



SMS Lifesciences India Limited

Registered & Corporate Office :

Plot No. 19-III, Road No. 71,
Opp. Bharatiya Vidya Bhavan Public School,
Jubilee Hills, Hyderabad - 500 096, Telangana, INDIA.
Tel : +91-040-6628 8888, Fax : +91-40-2355 1401
CIN : L74930TG2006PLC050223
Email : info@smslife.in, Website : www.smslife.in

September 07, 2023

To

BSE Limited,

Listing Department, P J Towers,

Dalal Street,

Mumbai – 400 001.

Scrip code: 540679

Through: BSE Listing Center

National Stock Exchange of India Limited,

Listing Department, "Exchange Plaza",

Bandra-Kurla Complex, Bandra (E),

Mumbai - 400 051.

Trading Symbol: SMSLIFE

Through: NEAPS Portal

SUB: ANNUAL REPORT (F23).

Ref: Regulation 34(1)(a) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Dear Sir/Madam,

With reference to the above-cited subject, we hereby submit the Annual Report of the Company for the year ended March 31, 2023 along with the Notice convening the 17th Annual General Meeting ("AGM") scheduled to be held on **Friday, September 29, 2023 at 02:00 p.m.** through Video Conferencing, in accordance with relevant circulars issued by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI).

In compliance with the aforesaid circulars, the Annual Report along with the Notice of the AGM has been dispatched on September 7, 2023 (i.e. today) by email to those shareholders whose e-mail address is registered with the Company/ Depository, as on September 1, 2023.

Notice of AGM and Annual Report link: www.smslife.in/financials.php

Kindly take the same on record and suitably disseminate it to all concerned.

For SMS Lifesciences India Limited


Trupti Ranjan Mohanty
Company Secretary



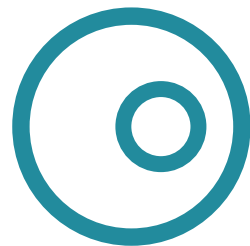


LifeSciences

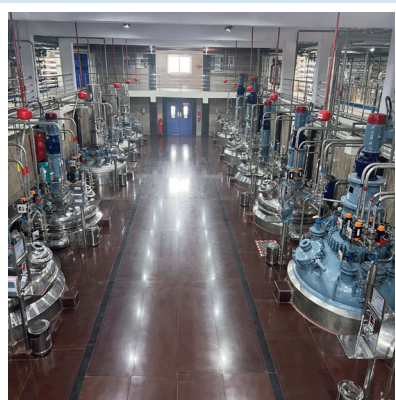
2022-23 ANNUAL REPORT



SMS Lifesciences India Limited



WORLD CLASS INFRASTRUCTURE AND TECHNICAL EXCELLENCE WILL CREATE SUSTAINABLE GROWTH



CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. TVVSN Murthy	Managing Director
Mr. TV Praveen	Executive Director
Mrs. Sudeepthi Gopineedi	Whole-time Director
Mr. P Sarath Kumar	Independent Director
Dr. (Mr.) Mannam Malakondaiah	Independent Director
Dr. (Mr.) Srinivas Samavedam	Independent Director
Mr. Venkatasubbarao Potluri	Independent Director [till 10.02.2023]

Statutory Auditors

M/s Rambabu & Co.

6-3-1090/1/A, Pancom Chambers,
Raj Bhavan Road, Somajiguda
Hyderabad – 500082, Telangana.

Internal Auditors

M/s Adusumilli & Associates

Flat. no. 302, Sri Sai Residency,
Balkampet Main Road,
Hyderabad - 500038.

Secretarial Auditors

M/s SVVS & Associates

Company Secretaries LLP
307, Babukhan Estate,
Basheerbagh,
Hyderabad - 500001.

Cost Auditors

Mr. KSN Sarma

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

Chief Financial Officer

Mr. N. Rajendra Prasad

Company Secretary

Mr. Trupti Ranjan Mohanty

Registered cum Corporate Office

Plot No:19-III, Road No:71,
Opp. Bharatiya Vidya Bhavan Public School,
Jubilee Hills, Hyderabad - 500096

Registrar & Share Transfer Agent

Aarhi Consultants Private Limited

1-2-285, Domalguda Hyderabad – 500029 |
040 2763811 / info@aarhiconsultants.com

Subsidiary Company

Mahi Drugs Private Limited

CIN: U24233AP2012PTC084875
Vishakhapatnam - 531019

Bankers

EXIM Bank
RBL Bank Ltd
HDFC Bank Ltd

CIN: L74930TG2006PLC050223

Website: www.smslife.in

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IMPORTANT COMMUNICATION TO SHAREHOLDERS:

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

Further, in compliance with the provisions of the Companies Act, 2013, the Rules framed thereunder and the recent Circulars issued by the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI), electronic copies of the Notice of the 17th (Seventeenth) Annual General Meeting (AGM) and the Annual Report for the year 2022-23 will be sent to all the Shareholders whose e-mail addresses are registered with the Company / Depository Participant(s) as on 1st September, 2023, to support the Green Initiative of the Government in full measures, Shareholders are requested to register/update their latest e-mail addresses with the Company via email to Company Secretary (cs@smslife.in)

Shareholders may note that the Notice of the 17th AGM and the Annual Report 2022-23 will also be available on the Company's website (www.smslife.in), on the websites of the Stock Exchanges where the Equity Shares of the Company are listed, i.e., BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com) and on the website of Central Depository Services Limited (CDSL) (www.evotingindia.com).

AGM NOTICE:

Notice is hereby given that the 17th Annual General Meeting (AGM) of the members of **SMS Lifesciences India Limited** (CIN: L74930TG2006PLC050223) to be held on **Friday, 29th September, 2023 at 02.00 pm** through Video Conference (“VC”), to transact the following business:

ORDINARY BUSINESS:

1. ADOPTION OF FINANCIAL STATEMENTS.

To receive, consider and adopt the Audited (Standalone and Consolidated) Financial Statements of the Company for the year ended 31st March, 2023 and the reports of the Board of Directors and the Auditors thereon.

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

“RESOLVED THAT the Audited (standalone and consolidated) Financial Statements of the Company for the year ended 31st March, 2023 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

2. DECLARING THE DIVIDEND FOR THE YEAR 2022-23.

To declare Dividend on Equity Shares at ₹1.50 per Equity Share of the face value of ₹10/- each (15%), for the year 2022-23.

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

“RESOLVED THAT a dividend at ₹1.50/- (15%) per equity share of the face value of ₹10/- each as recommended by the Board for the year ended 31st March, 2023, out of the profits for the year, be and is hereby approved and declared.”

3. RE-APPOINTMENT OF MR. VEERAVENKATA SATYANARAYANA MURTHY TALLURI, RETIRING BY ROTATION, AS DIRECTOR OF THE COMPANY.

To re-appoint Mr. Veeravenkata Satyanarayana Murthy Talluri (DIN: 00465198), who retires by rotation.

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

“RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded for the re-appointment of Mr. Veeravenkata Satyanarayana Murthy Talluri (DIN: 00465198), as Director of the Company, who shall retire by rotation and being eligible, offer himself for reappointment .”

SPECIAL BUSINESS:

4. APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS FOR THE YEAR 2023-24.

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

“RESOLVED THAT pursuant to the provisions of Section 188 and all other provisions, if any of the Companies Act, 2013 read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, as amended from time to time and pursuant to the Company’s policy on materiality of Related Party Transactions and dealing with Related Party Transactions and based on the approval / recommendation of the Audit Committee and Board of Directors, consent of the Members of the Company be and is hereby accorded to enter into / continue with the existing Related Party Transaction(s)(whether by way of an individual transaction or transactions taken together or series of transactions or otherwise) as set out in the Explanatory Statement with ‘Related Parties’ within the definition of Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which may exceed 10% of the annual consolidated turnover of the Company for the last year (i.e. 2022-23), on such terms and conditions as may be agreed between the Company and such related parties, in the ordinary course of business of the Company and at arm’s length basis.

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

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

5. APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS OF THE MATERIAL SUBSIDIARY OF THE COMPANY FOR THE YEAR 2023-24.

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

“**RESOLVED THAT** pursuant to the provisions of Section 188 and all other provisions, if any of the Companies Act, 2013 read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, as amended from time to time and pursuant to the Company’s policy on materiality of Related Party Transactions and dealing with Related Party Transactions and based on the approval / recommendation of the Audit Committee and Board of Directors, consent of the Members of the Company be and is hereby accorded to enter into / continue with the existing Related Party Transaction(s) by the material subsidiary of the Company (whether by way of an individual transaction or transactions taken together or series of transactions or otherwise) as set out in the Explanatory Statement with ‘Related Parties’ within the definition of Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which may exceed 10% of the annual consolidated turnover of the Company for the last year (i.e. 2022-23), on such terms and conditions as may be agreed between the material

subsidiary of the Company and such related parties, in the ordinary course of business of the subsidiary and at arm’s length basis.

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

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

6. RATIFICATION OF REMUNERATION TO COST AUDITOR.

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

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactments thereof and pursuant to the recommendation of the Audit Committee, the remuneration payable to Mr. K.S.N. Sarma, Cost Accountants (Membership No. 6875 and CP No. 3748), appointed by the Board of Directors of the Company, as Cost Auditors to conduct the audit of the cost records of the Company for the year ending 31st March, 2024, amounting to ₹75,000/- (Rupees Seventy-Five Thousand only) plus out of pocket expenses, at actuals and applicable taxes be and hereby ratified.

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

By Order of the Board
For SMS Lifesciences India Limited

Date: 08.08.2023
Place: Hyderabad

Trupti Ranjan Mohanty
Company Secretary

NOTES TO E-AGM NOTICE:

- 1) The statement pursuant to Section 102(1) of the Companies Act, 2013 and the Rules made thereunder in respect of the special business set out in the notice, Secretarial Standard on General Meetings (“SS-2”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, wherever applicable, is annexed hereto. The Board of Directors of the Company at its meeting held on 8th August, 2023, has considered and decided to include the Item Nos. 4 to 6 given above as Special Business in the AGM in view of the business requirements and as such unavoidable in nature.
- 2) Pursuant to General Circular No. 20/2020 dated 5th May, 2020 issued by the Ministry of Corporate Affairs (“MCA”) read together with MCA General Circular Nos. 14 & 17/2020 dated 8th April, 2020 and 13th April, 2020 respectively and MCA General Circular No. 10/2022 dated 28th December, 2022 (“MCA Circulars”) and SEBI Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated 12th May, 2020, Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022, SEBI/HO/CFD/PoD-2/P/ CIR/2023/4 dated 5th January, 2023 (“SEBI Circular”), (collectively referred to as ‘Circulars’), companies are allowed to hold Annual General Meeting through VC without the physical presence of Members at a common venue. Hence, in compliance with the Circulars, the 17th AGM of the Company is being held through Video Conference.
 - ❑ **The deemed venue for the 17th AGM shall be the Registered Office of the Company i.e. Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad – 500096.**
 - ❑ **Company is providing VC facility to its members to attend the 17th AGM on Friday, 29th September, 2023 through Central Depository Services Limited (CDSL).**
- 3) Pursuant to the above-mentioned MCA Circulars, physical attendance of the Members is not required at the AGM, and attendance of the Members through VC will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- 4) Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a Proxy to attend and vote on his/her behalf and the Proxy need not be a Member of the Company. Since this AGM is being held through VC, pursuant to the applicable MCA Circulars read with Securities and Exchange Board of India (“SEBI”) Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January, 2023, physical attendance of Members has been dispensed with. Accordingly, the facility for **appointment of Proxies by the Members will not be available for the AGM** and hence the Proxy Form, Attendance Slip and route map are not annexed to this Notice.

