.88
3 Koanaa Healthcare GmbH (Austria)	(1.37)	(2,480.74)	6.41	389.13	-	-	6.56	389.13
4 Zatortia Holding Limited	0.00	5.23	(0.96)	(58.47)	-	-	(0.99)	(58.47)
5 Koanaa Healthcare Spain, S.L.	(0.06)	(114.78)	(2.06)	(125.21)	-	-	(2.11)	(125.21)
6 Shilpa Pharma Inc.	(0.51)	(921.74)	0.51	31.21	-	-	0.53	31.21
7 Koanna Healthcare Canada Inc.	(0.44)	(805.30)	(5.97)	(361.89)	-	-	(6.10)	(361.89)
8 INDO BIOTECH SDN. BHD	(0.04)	(70.71)	(0.95)	(57.78)	-	-	(0.97)	(57.78)
9 Koanna International FZ LLC.	(0.17)	(304.71)	(4.26)	(258.31)	-	-	(4.36)	(258.31)
C Non Controlling Interests in all Subsidiaries	-	-	-	-	-	-	-	-
D (a) Associates (Investment as per equity methode) - Indian								
1 Reva Pharmachem Private Limited	(0.00)	(0.01)	(0.01)	(0.56)	-	-	(0.01)	(0.56)
2 Auxilla Pharmaceuticals and Research LLP (Investment Entity)	0.53	953.87	(0.80)	(48.46)	-	-	(0.82)	(48.46)
(b) Joint Ventures (Investment as per equity methode) - Indian								
1 Reva Medicare Private Limited	0.26	478.88	1.15	69.83	-	-	1.18	69.83
2 Sravathi Advance Process Technologies Private Limited	(0.37)	(675.50)	(4.48)	(271.68)	(0.04)	4.99	(4.50)	(266.69)

Notice

Notice is hereby given that the 35th Annual General Meeting ("AGM") of the members of Shilpa Medicare Limited will be held on Wednesday, 28th September, 2022 at 11.30 A.M. (IST) through Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. **TO RECEIVE, CONSIDER AND ADOPT THE AUDITED STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022, TOGETHER WITH THE REPORT OF BOARD OF DIRECTORS AND AUDITORS THEREON.**
2. **TO DECLARE DIVIDEND OF ₹ 1.10/- PER EQUITY SHARES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**
3. **TO APPOINT A DIRECTOR IN PLACE OF MR. OMPRAKASH INANI (DIN:03101385), WHO RETIRES BY ROTATION AND BEING ELIGIBLE, OFFERS HIMSELF FOR RE- APPOINTMENT.**
4. **TO APPOINT STATUTORY AUDITORS AND AUTHORIZE THE BOARD OF DIRECTORS TO FIX THEIR REMUNERATION:**

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 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force), M/s. Bohara Bhandari Bung and Associates LLP, Chartered Accountants (Registration No. 008127S/S200013), be and are hereby appointed as the Statutory Auditors of the Company for a term of 5 (Five) consecutive years to hold office from the conclusion of this 35th Annual General Meeting until the conclusion of the 40th Annual General Meeting of the Company to be held in the year 2027 at such remuneration (exclusive of applicable taxes and reimbursement of out of pocket expenses) as shall be fixed by the Board of Directors with an authority to revise mutually during the tenure of five years.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts deeds and things as may be necessary to give effect to this resolution."

SPECIAL BUSINESS:

5. RATIFICATION OF REMUNERATION OF COST AUDITORS:

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), a remuneration of Rs. 1,50,000/- (Rupees One Lakhs Fifty Thousand Only) (Excluding taxes, as applicable), in addition to reimbursement of all out of pocket expenses at actuals, if any, be paid to M/s.V.J. Talati & Co, Cost Accountants (Regd. No. M/2203), to audit the cost records maintained by the Company for the financial year ending 31 March 2023 be and is hereby approved and ratified.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts deeds and things as may be necessary to give effect to this resolution."

6. RE-APPOINTMENT OF MR. SHARATH REDDY KALAKOTA (DIN: 03603460) AS A WHOLE TIME DIRECTOR:

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

"RESOLVED THAT pursuant to provisions of Section 152, 196 & 203 and other applicable provisions, if any, of the Companies Act 2013 (including any statutory modifications or re-enactment, clarifications thereof, for the time being in force) read with Regulation 19 of SEBI(LODR) Regulations 2015, Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, Articles of Association of the Company, Mr. Sharath Reddy Kalakota (DIN: 03603460) be and is hereby re-appointed as a Whole Time Director of the Company w.e.f. 01 October 2022 for a further period of 3 (Three) years and whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to Section 197, 198 and other applicable provisions, if any of the Companies

Act 2013 (including any statutory modifications or re-enactment, clarifications thereof, read with Schedule V (as amended from time to time) and Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and subject to such approvals as may be necessary, Mr. Sharath Reddy Kalakota (DIN: 03603460) be paid a remuneration of Rs. 12,14,382/- (Rupees Twelve Lakhs Fourteen Thousand Three Hundred and Eighty Two Only) per month inclusive of all perquisites, leave encashment, gratuity and other benefits as applicable to other employees as per the Company policy, with an annual increment of minimum 5% and maximum as per HR policies.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of the tenure of his service, the remuneration specified here-in above shall be paid as minimum remuneration as per the provisions of Section II of Part of II of Schedule V to the Act, including any statutory modification(s) thereof.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts deeds and things as may be necessary to give effect to this resolution."

7. APPOINTMENT OF DR. KAMAL K SHARMA (DIN 00209430) 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, and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or reenactment thereof for the time being in force) read with Schedule IV of the Act, and clause 16(1)(b), 17(1A) and other relevant regulations, if any of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended from time to time), Dr. Kamal K Sharma (DIN: 00209430), who has been appointed as an Additional Independent Director of the Company w.e.f 1st July 2022, be and is hereby appointed as a Non-Executive Independent Director of the Company for a term of 3 (Three) consecutive years and shall continue to hold office upon attaining the age of 75 years, effective from the conclusion of this Annual General Meeting till the conclusion of Annual General Meeting to be held in the year 2025, whose office is not liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to Section 197, 198 and other applicable provisions, if any of the Companies Act 2013 (including any statutory modifications or re-

enactment, clarifications thereof, read with Schedule V (as amended from time to time) and Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and subject to such approvals as may be necessary Dr. Kamal K Sharma (DIN 00209430) be paid a remuneration of Rs.30,00,000/- (Rupees Thirty Lakhs only) by way of sitting fees, reimbursement of expenses for participation in the Board meetings and profit related commission effective from the FY 2022-23 on an annualized basis and pro-rated for the part of the year, as may be approved by the Board of Directors & members within the overall limits under Companies Act, 2013 upto 1% of the net profits of the Company during any financial year, in aggregate payable to all Non-Executive Directors put together.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profits, the said remuneration shall be payable as minimum remuneration under Schedule V read with Section 197 of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts deeds and things as may be necessary to give effect to this resolution."