However, the Body Corporates are entitled to appoint authorised representatives by sending representation at cs@smslife.in to attend the AGM through VC and participate there at and cast their votes through e-voting.
- 5) The facility for attending the AGM virtually will be made available for 1,000 shareholders on a first come first served basis. This will not include large members (i.e. members with 2% or more shareholding, promoters, institutional investors, Directors, key managerial personnel, the chairpersons of the Audit Committee, Nomination & Remuneration Committee and Stakeholders’ Relationship committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

[The detailed instructions for e-voting and attending the AGM through VC is mentioned in note no. 22 – 27 and can be accessed from www.smslife.in/investors/Evoting%20procedure.pdf]
- 6) The VC facility for shareholders to join the meeting, shall be kept open 30 minutes before the start of the AGM (i.e. 1.30 pm) and shall remain open during the proceedings of the meeting.
- 7) In line with the aforesaid Circulars, the Notice of AGM along with Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories as on **Friday, 1st September, 2023 (“First Cutoff Date”)**.

Members may note that Notice and Annual Report 2022-23 can also be accessed from the websites of the Company at www.smslife.in, websites of the Stock Exchange(s) www.bseindia.com and www.nseindia.com, website of CDSL (agency for providing the remote / venue e-voting facility) www.evotingindia.com.

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

No physical copy of the notice of the 17th AGM and the Annual Report for the year 2022-23, has been sent to any members. However, members will be entitled to a physical copy of the Annual Report for the year 2022-23, free of cost, upon sending a request to the Company Secretary at cs@smslife.in or at the Registered Office of the Company.

- 8) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013 and relevant documents referred to in this Notice of AGM and explanatory statement, will be available electronically for inspection on the website of the Company at www.smslife.in.

All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e. 29th September, 2023. Members seeking to inspect such documents can send an email to cs@smslife.in

- 9) Members seeking any information with regard to accounts or any other information are requested to write to the Company atleast 10 (ten) days before the meeting so as to enable the management to keep the information ready.

- 10) A brief resume of Mr. TVVSN Murthy, Director proposed to be re-appointed at this AGM, nature of expertise in specific functional areas, names of companies in which he hold directorship and membership / chairmanships of Board Committees, shareholding and relationship between directors inter-se as stipulated under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and other requisite information as per Clause 1.2.5 of Secretarial Standard-2 on General Meetings, are provided in **Annexure I**.

- 11) The annual accounts of the Subsidiary (i.e. Mahi Drugs Private Limited) is made available on the website of the Company at <https://www.smslife.in/financials.php>.

- 12) To prevent fraudulent transactions, Members are advised to exercise due diligence and notify immediately any change of particulars such as name, postal address, e- mail address, telephone/ mobile numbers, PAN, registering of nomination, bank mandate details and / or demise of any Member as soon as possible:

- to their Depository Participants (DPs) in respect of their electronic share accounts, and
- to the Company's Registrar & Share Transfer Agents (RTA), M/s Aarthy Consultants Private Limited, 1-2-285, Domalguda Hyderabad – 500029, in respect of their physical share folios, if any, quoting their folio numbers.

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

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

- 14) SEBI has mandated the submission of permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. The Company has sent individual letters to all the Members holding shares in physical form on 1st June, 2022 and 22nd February, 2023 pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3rd November, 2021 for furnishing their PAN, KYC details and Nomination forms in form ISR-1.

Folios which are not KYC Compliant on or after 1st October, 2023, shall be frozen and members shall be eligible for receipt of dividend through electronic mode with effect from 1st April, 2024.

Folios which continue to remain frozen till 31st December 2025, post the deadline the same shall be referred by Company to the Administering Authority under the Benami Transactions (Prohibitions) Act, 1988 and / or Prevention of Money Laundering Act, 2002.

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

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

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

SEBI vide its notification dated 24th January, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are requested to dematerialise the shares held by them in physical form.

- 16) Shareholders holding shares in more than one folio in the same name(s) are requested to send the details of their folios along with share certificates so as to enable the Company to consolidate their holding into one folio.
- 17) **The register of members and share transfer books of the Company will remain closed from Saturday, 23rd September, 2023 to Friday, 29th September, 2023 (both days inclusive) for the purpose of Dividend and AGM.**
- 18) Dividend of ₹1.50/- (15%) per equity share of ₹10/- each, for the year 2022-23, as recommended by the Board of Directors in the meeting held on 29th May, 2023, if approved at the AGM, would be paid subject to deduction of tax at source, as may be applicable, to those persons or their mandates:

- whose names appear as Beneficial Owners as at the end of the business hours on Friday, 22nd September, 2023 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
- whose names appear as Members in the Register of Members of the Company as at the end of the business hours on Friday, 22nd September, 2023 after giving effect to valid request(s) received for transmission/transposition of shares.

Dividend, if declared, at the 17th AGM, will be paid within 30 days by way of credit to the respective Bank accounts of the members from the date of approval by the Shareholders, subject to deduction of tax at source, to those members whose names appear on the register of members of the Company as on **Friday, 22nd September, 2023 ("Record Date")**.

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

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

In case, the Company is unable to pay dividend to any Member by the electronic mode due to non-availability of the details of the bank account, the Company shall dispatch the dividend warrant/demand draft to such Member by post/courier.

- 20) Pursuant to the changes introduced in the Income Tax Act, 1961 ("the IT Act") as amended by the Finance Act, 2020, dividend income will be taxable in the hands of the members and the Company is required to deduct tax at source (TDS) at the time of making the payment of dividend to members at the prescribed rates. (For the prescribed rates for various categories, shareholders are requested to refer to the Finance Act, 2023 and amendments thereof.) Email communication informing the members regarding this change in the Income-tax Act, 1961 is being sent by the Company.

However, no tax shall be deducted on the dividend payable to a resident individual member, if the total dividend to be received by them during the year 2023-24 does not exceed ₹5,000/- and also in cases where members provide Form 15G (applicable to any person other than HUF or a company or a firm)/Form 15H (applicable to an individual who is 60 years and older) subject to such conditions as specified in the IT Act. Members may also submit any other document as prescribed under the

IT Act, to claim a lower/nil withholding tax. PAN is mandatory for members providing Form 15G/Form 15H or any other documents as mentioned above.

The formats of Form 15G/Form 15H are available on the website of the Company at www.smslife.in/shareholding-information.php.

The aforesaid declarations and documents need to be submitted by the members on or before Monday, 25th September, 2023 to the Company / RTA. No communication on the tax determination/deduction shall be entertained post the aforesaid date. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from the members, there would still be an option available with the members to file the return of income and claim an appropriate refund, if eligible.

Members are requested to update their Permanent Account Number ("PAN") with the Company (in case of shares held in physical mode) and Depositories (in case of shares held in demat mode). Further, Central Board of Direct Taxes ("CBDT") has mandated to link PAN with Aadhar on or before 30th June, 2023. Hence, only the PAN linked with Aadhar shall only be considered as valid PAN.

- 21) Pursuant to the provision of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules") and amendments thereto, shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the demat account of the IEPF Authority except for shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority restraining any transfer of the shares. Members who have not encashed their dividend warrant for respective financial years, are requested to write to the Company/Registrar and Share Transfer Agent (RTA) at least a month before the due date, as under:

Financial Year	Date of declaration of Dividend	Unclaimed dividend as on 31.03.2023	Last date for claiming unpaid/unclaimed dividend
2018-19	30.09.2019	₹ 37,973	07.11.2026
2019-20	-	-	-
2020-21	30.09.2021	₹ 17,267	07.11.2028
2021-22	30.09.2022	₹25,941	07.11.2029

Members who have not uncashed their dividend warrants and the sale consideration against fractional shares issued pursuant to demerger (i.e. ₹6,17,313/-), are requested to make their claims to RTA (info@aarthiconsultants.com) or the Company (cs@smslife.in).

Detailed list unclaimed dividend and unclaimed fractional share amount as on 31st March, 2023 is uploaded in the website of the Company at www.smslife.in/shareholding-information.php.

Shareholders are requested to note that, pursuant to the provisions of Section 124 of the Companies Act, 2013 read with IEPF Rules, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the MCA.

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

- a) In compliance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020, Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), the Company is providing facility of remote e-voting to its members in respect of the business to be transacted at the 17th AGM to be held on Friday, 29th September, 2023, at 2.00 p.m., The Company has appointed Central Depository Services (India) Limited (“CDSL”) as the authorised e-Voting agency for facilitating voting through electronic means.

The facility of casting votes by members using remote e-voting as well as e-voting system on the date of the AGM will be provided by CDSL.

- b) Members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on **Friday, 22nd September, 2023 (“Second Cut-off Date”)**, shall be entitled to avail the facility of remote e-voting as well as e-voting system on the date of the AGM. Any recipient of this Notice, who has no voting rights as on the “Second Cut-off date”, shall treat this Notice as intimation only.
- c) A person who has acquired the shares and has become a member of the Company after “First cut-off date” (i.e. after dispatch of the Notice of the AGM) and prior to “Second Cut-off date” (i.e. entitled to participate in AGM), shall be entitled to exercise his/her vote electronically i.e. remote e-voting or e-voting system on the date of the AGM.
- d) **The remote e-voting will commence on Tuesday, 26th September, 2023 at 9.00 a.m. and will end on Thursday, 28th September, 2023 at 5.00 p.m.**
- e) Once the vote on a resolution is casted by the member, he/she shall not be allowed to change it subsequently or cast the vote again.
- f) The voting rights of the members shall be in proportion to their share in the paid up equity share capital of the Company as on the “Second Cut-off date”.

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

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

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

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

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

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

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

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

For Shareholders holding shares in Demat Form other than individual and Physical Form	
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <input type="checkbox"/> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. <input type="checkbox"/> If both the details are not recorded with the Depository or Company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- d) After entering these details appropriately, click on “**SUBMIT**” tab.
- e) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- f) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- g) Click on the **EVS**N for the Company.
- h) On the voting page, you will see “**RESOLUTION DESCRIPTION**” and against the same the option “**YES/NO**” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- i) Click on the “**RESOLUTIONS FILE LINK**” if you wish to view the entire Resolution details.

- j) After selecting the resolution, you have decided to vote on, click on “**SUBMIT**”. A confirmation box will be displayed. If you wish to confirm your vote, click on “**OK**”, else to change your vote, click on “**CANCEL**” and accordingly modify your vote.
- k) Once you “**CONFIRM**” your vote on the resolution, you will not be allowed to modify your vote.
- l) You can also take a print of the votes cast by clicking on “**Click here to print**” option on the Voting page.
- m) If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

24) Note for Non – Individual Shareholders and Custodians

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

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

25) Instruction for members for attending the AGM through VC are as under:

- a) Members will be provided with a facility to attend the AGM through VC by CDSL. Members may access the same at www.evotingindia.com under shareholders'/ members login by using the remote e-voting credentials. The link for VC will be available in shareholder/members login where the EVSN of Company will be displayed.
- b) Members may to join the Meeting through Laptops, smartphones, Tablets and ipads for better experience.
- c) Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- d) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- e) For ease of conduct, members who would like to express their views or ask questions during the AGM may **register themselves as a speaker by sending request from their registered email address mentioning their questions by 23rd September, 2023** mentioning their name, demat account number (along with DP ID) / folio number, PAN, email id, mobile number at cs@smslife.in.

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

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

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

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

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

Detailed procedure is laid down in www.smslife.in/investors/Procedure%20for%20attending%20AGM.pdf

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

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

- 29)** The Board of Directors of the Company at their meeting held on 8th August, 2023, have appointed Mr. C. Sudhir Babu, Practicing Company Secretary, Proprietor, CSB Associates as the Scrutinizer, for conducting the remote e-voting process as well as the e-voting system on the date of the AGM, in a fair and transparent manner.

After completion of the scrutiny of the electronic votes, the Scrutinizer will submit his report to the Chairman / Company Secretary. The voting results along with Scrutinizer's Report will be announced within two working days of the conclusion of AGM and the same shall be displayed at the Registered Office and on its website www.smslife.in of the Company and on the website of CDSL i.e. www.cdslindia.com and also be communicated to the Stock Exchange(s).

CONTACT DETAILS:

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

ANNEXURE TO NOTICE:

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

ITEM#04

Material Related Party Transactions for the year 2023-24:

Pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, effective 1st April, 2022, states that all Related Party Transactions with an aggregate value exceeding ₹1,000 crore or 10% of annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, shall be considered as “material” and requires prior approval of members by means of an Ordinary Resolution.

Following shall be considered as “Material Related Party Transactions” of the Company for the year 2023-24, based on the annual consolidated turnover of the Company for the previous year (i.e. 2022-23) :

[₹ in Crores]

SL No.	Name of Related Party	Nature of transaction	Threshold limit**	Estimated Transaction(s) value
1.	Mahi Drugs Private Limited ¹	Sale & Purchase of Goods & Services, Rent	31.55	85.10
2.	Rchem (Somanahalli) Private Limited ²	Sale & Purchase of Goods & Services, rent	31.55	70.10
3.	ChemWerth Inc, USA ³	Sale & Purchase of Goods & Services, Business advance	31.55	40.00

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

**10% of consolidated turnover (i.e. ₹315.56 Crs) of the Company for the year 2022-23

Note –

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

Accordingly, the Board of Directors based on recommendation of the Audit Committee at their meeting held on 29th May, 2023, have accorded approval to enter into and/or continue with aforesaid material Related Party Transactions with ‘Related Parties’ within the definition of Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (whether individual transaction or transactions taken together or series of transactions or otherwise) for the year 2023-24.

Sl.No.	Description	Details		
1.	Details of summary of information as provided by the Management to the Audit Committee			
a.	Name of the related party and its relationship with the Company	Mahi Drugs Private Limited, [Material Subsidiary]	Rchem (Somanahalli) Private Limited, [Directors have significant influence]	ChemWerth Inc, USA [Other related party -Strategic Investor (40% stake) in Subsidiary Company]

Sl.No.	Description	Details		
b.	Name of the Director or key managerial personnel who is related and nature of relationship	Mr. TVVSN Murthy, Mr. TV Praveen & Mr. P Sarath Kumar are also Directors in the Board of Mahi Drugs Private Limited.	Mr. TVVSN Murthy, Mr. TV Praveen & Mrs. Sudeepthi Gopineedi are shareholders in Rchem (Somanahalli) Private Limited.	-
c.	Nature, material terms, monetary value and particulars of contracts or arrangement	The transaction involves Sale & Purchase of goods, availing & rendering of Services and renting of property / Business advance. The maximum annual value of the proposed transactions is estimated based on the Company's current transactions and future business projections.		
d.	Value of Transaction (aggregate Limits)	₹85.10 Crores	₹70.10 Crores	₹40.00 Crores
e.	Tenure of the proposed transaction	This related party transactions are recurring in nature. However, the approval of the shareholders is being sought for entering into related party transactions for the year 2023-24.		
f.	Percentage of annual consolidated turnover considering FY 2022-23 as the immediately preceding financial year	26.97%	22.21%	12.68%
2.	Justification for the transaction	The proposed transactions are in the best interest of the Company and are purely for the purpose of furthering the main business activities ensuring that it would be in the best interest of the Company and towards achieving synergies and economies of scale; reduce operational costs and strengthen sustainability. These proposed transactions with related parties shall support the availability of prime raw material & intermediaries to API's, for increase of its overall operations and profitability. These transactions shall be purely on the basis of day to day business requirements and in the Ordinary Course of business and at an arm's length basis as per the guidelines of related party policy of the Company.		
3.	Details of transactions relating to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary	Not Applicable		
4.	A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction	-		
5.	Any other information that may be relevant	All important information forms part of the statement setting out material facts, pursuant to Section 102(1) of the Companies Act, 2013 forming part of this Notice.		

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

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

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

Mr. TVVSN Murthy, Mr. T.V. Praveen and Mrs. Sudeepthi Gopineedi are interested in the resolution as set out at Item No. 4 of the Notice with regard to approval of estimated material Related Party Transactions for the year 2023-24.

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

ITEM#05

Material Related Party Transactions of Mahi Drugs Private Limited, Material Subsidiary of the Company, for the year 2023-24:

Pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, effective 1st April, 2022, states that all Related Party Transactions with an aggregate value exceeding ₹1,000 crore or 10% of annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, shall be considered as “material” and requires prior approval of members by means of an Ordinary Resolution.

Following shall be considered as “Material Related Party Transactions” of the Company pertaining to the Material Subsidiary for the year 2023-24, based on the annual consolidated turnover of the Company for the previous year (i.e. 2022-23):

[₹ in Crores]

Sl. No.	Name of Related of material subsidiary	Nature of transaction	Threshold limit**	Estimated Transaction value
1.	SMS Lifesciences India Limited ¹	Sale & Purchase of Goods & Services, Rent	31.55	85.10
2.	ChemWerth Inc, USA ²	Sale & Purchase of Goods & Services, Business advance	31.55	50.00

1- Company | 2 - Other related party

**10% of consolidated turnover (i.e. ₹315.56 Crs) of the Company for the year 2022-23

Note –

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

Accordingly, the Board of Directors based on recommendation of the Audit Committee at their meeting held on 29th May, 2023, have accorded approval to enter into and/or continue with aforesaid material Related Party Transactions pertaining to Mahi Drugs Private Limited (Material Subsidiary) with its 'Related Parties' within the definition of Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (whether individual transaction or transactions taken together or series of transactions or otherwise) for the year 2023-24.

Sl No.	Description	Details	
1.	Details of summary of information as provided by the Management to the Audit Committee		
a.	Name of the related party and its relationship with the Company	SMS Lifesciences India Limited [Company]	ChemWerth Inc, USA [Other related party -Strategic Investor (40% stake) in Subsidiary Company]
b.	Name of the Director or key managerial personnel who is related and nature of relationship	Mr. TVVSN Murthy, Mr. TV Praveen & Mr. P. Sarath Kumar are also Directors in the Board of Mahi Drugs Private Limited.	-
c.	Nature, material terms, monetary value and particulars of contracts or arrangement	The transaction involves Sale & Purchase of goods, availing & rendering of Services and renting of property / Business advance. The maximum annual value of the proposed transactions is estimated based on the Company's current transactions and future business projections.	
d.	Value of Transaction	₹85.10 Crores	₹ 50.00 Crores
e.	Tenure of the proposed transaction	This related party transactions are recurring in nature. However, the approval of the shareholders is being sought for entering into related party transactions for the year 2023-24.	
f.	Percentage of annual consolidated turnover considering FY 2022-23 as the immediately preceding financial year	26.97%	15.84%
2.	Justification for the transaction	<p>The proposed transactions are in the best interest of the Mahi Drugs (Subsidiary) and are purely for the purpose of furthering the main business activities and towards achieving synergies and economies of scale; reduce operational costs and strengthen sustainability.</p> <p>Under current business scenario, these proposed transactions with related parties shall support the availability of prime raw material & intermediaries to API's, for increase of its overall operations and profitability.</p> <p>These transactions shall be purely on the basis of day to day business requirements and in the Ordinary Course of business & on an arm's length basis as per the guidelines of related party policy of the Company.</p>	
3.	Details of transactions relating to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary	Not Applicable	

SI No.	Description	Details
4.	A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction	-
5.	Any other information that may be relevant	All important information forms part of the statement setting out material facts, pursuant to Section 102(1) of the Companies Act, 2013 forming part of this Notice.

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

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

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

Mr. TVVSN Murthy, Mr. T.V. Praveen and Mrs. Sudeepthi Gopineedi are interested in the resolution as set out at Item No. 5 of the Notice with regard to approval of estimated material Related Party Transactions of the Subsidiary Company for the year 2023-24.

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

ITEM#06

The Company is required to have its cost records audited by a Cost Accountant in practice. Accordingly, the Board of Directors of the Company on the recommendation of the Audit Committee, at their Meeting held on 8th August, 2023, had approved the reappointment of Mr. K.S.N. Sarma, Cost Accountants, as the Cost Auditors to conduct the audit of the cost records maintained by the Company for the year 2023-24 at a remuneration of ₹75,000/- (excluding all taxes and reimbursement of out of pocket expenses, if any at actuals).

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors needs to be ratified by the Members of the Company. Accordingly, consent of the Members is sought for ratification of the remuneration payable to the Cost Auditors for the year 2023-24. The Board, on the recommendation of the Audit Committee, recommends the resolution set forth in Item No. 6 of the notice for approval of the members by passing an **Ordinary Resolution**.