8. APPOINTMENT OF DR. ANITA BANDYOPADHYAY (DIN NO: 08672071) AS A WOMEN 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 Section 149, 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the applicable provisions of the SEBI (LODR) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. Anita Bandyopadhyay (DIN No: 08672071), who has been appointed as an Additional Women Independent Director of the Company w.e.f 11th August 2022, be and is hereby appointed as a Non Executive Independent Director for a term of 3(Three) consecutive years, effective from the conclusion of this Annual General Meeting till the conclusion of Annual General Meeting to be held in the year 2025, whose office is not liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to Section 197, 198 and other applicable provisions, if any of the Companies Act 2013 (including any statutory modifications or re-enactment, clarifications thereof, read with Schedule V (as amended from time to time) and Companies (Appointment & Remuneration of Managerial Personnel)

Rules, 2014 and subject to such approvals as may be necessary Dr.Anita Bandyopadhyay (DIN No: 08672071) be paid a remuneration of Rs.18,00,000/- (Rupees Eighteen Lakhs only) by way of sitting fees, reimbursement of expenses for participation in the Board meetings and profit related commission effective from the FY 2022-23 on an annualized basis and pro-rated for the part of the year, as may be approved by the Board of Directors & members within the overall limits under Companies Act, 2013 upto 1% of the net profits of the Company during any financial year, in aggregate payable to all Non-Executive Directors put together.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profits, the said remuneration shall be payable as minimum remuneration under Schedule V read with Section 197 of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts deeds and things as may be necessary to give effect to this resolution."

9. PAYMENT OF MINIMUM REMUNERATION TO NON-EXECUTIVE DIRECTORS

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

"RESOLVED THAT in conformity with the provisions of Article 87 of the Articles of Association of the Company and pursuant to the provisions of Section 197 of the Companies Act, 2013 ("the Act"), read with Schedule V, and Rules thereto, and Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Non-Executive Directors (Other than Managing Director and Whole-time Directors) of the Company be paid a commission of not exceeding in aggregate 1.00% of the net profits of the Company to be determined by the Board of Directors for each Non-Executive Director for each financial year, for their tenure, be calculated in accordance with the provisions of Section 198 of the Act and distributed between such Non-Executive Directors in such a manner as the Board of Directors may from time to time.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of the tenure of their service, the remuneration specified herein above shall be paid as minimum remuneration in accordance with Section II of Part of II of Schedule V to the Act, including any statutory modification(s) thereof and not exceeding Rs.3.00cr p.a in aggregate for all Non-Executive Directors."

10. PAYMENT OF REMUNERATION TO MR. HETAL

MADHUKANT GANDHI (DIN NO: 00106895), INDEPENDENT DIRECTOR IN EXCESS OF REMUNERATION PAID TO ALL NON EXECUTIVE DIRECTORS

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

"RESOLVED THAT in pursuant to provisions of Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) (including any statutory modifications or re-enactment thereof), remuneration to Mr. Hetal Madhukant Gandhi (DIN No: 00106895), Independent Director, for the financial year ended March 31, 2022 exceeding 50% (fifty percent) of the total annual remuneration paid / payable to all the Non-Executive Directors of the Company for the financial year ended March 31, 2022 be and is hereby approved.

11. APPOINTMENT OF MR. VISHNUKANT C BHUTADA, MANAGING DIRECTOR OF THE COMPANY AS A MANAGING DIRECTOR OF SHILPA PHARMA LIFESCIENCES LTD, A WHOLLY OWNED SUBSIDIARY

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

"RESOLVED THAT pursuant to Section 188, 196, 203, and other applicable provisions read with schedule V and other applicable provisions, if any, of the Companies Act, 2013 and other applicable provisions of SEBI(LODR) Regulations 2015, (including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being in force) and subject to such other approvals as may be necessary, Mr. Vishunkant C Bhutada (Din No: 01243391), Managing Director of the Company be and is hereby appointed as a Managing Director of Shilpa Pharma Lifesciences Ltd, a wholly owned subsidiary of the Company w.e.f 11th August 2022 for the remainder of his tenure i.e upto 30th September 2024 and whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Section 188, 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory amendment(s), modification(s), or re-enactment(s) thereof for the time being in force), and other applicable regulations of SEBI (LODR) Regulations, 2015, if any, Articles of Association of the Company and subject to such approvals as may be necessary, Mr. Vishnukant Bhutada (DIN: 01243391) be paid a remuneration apart from the minimum remuneration of Rs.3.50 cr p.a in absence of profit or no profits in any

year from Shilpa Medicare, a remuneration in excess of 5% on the net profits of Shilpa Pharma Lifesciences Ltd., a wholly owned subsidiary with an overall remuneration not exceeding Rs15.00cr p.a for the remainder of the tenure.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts deeds and things as may be necessary to give effect to this resolution.”

By order of the Board of Directors
For **Shilpa Medicare Limited**

Sd/-
Ritu Tiwary
Company Secretary
M. No. A19056

Date: 11th August 2022
Place: Raichur

NOTES

The explanatory statement setting out all the material facts in respect of the special business as set out in the Notice, pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.

1. In view of the continuing global COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) vide General Circular No. 2/2022 dated May 5, 2022 read with General Circular Nos. 20/2020 dated May 5, 2020, 2/2021 dated January 13, 2021, 19/2021 dated December 8, 2021 and 21/2021 dated December 14, 2021 and Securities and Exchange Board of India (SEBI) vide Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 (collectively referred to as 'the Circulars'), has allowed companies to conduct the Annual General Meeting (AGM) through VC/OAVM without the physical presence of Members at a common venue. In compliance with the Circulars, relevant provisions of the Companies Act, 2013 (Act) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the AGM of the Company is being held through VC/OAVM at 11.30 a.m. (IST) on Wednesday, September 28, 2022. Members can attend and participate in the AGM through VC/The deemed venue for the 35th AGM shall be at the Registered Office of the Company, i.e. 12-6-214/A1, Hyderabad Road, Raichur – 584 135, Karnataka, India.
2. As the AGM shall be conducted through VC/OAVM, the facility for appointment of Proxy by Members is not available and hence, Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
3. Members can join the AGM through VC/OAVM mode 30 minutes before the scheduled time of commencement of the meeting by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC/OAVM will be made available for 2000 Members on first come first served basis. This will not include large Shareholders (Members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of the Audit/Nomination & Remuneration/Stakeholders' Relationship Committees, Auditors, etc., who are allowed to attend the AGM without restriction of first come first served basis.
4. Members attending the AGM through VC/OAVM shall be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.
5. 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 aforementioned Circulars issued by the Ministry of Corporate Affairs, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with KFin Technologies Limited for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by KFin Technologies Limited.
6. Corporate Members / Institutional intending to authorize their representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting. Such documents can be sent to ajay@vcancs.com, with a copy marked to cs@vbshilpa.com & evoting@kfinotech.com.
7. An Explanatory Statement, in compliance with the provisions of Section 102 of the Act and Rules made thereunder, Secretarial Standards on General Meetings (SS-2) and Listing Regulations, wherever applicable, in respect of Special Business to be transacted at the AGM is annexed and forms part of this Notice.
8. The Company has notified closure of Register of Members and Share Transfer Books from Wednesday, 21st September 2022 to Wednesday, 28th September 2022 (both days inclusive).
9. The Record date shall be Tuesday, 20th September 2022, for determining the entitlement of Members for dividend for the year ended March 31, 2022, if declared. Members holding shares in dematerialised form who acquire shares after dispatch of the Notice and holding shares as of the cut-off date i.e. 20 September 2022 are requested to follow steps mentioned in this Notice under 'Access to NSDL e-Voting system'. Members holding shares in physical form and non-individual shareholders, who acquire shares after dispatch of this Notice and holding shares as of the cut-off date, are requested to obtain the login ID and password by sending request to evoting@nsdl.co.in. Dividend for the year ended March 31, 2022, if declared, at the AGM, shall be paid to those Members, whose names appear as beneficial owners at the end of business hours as on 20 September 2022, as per lists furnished by Central Depository Services (I) Limited and National Securities Depository Limited in respect of shares.
10. Pursuant to the above referred circulars issued by the Ministry of Corporate Affairs and Securities and Exchange