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

By Order of the Board
For SMS Lifesciences India Limited

Trupti Ranjan Mohanty
Company Secretary

Date: 08.08.2023
Place: Hyderabad

DIRECTORS' REPORT:

[for the year ended 31st March 2023]

TO THE MEMBERS,

Your Directors have pleasure in presenting this 17th (Seventeenth) Directors' Report along with the Audited Financial Statements for the year ended 31st March, 2023.

1. FINANCIAL SUMMARY OF THE COMPANY:

The standalone and consolidated financial statements for the financial year ended 31st March, 2023, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

Key highlights of financial performance of your Company are summarised below:

(₹ in Lakhs)

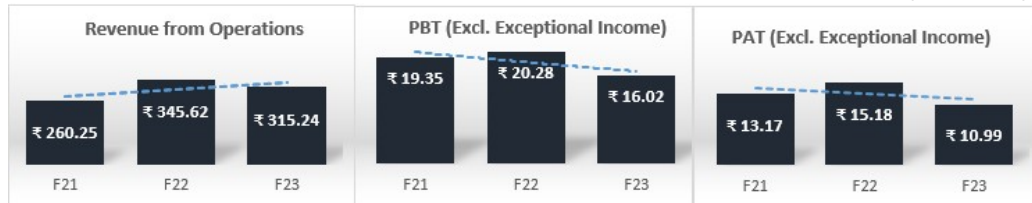
PARTICULARS	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Revenue from operations	31,524.18	34,562.81	31,556.03	35,007.12
Other income	288.17	153.55	307.25	173.98
Profit Before Depreciation, Interest and Tax (PBDIT)	3,163.98	4,559.24	3,417.64	4,891.08
Finance Cost	509.44	462.50	679.49	617.39
Depreciation	817.30	799.04	1,078.86	1,000.60
Profit before Tax (PBT)	1,837.24	3,297.70	1,659.29	3,273.09
Tax expenses	515.48	759.57	521.55	743.11
Profit after Tax (PAT)	1,321.76	2,538.13	1,137.74	2,529.98
Total Comprehensive Income (TCI)	1,326.75	2,533.10	1,140.17	2,526.40
TCI attributable to:				
- Equity holders of the parents	-	-	1,149.74	2,528.63
- Non-controlling interests	-	-	(9.57)	(2.23)
EPS (incl. of Exceptional income) in ₹	43.72	83.95	37.92	83.76
EPS (excl. of Exceptional income) in ₹	36.34	50.24	30.53	50.04

2. OVERVIEW OF FINANCIAL PERFORMANCE OF THE COMPANY AND ITS SUBSIDIARIES:

Company:

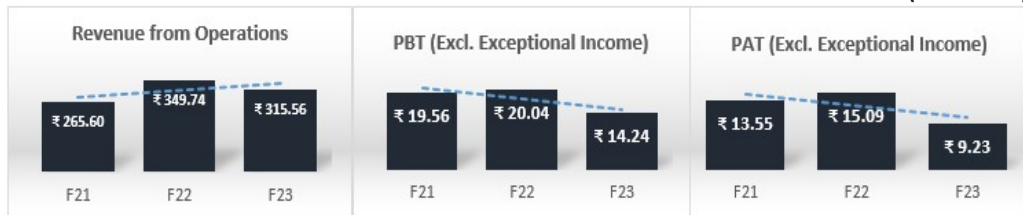
- Your Company is in the Business of manufacturing of Active Pharmaceutical Ingredients (API's) and its intermediates and sells its products in India and overseas market.
- Standalone income, comprising Revenue from Operations and other income, for the year was ₹318.12 Crore, i.e. 8.37% decline as compared to ₹347.16 Crore in previous year.

(₹ in Crores)



- Consolidated income, comprising Revenue from Operations and other income, for the year was ₹318.63 Crore, i.e. 9.43% decline as compared to ₹351.81 Crore in previous year.

(₹ in Crores)



Financial Liquidity: Consolidated cash and cash equivalent as on 31st March, 2023 stood at ₹127.78 lakhs vis-à-vis ₹98.60 lakhs in the previous year. The Company's working capital management is robust and involves a well-organized process, which facilitates continuous monitoring and control over receivables, inventories and other parameters.

Subsidiary Company:

Mahi Drugs Private Limited (subsidiary) reported a net loss of ₹22.14 lakhs during the period under review as compared to ₹8.15 lakhs profit during the previous year 2021-22 and the revenue from operations was ₹35.47 crores during the year as compared to ₹32.37 crores in the previous year. (Financials of the subsidiary is available in the website of the Company at www.smslife.in/financials.php)

Mahi Drugs is currently in the process of revamping the infrastructure by incurring capital expenditure in order to streamline the manufacturing facilities as per the United States Food and Drug Administration (USFDA) and European Union (EU) guidelines, in order to cater to the regulated markets, in addition to the domestic market.

3. DIVIDEND

Your Directors are pleased to recommend a dividend of ₹1.50 (Rupee One and Fifty paise only) per equity share of the face value of ₹10/- each for the year ended 31st March, 2023.

The Dividend, shall be subject to the approval of the Members at the 17th Annual General Meeting ("AGM") to be held on Friday, 29th September, 2023 and shall be paid within a period of 30 days from the date of AGM to the Shareholders whose names appear in the Register of Members of the Company as on Friday, 22nd September, 2023, in respect of shares held in dematerialized form, it will be paid to Shareholders, whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), as the beneficial owners as on the even date, out of the profits of the Company.

Dividend Distribution Policy pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to the Company.

4. TRANSFER OF UNPAID/ UNCLAIMED DIVIDEND

There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in the year 2022-23 as required under Section 124(6) of the Companies Act 2013. However, the Shareholders are requested to read the instructions given in Note no. 21 to the AGM Notice, forming a part of this Annual Report.

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

5. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY FROM THE END OF THE FINANCIAL YEAR AND TILL THE DATE OF THIS REPORT

No material change and commitment affecting the financial performance of the Company which occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report (i.e. from 1st April, 2023 to 8th August, 2023).

➤ Update on Covid19:

World Health Organization (WHO) on 5th May, 2023 released a statement citing the end of Covid-19 related public health emergency. However, the virus causing Covid-19 disease will remain as a permanently established pathogen in humans for the foreseeable future but the pandemic has now nearly reached the endemic stage.

6. PROCEEDINGS UNDER IBC CODE / ONE-TIME SETTLEMENT

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

7. CHANGE IN THE NATURE OF BUSINESS

We would like to inform that there has been no change in the nature of business of your Company during the year under review.

8. TRANSFER TO RESERVES

During the period under review, your Board of Directors in its meeting held on 29th May, 2023 has approved to transfer ₹200 lakhs to the general reserve.

Details of General reserves:

[₹ in lakhs]

As on 31.03.2022	Transfer	As on 31.03.2023
6,816.02	200.00	7,016.02

9. CREDIT RATING

CARE Ratings Limited (CARE) has reaffirmed its ratings of "CARE BBB+; Stable" on the long term bank facilities of the Company and "CARE BBB+; Stable" on the long term bank facilities of the subsidiary Company. Detailed report can be accessed from www.smslife.in/corporate-announcements.php

10. PARTICULARS OF LOANS, INVESTMENTS AND GUARANTEES

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

During the year under review, your Company has not given any loan or provided any security which are covered under the provisions of Sections 186 of the Companies Act, 2023. However, Company has written off 500 equity share of face value of ₹100/- each of Jeedimetla Effluent Treatment Limited (JETL) in the Board meeting held on 29th May, 2023.

11. SHARE CAPITAL AND LISTING

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

[as on 31st March, 2023]

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

Listing of shares: Equity shares of your Company are listed in National Stock Exchange of India (NSE) and BSE Limited (BSE). [Listing fees has been paid for the year 2023-24 to both the Exchanges].

12. DEPOSITS

No public deposits have been accepted or renewed by your Company during the year under review pursuant to the provisions of Section 73 and 74 of the Companies Act, 2023 read together with the Companies (Acceptance of Deposits) Rules, 2014.

13. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Your Company is maintaining an optimum combination of Independent / Executive Directors on the Board, who have vast experience in Pharma and other relevant fields.

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

A. RETIREMENT BY ROTATION

In accordance with the provisions of Section 152(6) of the Companies Act, 2013 read with the Articles of Association of the Company, at least 2/3rd of the total number of Directors of a public company shall be liable to retire by rotation and 1/3rd of such Directors shall retire by rotation at every AGM, However, "Independent Directors" are out of the ambit of retiring by rotation.

Further, as Mrs. Sudeepthi Gopineedi was appointed by rotation in the 16th AGM, so Board has proposed Mr. TVVSN Murthy as the Director to "Retire by rotation" in the ensuing 17th AGM.

Detailed information as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as **Annexure-I** forming part of this Report.

B. APPOINTMENT AND CESSATION

During the year under review and until the approval of this Directors Report, there was following changes in Board composition:

Appointment / reappointment:			
Name	Designation	DIN	Event date
Mr. Sarath Kumar Pakalapati**	Independent Director	01456746	11.02.2022
Mr. TVVSN Murthy###	Managing Director	00465198	28.05.2022

*Re-appointed for the second term of 5 (five) years as "Independent Director" w.e.f. 25th May, 2022.

###Re-appointed for further period of 3 (three) years as "Managing Director" w.e.f. 1st June, 2022.

Resignation:			
Name	Designation	DIN	Event date
Mr. Venkatasubbarao Potluri	Independent Director	00099066	10.02.2023

C. DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors have furnished declarations of independence under Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. They have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

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

➤ **Registration of Independent Directors in Independent Directors Databank:**

All the Independent Directors of the Company have been registered and are members of Independent Directors Databank maintained by Indian Institute of Corporate Affairs (IICA), in terms of the provisions of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2019 and the Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019.

In terms of the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 dealing with the requirement for Independent Directors to pass proficiency self-assessment test conducted by IICA, following are the details:

Name of Independent Directors	Registration details	Validity	Status of Proficiency exam
Mr. P Sarath Kumar	IDDB-DI-202002-012216	Lifetime	Exempted
Mr. Srinivas Samavedam	IDDB-DI-202111-039492	Lifetime	Cleared
Mr. Mannam Malakondaiah	IDDB-DI-202110-039289	Lifetime	Exempted

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

Over the years, the Company has established a reputation for doing business with integrity and maintained zero tolerance towards any form of unethical behavior.

Your Company has formulated a Vigil Mechanism and Whistle-Blower Policy intending to provide a mechanism for employees to report violations. It also assures them of the process that will be observed to address the reported violation. The Policy also lays down the procedures to be followed for tracking complaints, conducting investigations and taking disciplinary actions. It also provides assurances and guidelines on confidentiality of the reporting process and protection from reprisal to complainants.