- Board of India, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
11. **e-AGM:** Company has appointed KFin Technologies Limited, Registrars and Transfer Agents, to provide Video Conferencing facility for the e-AGM and the attendant enablers for conducting of the e-AGM.
 12. The attendance of Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
 13. In accordance with the aforesaid Circulars, the Notice of the 35th AGM along with the Annual Report for FY 2021-22 will be available on the Company's website www.vbshilpa.com for download. The notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of KFin Technologies Limited.
 14. Shareholders who would like to express their views/ask questions during the meeting should register themselves as a speaker by sending a request mentioning their name, demat account number/folio number, email id, mobile number at cs@vbshilpa.com from 22 September 2022 to 25 September 2022.
 15. Those shareholders who have registered themselves as a speaker and confirmed by Company will only be allowed to express their views / ask questions during the meeting.
 16. Shareholders who have queries or desirous of seeking any information on the accounts or operations of the company may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number at cs@vbshilpa.com from 22 September 2022 to 25 September 2022, so that the required information can be made available at the Meeting.
 17. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
 18. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar & Share Transfer Agent, M/s KFin Technologies Limited. Members holding shares in electronic form must send the advice about the change of address to their respective Depository Participants (DPs) and not to the Company. Non-resident Indian shareholders are requested to inform us immediately the change in the residential status on return to India for permanent settlement.
 19. Members holding shares under multiple folios are requested to consolidate their holdings, if the shares are held in the same name or in the same order of names.
 20. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection by giving a prior notice to the Company. Members who wish to inspect the register are requested to write to the Company by sending an email to cs@vbshilpa.com.
 21. The Notice of AGM and Annual Report are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
 22. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. 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 dematerialised holdings with their respective Depository Participants. Members who hold shares in physical form are requested to fill and send the required details to the Registrar and Share Transfer Agent, M/s. KFin Technologies Limited at Karvy Selenium, Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032, Telangana.
 23. In terms of Sections 124 of the Companies Act, 2013, the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF). Shareholders are requested to ensure that they claim the dividend(s) from the Company before transfer of the said amounts to the IEPF.

24. With the aim of curbing fraud and manipulation risk in physical transfer of securities, SEBI has notified the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 on June 8, 2018 to permit transfer of listed securities only in the dematerialized form with a depository. In view of the above and the inherent benefits of holding shares in electronic form, we urge the shareholders holding shares in physical form to opt for dematerialization.
25. Pursuant to the amendments introduced by the Finance Act, 2020, dividend, if any, declared by the Company on or after 01st April, 2020 shall be subject to deduction of tax at source at the prescribed rates. Such dividend income is taxable in the hands of the shareholders who are in receipt of dividend exceeding Rs.5,000/- in a fiscal year. No tax will be deducted on payment of dividend to resident individual shareholders if the total dividend received by them during a year does not exceed Rs.5.000/.
26. Members (Physical / Demat) who have not registered their email addresses with the Company can register and obtain the Annual Report, e-AGM notice and e-voting instructions by the shareholders whose email addresses are not registered with the Depositories (in case of shareholders holding shares in Demat form) or with RTA (in case the shareholders holding shares in physical form)
- i. Those members who have not yet registered their email addresses are requested to get their email addresses registered by following the procedure given below:
 - a. Members holding shares in demat form can get their e-mail ID registered by contacting their respective Depository Participant.
 - b. Members holding shares in physical form may register their email address and mobile number with Company's Registrar and Share Transfer Agent, KFin Technologies Limited by sending an e-mail request at the email ID einward.ris@kfintech.com along with signed scanned copy of the request letter providing the email address, mobile number, self-attested PAN copy and copy of share certificate for registering their email address and receiving the Annual report, AGM Notice and the e-voting instructions.
 - ii. Those members who have not registered their email addresses with the Company / Depository Participants, as the case may be, are requested to visit the website of the Company www.vbshilpa.com and click on 'Click here for temporary registration of email id of https://ris.kfintech.com/email_registration/ for 35th AGM and follow the process

as mentioned on the landing page to receive the Annual Report, AGM Notice and Voting Instructions.

In case of any queries, shareholder may write to einward.ris@kfintech.com.

- iii. Those members who have registered their e-mail address, mobile nos., postal address and bank account details are requested to validate/ update their registered details by contacting the Depository Participant in case of shares held in electronic form or by contacting KFin Technologies Limited, the Registrar and Share Transfer Agent of the Company, in case the shares held in physical form.
27. Voting through electronic means:

In compliance with the provisions of section 108 of the Companies Act, 2013, the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (LODR) Regulations, 2015, shareholders are provided with the facility to cast their vote electronically, through the Remote e-voting services provided by KFin Technologies Limited, in respect of all resolutions set forth in this Notice.

Mr. Ajay Vemuri, Partner of VCAN & Associates, Practicing Company Secretaries has been appointed as the Scrutinizer to scrutinize the Remote e-voting process in a fair and transparent manner

A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e., day, 20 September 2022 only shall be entitled to avail the facility of remote e-voting.

The remote e-voting period commences on day, 24th September, 2022 at 9.00 A.M. (IST) and ends on 27th September, 2022 at 5.00 P.M. (IST). The remote e-voting module shall be disabled for voting thereafter. Once the vote on resolution is cast by the member, the member shall not be allowed to change it subsequently.

Members, who are present in meeting through video conferencing facility and have not casted their vote on resolution through remote e-voting, shall be allowed to vote through e-voting system during the meeting.

INSTRUCTIONS FOR REMOTE E-VOTING

- i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/

- CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility Provided by Listed Entities, the Members are provided with the facility to cast their vote electronically, through the e-Voting services provided by KFintech, on all the resolutions set forth in this Notice. The instructions for e-Voting are given herein below.
- ii. However, in pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on “e-Voting facility provided by Listed Companies”, e-Voting process has been enabled to all the **individual demat account holders**, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process.
 - iii. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.
 - iv. The remote e-Voting period commences on Saturday, 24 September 2022 @ 9.00 a.m. and ends on Tuesday, 27 September 2022 @ 5.00 p.m.
 - v. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
 - vi. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@Kfintech.com. However, if he / she is already registered with KFintech for remote e-Voting then he /she can use his / her existing User ID and password for casting the vote.
 - vii. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under “Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.”
 - viii. The details of the process and manner for remote e-Voting and e-AGM are explained herein below:
 - Step 1 :** Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.
 - Step 2 :** Access to KFintech e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.
 - Step 3 :** Access to join virtual meetings(e-AGM) of the Company on KFin system to participate e-AGM and vote at the AGM.