Protected disclosures can be made by a whistle-blower to report actual or suspected frauds and violation of the Company's Code of Conduct. The Policy also provides a mechanism to encourage and protect genuine Whistleblowing among the Vendors.

No personnel have been denied access to the Audit Committee of the Board and Audit Committee oversees the functioning of Vigil Mechanism/Whistle-Blower Policy.

The Whistle-Blower Policy of your Company is available on the website of the Company and can be accessed at <https://www.smslife.in/policies.php>. The policy was last reviewed and amended by the Board in the meeting held on 29th May, 2023. The contact details for the vigil mechanism are available at the website of the Company at www.smslife.in/contact-us.php.

D. DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual financial statements for the year ended 31st March, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- the accounting policies selected and applied consistently, give a true and fair view of the state of affairs of the Company and of the profits for the year 2022-23.
- proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts were prepared on a going concern basis;
- proper internal financial controls were in place and that such internal financial controls are adequate and were operating effectively; and
- proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and were operating effectively.

➤ **Non-disqualification of Directors:**

None of the Directors of the Company is disqualified under the provisions of the Companies Act, 2013 or under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Your Company has obtained a Certificate from Mr. C. Sudhir Babu, Company Secretary in Practice, Hyderabad (ICSI Memb. No. 2724 and C.P. No. 7666) pursuant to the provisions of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provided as **Annexure II**, certifying that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India (SEBI) or by the Ministry of Corporate Affairs (MCA) or by any such statutory authority.

➤ **Code of conduct for Directors and Senior Management:**

Board of Directors in the meeting held on 29th May, 2023 have reviewed and approved the Code of conduct for Board of Directors and Senior Management pursuant to Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and can be accessed from the website of the Company at www.smslife.in/policies.php

Further, in accordance with Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, declaration from Managing Director of the Company has been received confirming that all the Directors and the Senior Management Personnel of the Company have complied with the aforesaid Code of Conduct for the year 2022-23 forming part of the report as **Annexure III**.

E. BOARD PERFORMANCE ANNUAL EVALUATION.

In terms of requirements of the Companies Act, 2013 read with the Rules issued thereunder and SEBI (Listing Obligations and Disclosure Requirements) regulations 2015, the Nomination and Remuneration Committee in its meeting held on 10th February, 2023 carried out the annual performance evaluation of the Board of Directors as a whole, Committees of the Board and individual Directors. The members have expressed their satisfaction with the evaluation process.

The Board of Directors in the meeting held on 29th May, 2023 evaluated the individual performance of the Independent Directors of the Company based on the specified criteria pursuant to Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and were satisfied with their performance.

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

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

F. REMUNERATION POLICY AND APPOINTMENT CRITERIA:

Your Company has in place a policy for remuneration of Directors, Key Managerial Personal (KMPs) and Senior Management Personal (SMPs) as well as a well-defined criterion for the selection of candidates for appointment to the said positions, which has been approved by the Board.

The following policies broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to the Executive and Non-Executive Directors (by way of sitting fees and commission), KMPs and SMPs. The criteria for the selection of candidates for the above positions cover various factors and attributes, which are considered by the Nomination and remuneration Committee and the Board of Directors while selecting candidates.

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

Aforesaid policies as recommended by the Nomination and Remuneration Committee and approved by the Board in their respective meeting held on 8th August, 2023 can be accessed from the website of the Company at www.smslife.in/policies.php

Details of Managerial Remuneration:

(₹ in Lakhs)

Sl No.	Name of Executive Directors**	Salary	Perks	Total
1)	Mr. TVVSN Murthy, MD	198.00	4.58	202.58
2)	Mr. TV Praveen, ED	72.00	-	72.00
3)	Mrs. Sudeepthi Gopineedi, WTD	24.00	-	24.00
Total		294.00	4.58	298.58

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

G. FAMILIARIZATION PROGRAMME OF THE INDEPENDENT DIRECTORS:

Your Company follows an induction programme for Independent Directors at the time of their joining to provide them with an opportunity to familiarize themselves with the Company, its management, its operations and the industry in which the Company operates.

Independent Directors are also explained in detail the compliance required from by them under the Companies Act, 2023, the SEBI Regulations and other relevant regulations and affirmation taken with respect to the same.

The induction programme includes:

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

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

H. MEETINGS OF THE BOARD OF DIRECTORS

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

Sl.No.	Date and time	No. of Directors present
1.	28 th May, 2022 [01.30 pm]	06
2.	9 th August, 2022 [05.00 pm]	06
3.	14 th November, 2022 [01.30 pm]	06
4.	10 th February, 2023 [01.15 pm]	06

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

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

I. SEPARATE INDEPENDENT DIRECTORS MEETING:

In terms of requirements of Schedule IV of the Companies Act, 2013, a separate meeting of Independent Directors of the Company was held on 10th February 2023 at the Registered Office of the Company located at Hyderabad to review:

- The performance of Non-Independent Directors (i.e. Executive Directors) and the Board as a whole and its Committees thereof;
- To assess the quality, quantity and timeliness of the flow of information between the Management and the Board.

In the aforesaid meeting, the Independent Directors noted that there is no full time Chairman.

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

J. KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of the Company as on 31st March, 2023 in accordance with the provisions of Section 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is as below:

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

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

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

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

14. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, forms part of the Annual Report in **Annexure IV**.

15. ANNUAL RETURN

Annual Return pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the copy of Annual Return for the year 2022-23, will be available on the website of the Company at www.smslife.in/financials.php.

16. RECLASSIFICATION OF PROMOTERS

During the year under review, following erstwhile members of Promoter group were reclassified into public category, as approved by the Stock Exchanges on 13th April, 2022.

Sl. No.	Name of the erstwhile promoters group	No. of Shares	% of holding
1.	Mr. Suresh Babu Potluri	2,539	0.08
2.	Mr. Hari Kishore Potluri	8,664	0.29

The details of Shareholding of promoter / promoter group of the Company as on 31st March, 2023 as stated in the notes to the financial statements forms part of this annual report and list of Top 10 shareholders (other than Promoters) of the Company as on 31st March, 2023 is provided separately in **Annexure V**.

17. AUDITORS & AUDITORS' REPORT

A. STATUTORY AUDITORS:

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

The Auditor's Report for the year ended 31st March, 2023, on the financial statements of the Company is provided along with financial statements forming part of this Report and the same does not contain any qualification, adverse remark, reservation or disclaimer and therefore, does not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

B. COST AUDITOR:

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

The Board has, on the recommendations made by the Audit Committee in their meeting held on 29th May, 2023, reappointed Mr. KSN Sarma, Cost Accountant, Hyderabad (Registration No. 102145 and Membership no. 6875), as Cost Auditor of the Company for conducting the cost audit for the year 2023-24, subject to ratification of their remuneration at the ensuing 17th (Seventeenth) Annual General Meeting.

C. SECRETARIAL AUDITOR:

Board of Directors had, upon recommendation of the Audit Committee, at its Meeting held on 28th May, 2022, appointed M/s. SVVS & Associates Company Secretaries LLP, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of your Company for the year 2022-23 pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report issued by M/s. SVVS & Associates Company Secretaries LLP, Secretarial Auditors for the year ended 31st March, 2023, which is an unqualified report, is annexed herewith as **Annexure VI**.

Board of Directors has, upon recommendation of the Audit Committee, at its Meeting held on 29th May, 2023, re-appointed M/s. SVVS & Associates Company Secretaries LLP, as the “Secretarial Auditors” of your Company for the year 2023-24. Further, Company has received consent from M/s SVVS & Associates Company Secretaries LLP to act as the auditor for conducting an audit of the secretarial records for the year ending 31st March, 2024.

➤ **Annual Secretarial Compliance Report:**

Company has obtained Annual Secretarial Compliance Report from Mr. C. Sudhir Babu, Practicing Company Secretary (Proprietor, CSB Associates) on 29th May, 2023, pursuant to SEBI circular no. CIR/CFD/CMD1/27/2019 dated 8th February, 2019; forms part of this Report as **Annexure VII** and the same was also submitted to the Stock Exchange(s) on 29th May, 2023. The aforesaid Report do not contain any qualification, reservation or adverse remarks.

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

Secretarial Audit of Mahi Drugs Private Limited, the material unlisted subsidiary of the Company was also undertaken by M/s. SVVS & Associates Company Secretaries LLP for the year 2022-23 and the same forms part of this Report as **Annexure VIII** in terms of Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

D. INTERNAL AUDITOR:

Board of Directors had, upon recommendation of the Audit Committee, at its Meeting held on 27th July, 2020, reappointed M/s Adusumilli & Associates, Chartered Accountants (Firm No. 069835) as the Internal Auditors of the Company (perpetually, unless decided otherwise by the Board), in accordance with the provisions of Section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014.

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

➤ **Reporting of Frauds by Auditors**

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

18. CODE FOR PREVENTION OF INSIDER TRADING

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

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

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

Report pursuant to Clause I of Schedule B (Minimum Standards for Code of Conduct) of SEBI (Prohibition of Insider Trading) Regulations, 2015 and Clause 6 of Code for Regulation & Prohibition of Insider Trading of the Company, is submitted to the Board of Directors on a quarterly basis.

Company has implemented Structural Digital Database (SDD) w.e.f. 27th October, 2022 pursuant to provisions of Regulation 3(5) and 3(6) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Mr. Trupti Ranjan Mohanty, Compliance Officer has been authorised for setting forth the procedures and implementation of the aforesaid codes.

19. MARKET CAPITALIZATION [RANKING]

Stock Exchanges have released a list of ranking of the Companies as on 31st March, 2023 based on the Market capitalization; Ranking of your Company is as under:

Stock Exchange	Rank as per Market Capitalization
National Stock Exchange of India Limited	1504
BSE Limited	1729

Note –

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

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

20. CORPORATE GOVERNANCE

In compliance with Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Corporate Governance Report for the year 2022-23 as required under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 of the Company is attached to this report as **Annexure IX**.

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

21. SECRETARIAL STANDARDS

Your Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS - 1) and General Meetings (SS - 2) issued by the Institute of Company Secretaries of India (ICSI) and approved by the Central Government.

22. UPDATION OF EMAIL IDS FOR RECEIVING NOTICES / DOCUMENTS IN ELECTRONIC MODE

Shareholders who have not registered their email addresses with the Company are requested to register their email addresses with the Company to enable the Company to deliver notices /documents through e-mail. Shareholders holding their shares in demat mode also have an option to register / update their email addresses, KYC and Bank details with their depository, through their depository participant.

Detailed procedure can be accessed at www.smslife.in/investors/Procedure%20for%20attending%20AGM.pdf

23. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

In this regard, Board of Directors of the Company in the meeting held on 28th May, 2022 had:

- Appointed Secretarial Auditor in Mahi Drugs for the year 2022-23, pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Nominated Independent Director on the Board of Mahi Drugs, pursuant to Regulation 24(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Your Company has no joint venture or Associate Companies as on 31st March, 2023.

No company has ceased to be a subsidiary/ associate/ joint venture of the Company during the year.

24. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

Pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, CSR Committee of the Board of Directors had framed the policy on Corporate Social Responsibility (**Details are provided in the Corporate Governance Report**) and the Annual report on CSR initiatives undertaken during the year 2022-23 have been provided in **Annexure XI**. Chief Financial Officer of the Company has furnished the certificate under Rule 4 of the Companies (CSR) Rules, 2014.

25. DEPOSITORY SYSTEM

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

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

26. RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the year under review were in the ordinary course of business and on an arm's length basis and were in compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 read with rules made there under. Details of related party disclosures as stated in the notes to the financial statements forms part of this annual report.

➤ **Material Related Party Transactions:**

During the year under review, following is Material Related Party Transactions pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

[₹ in Crores]

Name of Related party	Nature of Transaction	Threshold Limit*	Aggregate Transaction value
Mahi Drugs Private Limited, Subsidiary Company.	Sale & Purchase of Goods & Services and Renting of property.	34.94	35.62

*10% of consolidated turnover (₹349.74 Crores) of the Company for the year 2021-22

The aforesaid Material Related Party Transactions were approved by the Shareholders pursuant to Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by Postal Ballot, which commenced on 26th July, 2022 and concluded on 24th August, 2022.

Particulars of contracts or arrangements entered by the Company with related parties referred to in Section 188(1) are furnished under Form AOC-2 as **Annexure XII**.

➤ **Policy on Related Party Transactions:**

In accordance with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by SEBI notification dated 9th November, 2021 read with clarification issued by SEBI dated 30th March, 2022 and 8th April, 2022, your Company has amended the “Policy on materiality of Related Party Transactions and dealing with Related Party Transactions” in the Board meeting held on 28th May, 2022 and the same can be accessed from the website of the Company at www.smslife.in/policies.php.

27. INTERNAL FINANCIAL CONTROLS

The internal financial controls with reference to the Financial Statements, apart from statutory audit, internal audit and cost compliance, are adequate to the size and operations of the Company.

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

28. RISK MANAGEMENT

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

29. SIGNIFICANT OR MATERIAL ORDER PASSED BY REGULATORS/COURTS

There are no significant and material orders passed by the Courts or Regulators against the Company.

30. INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company believes in fair employment practices and is committed to provide an environment that ensures that every employee is treated with dignity and respect and is provided equitable treatment. Your Company has adopted a Policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

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

31. CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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

32. MANAGERIAL REMUNERATION AND PARTICULARS OF EMPLOYEES

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

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

Name	: Mr. TVVSN Murthy
Age	: 63 years
Designation	: Managing Director
Remuneration	: ₹2.03 Crores
Qualification	: Graduate in Chemistry
Experience	: More than 40 years' experience in Pharma sector
Date of commencement of employment	: 01.04.2016
Nature of employment	: Contractual (as approved by shareholders)
Last employment	: SMS Pharmaceuticals Limited
Shareholding as on 31st March, 2023	: 23.86% (including indirect holding)
Relationship with other Directors	: Father of Mr. TV Praveen, Executive Director and Mrs. Sudeepthi Gopineedi, Whole-time Director.

The remuneration paid to Directors, Key Managerial Personnel and other employees of the Company during the year 2022-23 was in conformity with the Nomination and Remuneration Policy of the Company and within the limits approved by the shareholders.

33. MD AND CFO – COMPLIANCE CERTIFICATION

Certificate of the Managing Director and Chief Financial Officer of the Company on financial statements and applicable internal controls as stipulated under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is enclosed as **Annexure XV** to this report.

34. WEBLINK OF POLICIES

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

35. GENERAL DISCLOSURE

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

- No agreement has been executed by the shareholders, promoters, promoter group related parties, Directors, KMPs and employees of the Company and its Subsidiary pursuant to Regulation 30A of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 which might Impact the management or control of the Company / Impose any restriction on the Company., except in normal course of business / Impose any liability on the Company., except in normal course of business.
- No special rights have been granted to any shareholders of the Company, hence no compliance pursuant to Regulation 31B of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is required.
- No shares pursuant to differential rights / sweat equity shares / Employees Stock Option Scheme were issued during the year and accordingly, no information was required to be furnished.
- No remuneration or commission was received by Managing Director or the Whole-time Directors of the Company from the Subsidiary Company as per section 197(14) of the Companies Act, 2013.
- Business Responsibility and Sustainability Report (ESG reporting) is not applicable to the Company.
- There was no revision in the financial statements.
- There were no instances of failure of implementation of any Corporate Actions.
- Company has not defaulted in payment of interest and/ or repayment of loans to any of the financial institutions and/ or banks during the year under review.
- No transactions, with person(s) or entity(ies) belonging to the Promoter / Promoter Group which hold(s) 10% or more shareholding in the Company, as per Schedule V (2A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the period under review, except the managerial remuneration paid to Mr. TVVSN Murthy, Promoter and Managing Director of the Company.

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

36. ACKNOWLEDGEMENTS

Your Board takes this opportunity to thank Company's employees at all levels for their hard work and commitment. Your Board also places on record its sincere appreciation for the continued support received from the customers, members, suppliers, bankers, financial institutions and all other business partners/associates.

By Order of the Board
For SMS Lifesciences India Limited

Date: 08.08.2023
Place: Hyderabad

TV Praveen DIN: 08772030 Executive Director	TVVSN Murthy DIN: 00465198 Managing Director
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Cautionary Statement:

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

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT

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

Name of the Director	Mr. Veera Venkata Satyanarayana Murthy Talluri
Director Identification Number (DIN)	00465198
Date of Birth	10.02.1960 [63 years]
Nationality	Indian
Date of first appointment on Board	01.04.2016
Qualification	Graduate in Chemistry
Experience	More than 40 years expertise in the field of Organic Chemistry and has a rich experience in API's and pharmaceutical industry.
Names of listed entities in which the person also holds the Directorship and the membership of Committees of the Board	<input type="checkbox"/> SMS Lifesciences India Limited <u>Committee member:</u> <input type="checkbox"/> Audit Committee <input type="checkbox"/> Stakeholders Relationship Committee <input type="checkbox"/> Corporate Social Responsibility Committee <u>Committee Chairman:</u> <input type="checkbox"/> Corporate Social Responsibility Committee
Directorships /chairmanship held in other public Companies	Mahi Drugs Private Limited (a subsidiary of SMS Lifesciences & deemed public company)
Relationship between Directors Inter-se	Father of Mr. T.V. Praveen, Executive Director and Mrs. Sudeepthi Gopineedi, Whole-time Director
Shareholding	7,21,224 (23.86%)
Terms and conditions of appointment / Re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person.	Terms and conditions are same as approved by shareholders during appointment and shall be governed by the Nomination & remuneration policy as displayed on the Company's website.

Information pertaining to the remuneration paid to the aforesaid Director and the number of Board Meetings attended by him during the year 2022-23 has been provided in the Corporate Governance Report forming part of the Annual Report.

By Order of the Board
For SMS Lifesciences India Limited

Date: 08.08.2023
Place: Hyderabad

TV Praveen	TVVSN Murthy
DIN: 08772030	DIN: 00465198
Executive Director	Managing Director

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To
The Members,
SMS Lifesciences India Limited,
Plot No. 19-III, Road No. 71,
Opp. Bharatiya Vidya Bhavan Public School,
Jubilee Hills, Hyderabad – 500096.

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

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

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	TVVSN Murthy	00465198	01-04-2016
2.	Venkatasubbarao Potluri*	00099066	01-04-2016
3.	Sarath Kumar Pakalapati	01456746	25-05-2017
4.	TV Praveen	08772030	21-08-2020
5.	Sudeepthi Gopineedi	09102540	02-09-2021
6.	Srinivas Samavedam	02488555	13-11-2021
7.	Mannam Malakondaiah	01431923	13-11-2021

*resigned w.e.f. 10-02-2023 as Non-Executive/ Independent Director of the Company

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

Place: Hyderabad
Date: 29-05-2023

C. Sudhir Babu
Membership No.: 2724, C.P. No.: 7666,
UDIN: F002724E000414410

DECLARATION ON CODE OF CONDUCT

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

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

It is further confirmed that all Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2023, as envisaged in Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

By Order of the Board
For SMS Lifesciences India Limited

Date: 08.08.2023
Place: Hyderabad

TVVSN Murthy
DIN: 00465198
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

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

Your Company has emerged as a one of leading manufacturer of Active Pharmaceutical Ingredients (API) and Pharmaceutical Intermediate like manufacturing of Antiulcerative products, for both Indian and global markets and supplier of KSMs and Intermediates to customers.

The Company is proud of developing products, processes and systems according to industry benchmarks and achieving sustained improvements to deliver new and quality products. The Company has created required capacity and capabilities and has made concerted efforts to add new customers/ partners in various geographies.

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

INDUSTRY STRUCTURE AND DEVELOPMENTS

India's pharmaceutical industry is known for its global presence and exports to various markets worldwide. Frontier markets, which typically refer to emerging or developing economies with significant growth potential, present opportunities for India's pharmaceutical exports.

These markets often have a growing demand for affordable healthcare solutions and pharmaceutical products, making them potential targets for Indian pharmaceutical companies.

India's expertise in the sourcing, producing and exporting pharma products across a wide range at low-cost can be particularly advantageous in frontier markets where access to affordable healthcare is a crucial factor. India's large-scale manufacturing capabilities, coupled with its reputation for quality and competitive pricing, position it well to cater to the pharmaceutical needs of these global markets.

Key factors contributing to Indian pharma companies for global market:

- ❑ Cost-Effective Production
- ❑ Diverse Product Range:
- ❑ Regulatory Expertise:
- ❑ Collaborative Initiatives:

Over the past few years, the pharmaceutical sector in India has experienced healthy growth. In terms of active pharmaceutical ingredients (APIs), India boasts 500 API manufacturers, representing approximately 8% of the global API industry.

India's pharmaceutical exports totalled \$25.39 billion in the year 2022-23, a shade better than the previous fiscal but short of the \$27 billion target as headwinds, including the impact of the Russia-Ukraine war, hampered the pace of growth. An increase in raw material costs and withdrawal of GST exemption on ocean and air freight charges were among the headwinds despite which pharma exporters clocked year-on-year growth.

Despite significant impact caused due to Covid-19 fallout, prolonged Russian-Ukraine conflict and monetary tightening by central banks across the world economies, India maintained its position of the fastest growing economy in the world. The sustained resilience of Indian economy amidst global uncertainties is expected to continue in year 2023- 24 as well.