Details on Step 1 are mentioned below:

I) Login method for remote e-Voting for Individual shareholders holding securities in demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1. User already registered for IDeAS facility: <ol style="list-style-type: none"> I. Visit URL: https://eservices.nsdl.com II. Click on the “Beneficial Owner” icon under “Login” under ‘IDeAS’ section. III. On the new page, enter User ID and Password. Post successful authentication, click on “Access to e-Voting” IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period. 2. User not registered for IDeAS e-Services <ol style="list-style-type: none"> I. To register click on link : https://eservices.nsdl.com II. Select “Register Online for IDeAS” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp III. Proceed with completing the required fields. IV. Follow steps given in points 1.

Type of shareholders	Login Method
	<p>3. Alternatively by directly accessing the e-Voting website of NSDL</p> <ol style="list-style-type: none"> I. Open URL: https://www.evoting.nSDL.com/ II. Click on the icon "Login" which is available under 'Shareholder/Member' section. III. 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. IV. Post successful authentication, you will requested to select the name of the company and the e-Voting Service Provider name, i.e.KFintech. V. On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing user who have opted for Easi / Easiest</p> <ol style="list-style-type: none"> I. Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com II. Click on New System Myeasi III. Login with your registered user id and password. IV. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFintech e-Voting portal. V. Click on e-Voting service provider name to cast your vote. <p>2. User not registered for Easi/Easiest</p> <ol style="list-style-type: none"> I. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration II. Proceed with completing the required fields. III. Follow the steps given in point 1 <p>3. Alternatively, by directly accessing the e-Voting website of CDSL</p> <ol style="list-style-type: none"> I. Visit URL: www.cdslindia.com II. Provide your demat Account Number and PAN No. III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. IV. After successful authentication, user will be provided links for the respective ESP, i.e KFintech where the e- Voting is in progress.
Individual Shareholder login through their demat accounts / Website of Depository Participant	<ol style="list-style-type: none"> I. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility. II. Once logged-in, 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. III. Click on options available against company name or e-Voting service provider – Kfintech and you will be redirected to e-Voting website of KFintech for casting your vote during the remote e-Voting period without any further authentication.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

Details on Step 2 are mentioned below:**II) Login method for e-Voting for shareholders other than Individual's shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

(A) Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:

- i. Launch internet browser by typing the URL: <https://emeetings.kfintech.com/>
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, followed by folio number.–In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting the vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVEN" i.e., 35th AGM SHILPA MEDICARE LIMITED and click on "Submit"
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the

total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
 - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
 - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
 - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
 - xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting. together with attested specimen signature(s) of the duly authorised representative(s) of the duly authorised representative(s), to the Scrutinizer at email id ajay@vcancs.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name_Even No."
- (B) Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:
- i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with KFintech, by accessing the link: <https://ris.kfintech.com/clientervices/mobilereg/mobileemailreg.aspx>. Members are requested to follow the process as guided to capture

the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to einward.ris@kfintech.com.

- ii. Alternatively, member may send an e-mail request at the email id einward.ris@kfintech.com along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.
- iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

Details on Step 3 are mentioned below:

III) Instructions for all the shareholders, including Individual, other than Individual and Physical, for attending the AGM of the Company through VC/OAVM and e-Voting during the meeting.

- i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFinTech. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from the Company/KFinTech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned above.
- ii. Facility for joining AGM through VC/ OAVM shall open at least 30 minutes before the commencement of the Meeting.
- iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.
- iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective

network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

- v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at cs@vbsilpa.com. Questions /queries received by the Company from 22 September 2022 to 25 September 2022 shall only be considered and responded during the AGM.
- vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.
- vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- viii. Facility of joining the AGM through VC / OAVM shall be available for at least 2000 members on first come first served basis.
- ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

OTHER INSTRUCTIONS

- I. **Speaker Registration:** The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Speaker Registration' which will be opened from Thursday 22 September 2022 to Sunday 25 September 2022. Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.
- II. **Post your Question:** The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user id and password provided in the mail

received from Kfintech. On successful login, select 'Post Your Question' option which will be opened from Thursday, 22 September 2022 to Sunday, 25 September 2022.

- III. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com> (Kfintech Website) or contact Ms. Krishna Priya at evoting@kfintech.com or call Kfintech's toll free No. 1-800-3094-001 for any further clarifications.
- IV. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Tuesday, 20 September 2022, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- V. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:
 - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
 1. Example for NSDL:
 2. MYEPWD <SPACE> IN12345612345678
 3. Example for CDSL:
 4. MYEPWD <SPACE> 1402345612345678
 5. Example for Physical:
 6. MYEPWD <SPACE> XXXX1234567890
 - ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://emeetings.kfintech.com/forgotpassword.aspx>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - iii. Members who may require any technical assistance or support before or during the AGM are requested to contact Kfintech at toll free number 1-800-309-4001 or write to them at evoting@kfintech.com.
- VI. The results of the electronic voting shall be declared to the Stock Exchanges within 3 days from the date of AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.

EXPLANATORY STATEMENT IN ACCORDANCE WITH SECTION 102 OF THE COMPANIES ACT, 2013

The following statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

ITEM NO. 4:

Pursuant to provisions of Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014 and on completion of the term of the existing Statutory Auditors, the Audit Committee and the Board of Directors of the Company has recommended appointment of M/s. Bohara Bhandari Bung and Associates LLP, Chartered Accountants (Registration No. 008127S/S200013) as the Statutory Auditors of the Company for a term of 5(five) consecutive years to hold office from the conclusion of this 35th Annual General Meeting until the conclusion of the 40th Annual General Meeting of the Company at such remuneration (exclusive of applicable taxes and reimbursement of out of pocket expenses) as shall be fixed by the Board of Directors of the Company in consultation with them.

M/s. Bohara Bhandari Bung and Associates LLP, Chartered Accountants (Registration No. 008127S/S200013) have consented to act as Statutory Auditors and have confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have also confirmed, that they are not disqualified to be appointed as Auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014 and that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Board recommends the Resolution as set out at item no. 4 of the Notice for approval of the Members as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel or their relatives are in anyway concerned or interested, financially or otherwise in the above resolution.

ITEM NO.5

The Board, on the recommendations of the Audit Committee, has approved the appointment of M/s. V.J. Talati & Co, Cost Accountants (Regd. No. M/2203), to conduct the audit of the cost records of the Company for the financial year 2022 -23 at a remuneration of Rs. 150000/- (Rupees One Lakhs Fifty Thousand Only).

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

Accordingly, consent of the members is sought by way of Ordinary resolution for ratification of the remuneration payable to the cost auditors for the financial year ending 31st March, 2023.

None of the Directors or Key Managerial Personnel or their relatives are in anyway concerned or interested, financially or otherwise in the above resolution.