Opportunities, Threats and Outlook

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

Currently, Company in its manufacturing unit located in Jeedimetla (Unit IV) which has an installed capacity is 50 KL for manufacturing of API and intermediates. Major products are Sibutramine, Domperidone, Itraconazole and Famotidine. Further, your Company aims to establish its presence in a few more frontiers and regulated markets over the current decade. The Company's short-term goal is to capture incremental market share in the existing geographies and establish strong foundation for sustained organic growth in the United States and European Union.

The successful USFDA audit in April 2022 is a testimony to the same.

It has also set its eyes on entering various additional markets and also aims to develop 3 to 4 products each year, in collaboration with ChemWerth Inc, a full-service generic API company based in the United States; given the growing importance of health and disease management by the world's population, The Company plans to leverage and grow in challenging frontier markets where affordability and health consciousness within the population is steadily increasing. Given its existing business model, solid management expertise and market knowledge.

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

Opportunities:

- ❑ **China plus one strategy** - As global companies look for alternate manufacturing locations outside China, the opportunity available to Indian manufacturers, including your Company, shall be encouraging.
- ❑ **R&D and manufacturing capabilities** - the R&D skills and relatively lower labour costs in India sets a good platform to capitalise on the new demographics.
- ❑ **Improving domestic business environment** - Government's focus on Make-in-India / Atmanirbhar Bharat projects / Performance Linked Incentive (PLI) schemes and ease of doing business, opens new doors for the Indian pharma companies.
- ❑ **Rising Income Levels:** As per the Government reports, 8% of the Indians will earn more than US\$ 12,000 per annum by 2026. 73 million households are expected to move to middle class in next ten years boosting their purchasing power.

Threats:

- ❑ **Increase in Competitive intensity:** Given the continuously changing business scenarios, there is a need for continuous evaluation of the competitive scenario and for taking necessary measures.
- ❑ **Regulatory Headwinds:** While the Government has been incrementally supporting the pharma sector especially after the pandemic, the regulatory environment keeps creating challenges.
- ❑ **Pandemics:** Despite the undaunted response that the healthcare system mounted against Covid-19, the threat of future pandemics is not a highly remote possibility.
- ❑ **Shortage of skilled Manpower:** Given the niche vertical, specialised and well-trained manpower remains a challenge which is further being compounded by the inevitable brain-drain.

New API and Intermediate Facility:

Company has statically acquired Mahi Drugs Private Limited in the year 2018, which is located in JN Pharma City, Visakhapatnam, which has 2 API lines and intermediate capacity of 190 KL and mostly being revamped to cater to regulated markets.

Financial performance with respect to Operational Performance

₹ in Crores)

Particulars	FY 2022-23	FY 2021-22	Growth%
Revenue from operations	315.24	345.63	(8.79%)
Other Income	2.88	1.53	88.24%
Total Income	318.12	347.16	(8.37%)
EBITDA	29.29	32.90	(10.97%)
Depreciation	8.17	7.99	2.25%
PBIT	21.12	24.91	(15.21%)
Profit Before Tax	16.02	20.28	(21.01%)
Exceptional income	2.35	12.69	-
Tax Expense	5.15	7.60	(32.24%)
Profit after Tax	13.22	25.38	(47.91%)

Break-up of Sales:

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22	Growth%
APIs	230.92	214.92	7.44%
Intermediates	64.86	112.06	(42.12%)
Others	17.24	15.46	11.51%
Total Sales	313.02	342.44	(8.59%)

Reason for decline of profitability:

During the year, various reasons like lower business growth, increase in the material cost, energy cost as well as increase in the other overhead expenses due to inflationary trend in the economy, the operating margins have reduced. This has resulted in lower operating profit margin, lower net profit margin and lower return on net worth as compared to previous financial year. Also operations from newly created capacities will take some time to create sustainable revenues while the expenditure is being incurred, creating an impact in bottom line in the short term.

Return on Net Worth for the year is lower than the previous year due to decline in profit for the year due to challenging market conditions as mentioned above.

Integrated Management System (IMS) policy:

Company is committed to focus primarily on Quality, Environment, Occupational Health and Safety in our regular operations and to manufacture APIs and Drug intermediates while meeting its applicable standards, congenial and healthy work environment to our employees, community at large and strive for continual improvement, quality excellence and customer satisfaction through safe and good manufacturing practices.

Human Resources

Your Company strives to provide its employees with a congenial work environment that encourages a balanced, healthy, and safe lifestyle. The Company offers various growth opportunities, rewards merit, and recognises employee achievements.

Training programs are available to enhance employees' skills and promote inclusive growth and knowledge sharing. The Company continues to upgrade its HR processes and institutionalise them to create a value system and behavioural skills necessary for achieving short and long term goals.

The total employee strength of the Company as on 31st March, 2023 stood at 567.

Details of significant changes in key Financial Ratios and Net-worth

Particular	FY 2022-23	FY 2021-22	Variance (%)	Reason
Debtors Turnover Ratio	7.95	10.84	(27)	Variance is due to increase in average receivables
Days	45.90	33.67	36	
Inventory Turnover Ratio	3.90	4.93	(21)	Variance is due to increase in average inventory
(Days)	93.68	73.99	27	
Interest Coverage Ratio	5.55	8.22	(22)	-
Current Ratio	1.52	1.36	11	-
Debt Equity Ratio	0.52	0.40	32	Variance is due to increase in debt
Operating Profit Margin	9.21%	9.48%	(3)	-
Return on Networth	8.39%	18.29%	(54)	Variance is due to Exceptional Income

Internal Control Systems & their adequacy

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

- ❑ Safeguard its assets from unauthorised use or losses
- ❑ Conduct its business operations efficiently in line with companies' policies
- ❑ Maintain accuracy, completeness and reliability of the Financial and accounting records
- ❑ Compliance on laws and regulations
- ❑ Detect and prevent any fraud the frauds in the accounting and reporting system

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

The statutory auditors while conducting the statutory audit, review and evaluate the Internal Auditors and their observations are discussed with the Audit committee of the Board.

Research & Development

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

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

Currently, your Company has 50 members with 2 Ph.Ds. in the R&D Team and has incurred an expenditure of ₹ 453.73 Lakhs on R&D related matters during the year 2022-23.

Risks & Concerns

Company faces risks and uncertainties commonly encountered by global players in the pharmaceutical industry. These risks have the potential to impact the company's earnings and future operations significantly.

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

Few major potential risks:

- Regulatory Compliance
- Supply Chain Disruptions
- Market Competition and Pricing Pressure
- Economic and Currency Fluctuations
- Intellectual Property Infringement

These are determined via robust assessment considering our risk context by the Board of Directors with inputs from the executive management. The Board is satisfied that these risks are being managed appropriately and consistently.

Note: Risk Management Committee is not applicable to the Company pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Moving ahead

Your Company aims to capture incremental market share in existing geographies while establishing strong positions for sustained organic growth in selected markets.

By Order of the Board
For SMS Lifesciences India Limited

Date: 08.08.2023
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

Cautionary Statement:

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

Top 10 Shareholders (other than Promoters)

Sl. No.	Name of Shareholders	No of Shares	
		31 st March, 2023	31 st March, 2022
1.	Chereddi Ramachandra Naidu	54,494	63,462
2.	Harita Projects Private Limited	45,088	16,123
3.	Bharadhwajan V J	31,150	-
4.	Lakshmi Devi Kantheti	25,000	25,000
5.	Akanksha Chugh	20,278	19,348
6.	Saibabu Bandla	19,000	19,000
7.	Vijay Kumar Sanghvi	17,777	17,925
8.	Dhanpati Devi	16,757	15,757
9.	Shradha Gupta	15,845	13,045
10.	Subhash Chand Gupta	111,09	7,609

By Order of the Board
For SMS Lifesciences India Limited

Date: 08.08.2023
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2023

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

To the Members,
SMS Lifesciences India Limited,
Hyderabad

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

Auditor’s Responsibility

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

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year from 1st April, 2022 to 31st March, 2023 (“the audit period”) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent and in the manner reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made hereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR Regulations)

Not Applicable to the Company during the Audit Period;

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

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

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

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

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

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

We further report that:

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

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

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

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

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

- 1) Mr. Sarath Kumar Pakalapati was re-appointed as an Independent Director of the Company for second term of five (5) consecutive years with effect from 25th May, 2022 by the Board of Directors and was ratified by the shareholders through Postal Ballot;
- 2) Mr. TVVSN Murthy was re-appointed as Managing Director of the Company for a further period of three (3) years with effect from 1st June, 2022 by the Board of Directors and was ratified by the shareholders through Postal Ballot and
- 3) Mr. Venkatasubbarao Potluri has resigned from the Board of Directors of the Company with effect from 10th February, 2023.

For SVVS & Associates
Company Secretaries LLP

C. SUDHIR BABU
Designated Partner
FCS: 2724; C P No.: 7666
UDIN: F002724E000414322
Peer Review No.: 716/2020

Place: Hyderabad
Date: 29-05-2023

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

ANNEXURE

The Members,
SMS Lifesciences India Limited,
Hyderabad.

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

For SVVS & Associates
Company Secretaries LLP

C. SUDHIR BABU
Designated Partner
FCS: 2724; C P No.: 7666
UDIN: F002724E000414322
Peer Review No.: 716/2020

Place: Hyderabad
Date: 29-05-2023

**SECRETARIAL COMPLIANCE REPORT OF SMS LIFESCIENCES INDIA LIMITED
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023**

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

Based on our verification of the listed entity’s books, papers, minutes books, forms and returns filed and other records maintained by the listed entity and also the information provided by the listed entity, its officers, agents and authorized representatives during the conduct of Secretarial Review, we hereby report that in our opinion, the listed entity has, during the review period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed hereunder and subject to the reporting made hereinafter:

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

- (a) all the documents and records made available to us and explanation provided by **M/s. SMS LIFESCIENCES INDIA LIMITED** (“the listed entity”),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity (website address: www.smslife.in)
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this report, for the year ended 31st March, 2023 (“**Review Period**”) in respect of compliance with the provisions of:
 - (a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
 - (b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

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

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **There were no events requiring compliance during the Review Period**
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **There were no events requiring compliance during the Review Period**
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **There were no events requiring compliance during the Review Period**
- (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **There were no events requiring compliance during the Review Period**
- (g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (h) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
- (i) other regulations as applicable and circulars/ guidelines issued thereunder; and based on the above examination, we hereby report that, during Review Period:

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

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

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

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

- II. Compliances related to resignation of statutory auditors from listed entities and their material subsidiaries as per SEBI Circular CIR/CFD/CMD1/114/2019 dated 18th October, 2019:

Sr. No.	Particulars	Compliance Status (Yes/ No/ NA)	Observations/ Remarks by PCS*
1.	Compliances with the following conditions while appointing/re-appointing an auditor		
	i. If the auditor has resigned within 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter; or ii. If the auditor has resigned after 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter as well as the next quarter; or iii. If the auditor has signed the limited review/ audit report for the first three quarters of a financial year, the auditor before such resignation, has issued the limited review/ audit report for the last quarter of such financial year as well as the audit report for such financial year.	NA	The reporting of Clause 6(A) and 6(B) of the SEBI Circular No. CIR/CFD/CMD1/114/2019 dated 18 th October, 2019, regarding Resignation of Statutory Auditors from listed entities and their material Subsidiaries is not applicable as there is no Resignation of the Statutory Auditors in the Company during the period under review.
2.	Other conditions relating to resignation of statutory auditor		
	i. Reporting of concerns by Auditor with respect to the listed entity/ its material subsidiary to the Audit Committee: a. In case of any concern with the management of the listed entity/ material subsidiary such as non-availability of information / non-cooperation by the management which has hampered the audit process, the auditor has approached the Chairman of the Audit Committee of the listed entity and the Audit Committee shall receive such concern directly and immediately without specifically waiting for the quarterly Audit Committee meetings.		The reporting of Clause 6(A) and 6(B) of the SEBI Circular No. CIR/CFD/CMD1/114/2019 dated 18 th October, 2019, regarding Resignation of Statutory Auditors from listed entities and their material Subsidiaries is not applicable as there is no Resignation of the Statutory Auditors in the Company during the period under review.