ITEM NO. 6:

Mr. Sharath Reddy was appointed as a Whole Time Director in the 32nd Annual General Meeting for a period of three years w.e.f 01 October 2019. As his tenure is about to complete, the Board of Directors upon the recommendation of Nomination and Remuneration Committee, have approved his re-appointment, subject to approval of the Members of the Company for a further period of 3(Three) years.

Mr. Sharath Reddy has an enriched experience of over 3 decades in API manufacturing, Operations & Execution of Greenfield & brown field Projects. He has been associated with the Company since 1991, with diverse focus on Active Pharmaceutical Ingredients intermediate, Effluent Treatment R&D, quality Control Facilities designing commissioning & Operations. His vision of teamwork, innovative thinking and, excellence has resulted in developing a highly motivated team. His team's dedicated commitment is well aligned to achieve the mission of the Company.

Mr. Reddy, aged 54 yrs is a Post graduate in Pharmacy from Birla Institute of Technology & Science, Philani, Rajasthan. He has a Bachelor's Degree from Raichur Gulbarga University. Mr. Reddy has conveyed his consent to act as a Director and that he is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013. Mr. Reddy holds 28089 eq.sh of the Company.

During his tenure as a Whole-time Director, he may be paid a remuneration of Rs. 12,14,382/- (Rupees Twelve Lakhs Fourteen Thousand Three Hundred and Eighty Two Only) per month inclusive of all perquisites, leave encashment, gratuity and other benefits as applicable to other employees as per the Company policy, with an annual increment of minimum 5% and maximum as per HR policies.

Minimum Remuneration: Notwithstanding anything to the contrary contained herein, where, in the event of loss or inadequacy of profits in any financial year during the currency of the tenure of his service, the remuneration specified herein above shall be paid as minimum remuneration to him as per the provisions of Section II of Part of II of Schedule V to the Act, including any statutory modification(s) thereof.

Mr. Sharath Reddy (DIN: 03603460) satisfies all the conditions set out in Part-I of Schedule V to the Act and also the conditions set out in Section 196 of the Act for being eligible for his appointment as the Whole-time Director of the Company.

The terms set out in the resolution and explanatory statement may be treated as an abstract of terms of appointment pursuant to Section 190 of the Companies Act, 2013. A brief profile and other particulars of Mr. Sharath Reddy as required under the provisions of SEBI (LODR), 2015, is provided under heading "Profile of Directors" forming part of this Notice.

Except Mr. Kalakota Sharath Reddy, none of the Directors and Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financially or otherwise, in the said reappointment.

Members are requested to approve the same by way of Special resolution.

ITEM NO. 7 & 8:

Dr. Kamal K Sharma (DIN 00209430) was appointed as an Additional Independent Director with effect from 1st July 2022 in terms of Section 161(1) of the Companies Act, 2013 ("Act"), by the Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee.

Pursuant to the provisions of the aforesaid section of the Act, Dr. Kamal K Sharma holds office up to the conclusion of this 35th Annual General Meeting.

Dr. Kamal K Sharma (**DIN: 00209430**), aged 74 yrs, is Vice Chairman of Lupin Limited. In a successful career spanning more than four decades, Dr. Sharma has held a range of senior management positions managing operations, corporate development and executive management within the pharmaceuticals and chemicals industries. Dr. Sharma is presently the Non-Executive Vice-Chairman of Lupin. As the Managing Director of Lupin (from 2003 to Sept, 2013) he has been responsible for shaping and inking Lupin's stupendous success. Dr. Sharma is a chemical engineer from Indian Institute of Technology (IIT), Kanpur, with a post-graduate diploma in industrial management from Jamnalal Bajaj Institute of Management Studies, Mumbai, and a Ph.D. in economics from IIT, Mumbai. He also holds an advanced management degree from the Harvard Business School, Boston.

Regulation 17 (1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that no listed Company shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect. As Dr. Kamal K Sharma will attain the age of seventy five years on 14th October 2022, the Company is required to obtain the approval of the Members by way of special resolution on or before the said date, for continuation of his remaining tenure till as an Independent Director. In the opinion of the Board, Dr. Kamal K Sharma (**DIN 00209430**) is a person of high repute, integrity and has rich and varied experience which will be an invaluable input to the Company's strategic direction and decision making. His contributions and guidance during the

deliberations at the Board meetings have been of immense help to the Company. In view of the above, it is proposed to appoint/continue Dr. Kamal K Sharma (**DIN 00209430**) as an Independent Director of the Company on attaining the age of seventy five years, for his remaining tenure as an Independent Director.

Dr. Anita Bandyopadhyay (DIN No: 08672071), was also appointed as an Additional Independent Director with effect from 11th August 2022, in terms of Section 161(1) of the Act, by the Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee. Pursuant to the provisions of the aforesaid section of the Act, Dr. Anita Bandyopadhyay (DIN No: 08672071) holds office upto to the conclusion of this 35th Annual General Meeting.

Since Ms. Shirisha Chintappalli, who is presently an Independent Woman Director of the Company, would be retiring as a Director at the ensuing 35th AGM, on completing the 2nd term of her appointment there is a need to induct an Independent Woman Director as per Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Dr. Anita Bandyopadhyay aged 54 yrs is a Doctorate in Applied Psychology from Kolkata University (2000) and is an Executive MBA from SP Jain Institute of Management & Research (2005). Dr. Anita is a Leadership Coach and an HR consultant with extensive expertise in Leadership Development, Talent Management, Performance Management, and HR Processes. In a career spread over two decades, She has worked with large corporate houses like Raymond, Pidilite Industries and the Ajay Piramal Group, as well as a number of small and medium sized companies. She has a proven expertise in Strategic HR initiatives and Operational Capability Building for greater organizational effectiveness. With over 25 years' experience in HR interventions, she has worked with industries ranging from Pharmaceuticals, Packaging, Education, Adhesives, Chemical, Textile & Apparels having core insight into Manufacturing, Education, FMCG, Retail and B2B businesses. Dr. Anita is an Independent Director on the board of Speciality Restaurants Ltd. and Ami Organics.

A brief profile and other particulars of the Directors as required under the provisions of SEBI (LODR), 2015, is provided under heading "Profile of Directors" forming part of this Notice.

Since both the Directors meet the criteria of independence as per Schedule IV of the Companies Act, 2013 as well as Regulation 16 of SEBI (LODR), 2015 members approval is sought for appointment of Dr. Kamal K Sharma and Dr. Anita Bandyopadhyay, as Independent Directors, for a term of 3 (Three) years i.e., commencing from the conclusion of this 35th Annual General Meeting upto the conclusion of 38th Annual General Meeting to be held in 2025, for both and during their tenure of appointment they shall not be liable to retire by rotation.

In line with the Company's remuneration policy for Independent Directors, Dr. Kamal K Sharma and Dr. Anita Bandyopadhyay (DIN No: 08672071), will be entitled to receive remuneration by way of sitting fees as approved by the Board of Directors from time to time, reimbursement of expenses for participation in the Board meetings and commission as may be approved by the Board of Directors on the recommendation of the Nomination and Remuneration Committee within the overall limits under Companies Act, 2013 of up to 1% of the net profits of the Company during any financial year, in aggregate payable to all Non-Executive Directors put together and the same may be paid as minimum remuneration in case of inadequacy of profits. Details of remuneration paid to Independent Directors shall be disclosed as part of the Annual Report.

The Company has received declaration from Dr. Kamal K Sharma and Dr. Anita Bandyopadhyay, stating that they meet the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Act and SEBI (LODR) Regulations, 2015. In the opinion of the Board, they fulfil the conditions specified in the said Act and the rules made thereunder for appointment as Independent Directors of the Company and that they are independent of the management. The Company has also received notices pursuant to Section 160 of the Act from members of the Company proposing the candidature for appointment of Dr. Kamal K Sharma and Dr. Anita Bandyopadhyay, as Independent Directors of the Company.

Dr. Kamal K Sharma and Dr. Anita Bandyopadhyay, do not hold any equity shares in the company as on date and are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 and have given their consent in writing to act as a Director of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Dr. Kamal K Sharma and Dr. Anita Bandyopadhyay, and their relatives, for their respective resolutions relating to their appointment, are in any way concerned or interested in the resolutions.

The Board of Directors recommend the resolutions as set out in item no. 7 and 8 of this Notice for approval of the members as a Special Resolution.

ITEM NO.9

With the enhanced role of Directors under the Act and the SEBI (LODR) Regulations, 2015, coupled with the size, complexity and global operations of the Company, the role and responsibilities of the Non-executive Directors, including Independent Directors, has become more onerous, requiring greater time commitments, attention and a higher level of oversight.

In view of the above, the Board of Directors recommended passing of an enabling resolution for the payment of commission to the Non-Executive Directors of the Company

(other than the Managing Director and/or Whole-time Directors of the Company) of the Company not exceeding in aggregate 1.00% of the net profits of the Company to be determined by the Board of Directors for each such Director for each financial year, during their tenure of appointment, to be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 and distributed between such Directors in such a manner as the Board of Directors may from time to time determine in terms of Section 197 of the Act, and computed in accordance with the provisions of Section 198 of the Act or such other percentage as may be specified from time to time.

Regulation 17(6) of the Listing Regulations authorizes the Board of Directors to recommend all fees and compensation, if any, paid to Non-Executive Directors and the same would require approval of members in general meeting.

The Board of Directors recommends the passing of the resolution at Item No. 9 as Special Resolution. All the Non-Executive Directors of the Company, and their respective relatives are deemed to be concerned or interested in this resolution.

ITEM NO.10

Members in the 34th AGM held on 28th September 2022 have accorded payment of remuneration to Mr. Hetal Madhukant Gandhi & Mr. Arvind Vasudeva, Independent Directors in line with the Company's remuneration policy for Independent Directors, Mr. Hetal Madhukant Gandhi and Mr. Arvind Vasudeva were entitled to receive remuneration by way of sitting fees as approved by the Board of Directors from time to time, reimbursement of expenses for participation in the Board meetings and commission as may be approved by the Board of Directors on the recommendation of the Nomination and Remuneration Committee within the overall limits under Companies Act, 2013 of up to 1% of the net profits of the Company during any financial year, in aggregate payable to all Non-Executive Directors put together.

Regulation 17(6)(ca) states that approval of shareholders by special resolution shall be obtained every year, in which annual remuneration payable to a single non executive director exceeds fifty per cent of the total annual remuneration payable to all non executive directors. Total remuneration received by all Non Executive Directors including sitting fees in the FY 2021-22 is Rs.46.10 lacs and remuneration of Mr. Hetal Madhukant Gandhi is Rs.23.10 lacs and since the threshold is breached by a minor amount in case of Mr. Hetal Madhukant Gandhi, members approval is sought by way of special resolution. Except Mr. Hetal Madhukant Gandhi, none of the other directors & key managerial persons and their relatives are concerned or interested in this resolution.

ITEM NO. 11

The Board of Directors in its meeting held on 11th August 2022 have recommended appointment of Mr. Vishnukant C Bhutada, Managing Director of the Company as Managing Director of Shilpa Pharma Lifesciences Ltd, a wholly owned subsidiary of the Company on the recommendation of The Nomination and Remuneration Committee for the remainder of his tenure.

Since his level of engagement and involvement would be high, critical and, the Board recommends payment of remuneration to Mr. Vishnukant C Bhutada, Managing Director (brief profile annexed to notice) apart from the minimum remuneration of Rs.3.50cr p.a in case of inadequacy of profits in Shilpa Medicare Ltd., as approved by members in their agm held in 2019 , a remuneration in excess of 5% on the net profits of Shilpa Pharma Lifesciences Ltd., with an overall remuneration not exceeding Rs.15.00cr p.a for the remainder of the tenure. This Minimum remuneration is being paid as approved by members as there may be inadequacy in profits due to the transfer of API business to Shilpa Pharma Lifesciences Ltd. Compared to the size of the Company and the position of Mr. Vishnukant C Bhutada and his arduous responsibilities, the proposed remuneration is reasonable.

Shilpa Medicare is engaged in the business of manufacturing, developing and marketing of pharmaceutical products. It commenced its operations in 1991 and has foreign investments through Subsidiaries and Associate Companies. Company is taking adequate measures to improve the productivity and profits, in this stride we continue to pursue the path of innovation for making health care affordable. The company is hopeful of achieving a higher growth by expanding our product offerings & strengthening formulation business.

All elements of remuneration package have been duly given in the Report on Corporate Governance. Members approval is sought by way of special resolution. Except Mr. Vishukant C Bhutada, Mr. Om Prakash Inani and their relatives, none of the other directors & key managerial persons and their relatives are concerned or interested in this resolution.

By order of the Board of Directors
For **Shilpa Medicare Limited**

Sd/-
Ritu Tiwary
Company Secretary

Date: 11th August 2022

Place: Raichur

ANNEXURE – A

Details of directors seeking appointment/ re-appointment at the Annual General Meeting pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 (Secretarial Standards on General Meetings):

Particulars	Details				
Name of the Director	Mr. Omprakash Inani	Dr. Anita Bandyopadhyay	Dr. Kamal Sharma	Mr. Vishnukant C Bhutada	Mr. Kalakota Sharath Reddy
Brief Resume:	Set out in Annexure B	Set out in Annexure B	Set out in Annexure B	Set out in Annexure B	Set out in Annexure B
Age	65 Years	53 Years	74 Years	60 Years	54 Years
Relationship with directors	Not related to any Director	Not related to any Director	Not related to any Director	Not related to any Director	Not related to any Director
Date of initial appointment	23rd March, 1988	11th August, 2022	01st July, 2022	20th November 1987	01st October 2019
Qualification	Bachelor of Commerce	Dr. Anita has a Doctorate in Applied Psychology from Kolkata University (2000) and an Executive MBA from SP Jain Institute of Management & Research (2005), Mumbai.	Dr. Sharma is a chemical engineer from Indian Institute of Technology (IIT), Kanpur, with a post-graduate diploma in industrial management from Jamnalal Bajaj Institute of Management Studies, Mumbai, and a Ph.D. in economics from IIT, Mumbai. He has done an advanced management programme from Harvard Business School, Boston	Bachelor's degree in Pharmacy	Bachelor's Degree from Raichur Gulbarga University. And Post graduate in Pharmacy from Birla Institute of technology & Science, Pilani, Rajasthan.

Particulars		Details			
Name of the Director	Mr. Omprakash Inani	Dr. Anita Bandyopadhyay	Dr. Kamal Sharma	Mr. Vishnukant C Bhutada	Mr. Kalakota Sharath Reddy
Experience and expertise in specific functional area	Over 30 years of experience in all facets of the Company's business and its functional aspects.	With work experiences across academics domain and corporate world, Dr. Anita has a rare amalgamation of strong conceptual knowledge with result oriented application practice. 1. Assistant Professor – S P Jain Institute of Management & Research March 2000 to May 2005 2. Professor – Welingkar Institute of Management May 2005 –Nov 2006 3. VP – Learning & Development – Piramal Healthcare Ltd. Nov 2006 –Feb 2011 4. Director HR – Raymond Ltd –Feb 2011 - Aug 2014 5. VP Talent Management – Pidilite Industries - Aug 2014 –Nov 2016 6. Founder Director – KafeHR – Jan 2017 till date	Dr. Kamal K Sharma has an enriched experience of around 40 decades, he has held a range of senior management positions in managing projects, operations, corporate development and general management in the pharmaceuticals and chemical industries.	Mr. Vishnukant Bhutada holds bachelor's degree in Pharmacy and has 30 years of experience in the Pharmaceutical Industry. He is one of the founder member of Shilpa Medicare Limited. He is the main guiding force behind the progress of Shilpa Medicare Limited.	Mr. Kalakota Sharath Reddy has been with Shilpa Medicare Limited since 1991 and is having an enriched experience in pharmaceutical API manufacturing, Operations & Execution of Greenfield & brown field Projects for over 28 years in Shilpa Medicare Ltd, with diverse focus on Active Pharmaceutical Ingredients intermediate, Effluent Treatment R&D, quality Control Facilities designing & commissioning & Operations.
Terms and conditions of appointment or re-appointment	As set forth in the resolution pertaining to his initial appointment	As set forth in the resolution	As set forth in the resolution	As set forth in the resolution	As set forth in the resolution

Particulars		Details			
Name of the Director	Mr. Omprakash Inani	Dr. Anita Bandyopadhyay	Dr. Kamal Sharma	Mr. Vishnukant C Bhutada	Mr. Kalakota Sharath Reddy
Remuneration sought to be paid and the remuneration last drawn	NIL	In line with the Company's remuneration policy for Independent Directors, Ms. Anita Bandyopadhyay will be entitled to receive remuneration by way of sitting of Directors from time to time, reimbursement of expenses for participation in the Board meetings and commission as may be approved by the Board of Directors on the recommendation of the Nomination and Remuneration Committee within the overall limits under Companies Act, 2013 of up to 1% of the net profits of the Company during any financial year, in aggregate payable to all Non-Executive Directors put together and the same shall be paid as minimum remuneration in case of inadequacy of profits. Last drawn remuneration by way of sitting fee is disclosed in the corporate governance report section.	In line with the Company's remuneration policy for Independent Directors, Mr. Kamal K Sharma will be entitled to receive remuneration by way of sitting fees as approved by the Board of Directors from time to time, reimbursement of expenses for participation in the Board meetings and commission as may be approved by the Board of Directors on the recommendation of the Nomination and Remuneration Committee within the overall limits under Companies Act, 2013 of up to 1% of the net profits of the Company during any financial year, in aggregate payable to all Non-Executive Directors put together. and the same shall be paid as minimum remuneration in case of inadequacy of profits. Last drawn remuneration is disclosed in the corporate governance report section.	In line with the resolution passed by the Nomination & Remuneration Committee subject to approval of members at the Annual General Meeting. Last drawn remuneration is disclosed in the corporate governance report section.	In line with the resolution passed by the Nomination & Remuneration Committee subject to approval of members at the Annual General Meeting and the same shall be paid as minimum remuneration in case of inadequacy of profits. Last drawn remuneration is disclosed in the corporate governance report section.

Particulars		Details			
Name of the Director	Mr. Omprakash Inani	Dr. Anita Bandyopadhyay	Dr. Kamal Sharma	Mr. Vishnukant C Bhutada	Mr. Kalakota Sharath Reddy
Directorship on the Boards of other companies	<ol style="list-style-type: none"> Srinidhi Cottons Private Limited Jaijanaki Fabrics Private Limited Inok Cottons Private Limited Mohini Infra Private Limited 	<ol style="list-style-type: none"> Speciality Restaurants Limited Ami Organics Limited 	<ol style="list-style-type: none"> Lupin Limited Lupin Healthcare Limited Faisa Financial Private limited Templetree Properties Private Limited Temple Wellness Ventures India Private Limited Shalina Healthcare Limited Sequent Scientific Limited Alivira Animal Health Limited 	<ol style="list-style-type: none"> Shilpa Pharma Lifesciences Limited Inm Nuvent Paints Private Limited Ftf Pharma Private Limited Shilpa Biologicals Private Limited Shilpa Lifesciences Private Limited Shilpa Therapeutics Private Limited Vegil Labs Private Limited Sravathi Advance Process Technologies Private Limited 	<ol style="list-style-type: none"> Shilpa Biocare Private Limited Shilpa Pharma Lifesciences Limited Shilpa Biocare Private Limited Shilpa Pharma Lifesciences Limited
				<ol style="list-style-type: none"> Shilpa Biocare Private Limited Dharamkeshav Infra Private Limited Mohiniradha Infra Private Limited Mohini Infra Private Limited Kmn Investments Private Limited Inm Technologies Private Limited 	

Particulars	Details				
Name of the Director	Mr. Omprakash Inani	Dr. Anita Bandyopadhyay	Dr. Kamal Sharma	Mr. Vishnukant C Bhutada	Mr. Kalakota Sharath Reddy
Chairmanship on the Committees of Boards of other companies	NIL	Stakeholders Relationship Committee Chairman of Speciality Restaurants Limited	Risk Management Committee Chairman of Lupin Limited		NIL
Membership on the Committees of Boards of other companies	NIL	Nomination and Remuneration Committee Member of Speciality Restaurants Limited.	Audit Committee and Corporate Social Responsibility Committee member of Lupin Limited		
		Nomination and Remuneration Committee Member of Ami Organics Limited.	Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee member of Sequent Scientific Limited		
No. of meetings of the Board attended during the year	08	-	-	09	09
Number of shares held in the Company as on 31st March, 2022	28,67,691 equity shares of Re. 1/- each	Nil	Nil	63,65,610 equity shares of Re. 1/- each	28,089 equity shares of Re. 1/- each

By order of the Board of Directors
For **Shilpa Medicare Limited**

Ritu Tiwary
Company Secretary

Place: Raichur
Date: 11 August 2022

ANNEXURE – B

BRIEF PROFILE OF MR. OMPRAKASH INANI

Mr. Omprakash Inani has more than 30 years of business experience. He monitors business and functional aspects of the Company along with the operations of all the plants. He is also a Council Member in "Academy of Medical Education, Dental College & V.L. College of Pharmacy", "Taranath Shikshana Samsthe, Raichur" and a trustee in "Akhil Bhartiya Maheshwari Education Trust, Pune". He is also Managing Committee Member of "Karnataka State Cotton Association.

BRIEF PROFILE OF DR. ANITA BANDYOPADHYAY

Dr. Anita Bandyopadhyay is a Leadership Coach and an HR consultant with extensive expertise in Leadership Development, Talent Management, Performance Management, and HR Processes. In a career spread over two decades, Anita has worked with large corporate houses like Raymond, Pidilite Industries and the Ajay Piramal Group, as well as a number of small and medium sized companies.

It is her methodology of looking at HR from a business perspective that truly sets her apart from the others. She has a proven expertise in Strategic HR initiatives and Operational Capability Building for greater organizational effectiveness. With over 25 years' experience in HR interventions, she has worked with industries ranging from Pharmaceuticals, Packaging, Education, Adhesives, Chemical, Textile & Apparels having core insight into Manufacturing, Education, FMCG, Retail and B2B businesses.

Anita specializes in Coaching, Facilitation, Competency Frameworks & Assessment, Organization Design and Performance Management. A friendly, down-to-earth person, she is seen as someone who can effortlessly coach and mentor business owners to transform them into effective leaders.

Education:

Anita has a Doctorate in Applied Psychology from Kolkata University (2000) and an Executive MBA from SP Jain Institute of Management & Research (2005), Mumbai. With work experiences across academics domain and corporate world, she has a rare amalgamation of strong conceptual knowledge with result oriented application practice.

Certifications: Anita has undergone

- Professional Certified Coach by International Coaching Federation (ICF-PCC)
- Endorsed™ Facilitator by International Association of Facilitators IAF – EFTM
- Coaching Certification program by Marshall Goldsmith at the Indian School Of Business, Hyderabad

- Certified in Leadership Architect 101 Competency Library by Korn/Ferry International, in OPQ32 by SHL Ltd
- An Engagement Champion in Gallup Q12, GPTW as well as Coffman EE2.0.

Past Corporate experience:

1. Assistant Professor – S P Jain Institute of Management & Research March 2000 to May 2005
2. Professor – Welingkar Institute of Management May 2005 –Nov 2006
3. VP – Learning & Development – Piramal Healthcare Ltd. Nov 2006 –Feb 2011
4. Director HR – Raymond Ltd –Feb 2011 - Aug 2014
5. VP Talent Management – Pidilite Industries - Aug 2014 –Nov 2016
6. Founder Director – KafeHR – Jan 2017 till date

Currently Anita is an Independent Director on the board of Speciality Restaurants Ltd. and Ami Organics

BRIEF PROFILE OF DR. KAMAL KISHORE SHARMA

Dr. Kamal K Sharma (DIN: 00209430), aged 74 years, is Vice Chairman of Lupin Limited. In a successful career spanning more than four decades, Dr. Sharma has held a range of senior management positions managing operations, corporate development and executive management within the pharmaceuticals and chemicals industries. Dr. Sharma is presently the Non-Executive Vice-Chairman of Lupin.

As the Managing Director of Lupin (from 2003 to Sept, 2013) he has been responsible for shaping and inking Lupin's stupendous success; one of the architects of Lupin having achieved market leadership in key markets and businesses globally; transforming it into one of the largest and fastest growing pharmaceutical companies globally. Beginning October 2013, he was elevated to the position of Executive Vice Chairman, which he held till September 2018. Since 2018 he continues on the Board of the company as non-executive Vice Chairman and Director.

Under his leadership, Lupin won the NDTV Business Leadership Awards, 2011 - Indian Pharmaceutical Company of the Year and the CNBC TV 18 India Business Leadership Awards – Outstanding Company of the Year 2014-15. Dr. Sharma was awarded the Business Today Best CEO Award as well as the Distinguished Alumnus Award of the Institute by IIT Kanpur in 2013. He was also conferred with the ICC D. M. Trivedi Lifetime Achievement Award for Contribution to Indian Chemical Industry (Management of Industry) for the year 2015.

Dr. Sharma also served as the President and Chief Executive of the life sciences and specialty group and member of the management board at RPG Enterprises Ltd, Mumbai.

Dr. Sharma is a chemical engineer from Indian Institute of Technology (IIT), Kanpur, with a post-graduate diploma in industrial management from Jamnalal Bajaj Institute of Management Studies, Mumbai, and a Ph.D. in economics from IIT, Mumbai. He also holds an advanced management degree from the Harvard Business School, Boston.

Currently he holds following positions in addition to his position at Lupin.

1. Non-Executive Chairman & Independent Director, Sequent Scientific Ltd. An Indian Animal Health major.
2. Non-Executive Chairman, Shalina Healthcare Ltd.
3. Senior Advisor Private Equity Firm
4. Adjunct Professor, School of Management, Indian Institute of Technology (IIT) Mumbai
5. Adjunct Professor, S P Jain Institute of Management & Research, Mumbai

BRIEF PROFILE OF MR. VISHNUKANTH CHATURBHUJ BHUTADA

Mr. Vishnukant C. Bhutada holds Bachelor's Degree in Pharmacy and has 33 years of experience in the Pharmaceutical Industry. He is one of the founder member of Shilpa Medicare Limited and the main guiding force behind the progress of Shilpa Medicare Limited. His strong business acumen, strategic thinking, analytical vision and indepth knowledge in global medicare market has made this Company one of the biggest exporter of specialized medical ingredients and medicines. Meteoric rise of this Company and success is hugely attributed to him.

Mr. Vishnukanth Chaturbhuj Bhutada, aged about 59 years has been on the Board of the Company since incorporation i.e. 20-11-1987, is a key and an instrumental person in promoting and steering the Company to its present position. Due to his untiring & constant efforts and planning, the Company has reached to its present level of operations in API, Biologicals and Formulations segments. The Company achieved various prestigious awards under his stewardship. His vision, foresightedness and planning has always been giving a good path to the Company in its new ventures. He has been heading the Company with his vast experience in pharmaceutical industry and international marketing.

Mr. Vishnukanth Chaturbhuj Bhutada Bachelor's degree in Pharmacy. He has conveyed his consent to act as a Director and he is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013. Mr. Vishnukanth Chaturbhuj Bhutada holds 63,65,610 eq.sh of the Company

BRIEF PROFILE OF MR. KALAKOTA SHARATH REDDY

Mr. Sharath Reddy has an enriched experience of over 3 decades in API manufacturing, Operations & Execution of Greenfield & brown field Projects. He has been associated with the Company since 1991, with diverse focus on Active Pharmaceutical Ingredients intermediate, Effluent Treatment R&D, quality Control Facilities designing commissioning & Operations. His vision of teamwork, innovative thinking and, excellence has resulted in developing a highly motivated team. His team's dedicated commitment is well aligned to achieve the mission of the Company.

Mr. Reddy, aged 54 yrs is a Post graduate in Pharmacy from Birla Institute of Technology & Science, Philani, Rajasthan. He has a Bachelor's Degree from Raichur Gulbarga University. Mr. Reddy has conveyed his consent to act as a Director and that he is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013. Mr. Reddy holds 28089 eq.sh of the Company.



Innovating for
affordable healthcare

Shilpa Medicare Limited

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