Sr. No.	Particulars	Compliance Status (Yes/ No/ NA)	Observations/ Remarks by PCS*
	<p>b. In case the auditor proposes to resign, all concerns with respect to the proposed resignation, along with relevant documents has been brought to the notice of the Audit Committee. In cases where the proposed resignation is due to non-receipt of information / explanation from the Company, the Auditor has informed the Audit Committee the details of information/ explanation sought and not provided by the management, as applicable.</p> <p>c. The Audit Committee / Board of Directors, as the case may be, deliberated on the matter on receipt of such information from the Auditor relating to the proposal to resign as mentioned above and communicate its views to the management and the Auditor.</p> <p>ii. Disclaimer in case of non-receipt of information: The Auditor has provided an appropriate disclaimer in its Audit Report, which is in accordance with the Standards of Auditing as specified by ICAI / NFRA, in case where the listed entity/ its material subsidiary has not provided information as required by the Auditor.</p>	NA	
3.	The listed entity / its material subsidiary has obtained information from the Auditor upon resignation, in the format as specified in Annexure- A in SEBI Circular CIR/ CFD/CMD1/114/2019 dated 18 th October, 2019.	NA	The reporting of Clause 6(A) and 6(B) of the SEBI Circular No. CIR/CFD/ CMD1/114/2019 dated 18 th October, 2019, regarding Resignation of Statutory Auditors from listed entities and their material Subsidiaries is not applicable as there is no Resignation of the Statutory Auditors in the Company during the period under review.

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

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

Sr. No.	Particulars	Compliance Status (Yes/ No/ NA)	Observations/ Remarks by PCS
4.	Disqualification of Directors: None of the Director(s) of the Company is/ are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity.	Yes	
5.	Details related to Subsidiaries of listed entities have been examined w.r.t.: <ul style="list-style-type: none"> • Identification of material subsidiary companies • Disclosure requirement of material as well as other subsidiaries 	Yes	
6.	Preservation of Documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	
7.	Performance Evaluation: The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/during the financial year as prescribed in SEBI Regulations.	Yes	As per SEBI LODR Regulations and the Companies Act, the Board Evaluation is required to be done once in a year. The Performance Evaluation was carried out in the Board Meeting held on 28-05-2022.
8.	Related Party Transactions: (a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; or (b) The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee, in case no prior approval has been obtained.	a) Yes b) Not Applicable	
9.	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	
10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	
11.	Actions taken by SEBI or Stock Exchange(s), if any: No action(s) has been taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder except as provided under separate paragraph herein.	NA	
12.	Additional Non-compliances, if any: No additional non-compliance observed for any SEBI regulation/ circular/ guidance note etc.	NA	

Assumptions & Limitation of scope and Review:

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

For CSB Associates

C. Sudhir Babu

FCS No.: 2724; CP No.: 7666

UDIN: F002724E000400539

Peer Review No.: 716/2020

Date: 29-05-2023

Place: Hyderabad

Form No. MR-3

SECRETARIAL AUDIT REPORT

for the Financial Year ended 31st March, 2023

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

To the Members,
Mahi Drugs Private Limited,
Visakhapatnam.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made hereunder
Not Applicable to the Company;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are **not Applicable to the Company** except the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

- (vi) We further report that, having regard to the Compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof the Company has complied with the following laws applicable specifically to the Company:
 - (a) Drugs and Cosmetics Act, 1940
 - (b) Drugs (Price Control) Order, 2013

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

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

We further report that:

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

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

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

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

- a. The Company has allotted 7,04,161 Equity Shares on preferential basis at a price of ₹159/- (Rupees One Hundred and Fifty nine only) each including a premium of ₹149/- per equity share to M/s. ChemWerth Inc., USA on 7th April, 2022;
- b. Mr. Venkata Chaitanya Gopineedi has resigned as Director of the Company with effect from 14th November, 2022;
- c. Mr. Venkata Praveen Talluri was appointed as Managing Director of the Company with effect from 1st June, 2022;
- d. Mr. Madhu Rao Maganty was appointed as Nominee Director of the Strategic Investor, M/s. ChemWerth INC USA with effect from 1st June, 2022;
- e. Mr. Sarath Kumar Pakalapati was appointed as an Independent Director of the Company with effect from 9th August, 2022.

For SVVS & Associates
Company Secretaries LLP

Place: Hyderabad
Date: 29-05-2023

C. SUDHIR BABU
Designated Partner
FCS: 2724; C P No.: 7666
UDIN: F002724E000414465
Peer Review No.: 716/2020

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

ANNEXURE

The Members,
Mahi Drugs Private Limited,
Visakhapatnam.

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

For SVVS & Associates
Company Secretaries LLP

Place: Hyderabad
Date: 29-05-2023

C. SUDHIR BABU
Designated Partner
FCS: 2724; C P No.: 7666
UDIN: F002724E000414465
Peer Review No.: 716/2020

CORPORATE GOVERNANCE REPORT

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

This report is prepared in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 amended from time to time, and the report contains the details of Corporate Governance systems and processes:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company's commitment towards the adoption of best corporate governance practices goes beyond compliance with the law and endeavors to embrace responsibility for corporate actions and the impact of its initiatives on all its stakeholders.

Your Company continuously strives for the betterment of its corporate governance mechanisms to improve efficiency, transparency, accountability and achieve business excellence in its day-to-day operations within which all stakeholders of the Company, viz., its Members, Directors, management, society and environment at large have aligned objectives. Company's Governance framework enshrines ethical and responsible conduct of business to create lasting stakeholder value and ensuring that the Company's businesses are being conducted in an accountable and fair manner.

Your Company has complied with the with all the mandatory requirements of Corporate Governance as per the SEBI Listing Obligations and Disclosure Requirement Regulations, 2015 and following discretionary requirements as listed out in Part E of Schedule II of the SEBI Listing Obligations and Disclosure Requirement Regulations, 2015 which are elaborated as under:

- ❑ Optimum combination of Independent and Executive Directors on the Board, wherein Board in its all meeting elects Chairman of the meeting (i.e. Company has no fulltime chairperson).
- ❑ The Audit Report of the Company's Financial Statements for the year 2022-23 is unmodified.
- ❑ The Internal Auditor of the Company directly reports to the Audit Committee of the Board.
- ❑ The Company follows a robust process of communicating with the members which have been elaborated in this Report under the heading "Means of Communication".

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

The following information relating to the business, operations and risks affecting the Company on quarterly basis is placed before the Board for its consideration pursuant to Regulation 17(7) and "Part A" of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- ❑ Annual operating plans and budgets and any updates
- ❑ Capital budgets and any updates.
- ❑ Quarterly results for the Company and its operating divisions or business segments.
- ❑ Minutes of meetings of the Audit Committee and other Committees of the Board of Directors
- ❑ Show cause, demand, prosecution notices and penalty notices, which are materially important.
- ❑ Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- ❑ Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.

- ❑ Any issue, which involves possible public or product liability claims of substantial nature.
- ❑ Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business
- ❑ Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- ❑ Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as nonpayment of dividend, delay in share transfer etc.

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

The Corporate Governance report is presented below:

2. BOARD OF DIRECTORS:

a) Composition and category of Directors:

The Board of Directors is the apex governing body constituted by the Shareholders for overseeing the Company's overall functioning and is also expected to play a pivotal role in ensuring highest levels of Corporate Governance. The Board provides, monitors and evaluates the Company's strategic directions, management policies and their effectiveness, and ensures that the Shareholders' long-term interests are being safeguarded and served in the best possible manner.

Board of Directors comprises of 6 (six) Directors as on 31st March, 2023 which is an optimum mix of Executive, Non-Executive and Independent Directors, diverse in terms of qualifications, competence, professional experience and expertise. The detailed profile of the Directors is available on the Company's website at www.smslife.in/composition-of-the-board.php.

Composition of the Board of Directors:

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

Mr. Venkatasubbarao Potluri (DIN: 00099066) tendered his resignation from the post of Independent Director vide letter dated 10th February, 2023, due to attaining certain age and wanted to devote more time towards his family, by stepping down from all professional commitments.

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

b) Attendance of each Director at the Board Meetings, last Annual General Meeting (16th AGM):

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

During the year 2022-23, the Board met 4 (four) times on (i) 28th May, 2022 (ii) 9th August, 2022 (iii) 14th November, 2022 and (vi) 10th February, 2023; gap between any two meetings during the year under review, has been less than 120 days.

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

Name of the Director	Number of Board Meetings		Attendance at the last AGM held on 30.09.2022
	Eligible to attend	Attended	
Mr. TVVSN Murthy	04	04	✓
Mr. TV Praveen	04	04	✓
Mrs. Sudeepthi Gopineedi	04	04	✓
Mr. P. Sarath Kumar	04	04	✓
Mr. Venkatasubbarao Potluri	03	-	✗
Mr. Mannam Malakondaiah	04	04	✓
Mr. Srinivas Samavedam	04	04	✗

Mr. Venkatasubbarao Potluri was granted Leave of Absence in the meetings held on 28th May, 2022, 9th August, 2022 & 14th November, 2022 and resigned from the Board w.e.f. 10th February, 2023.

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

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

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

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

- c) **Number of directorships, committee memberships and committee chairmanships held by the aforementioned Directors in other companies as on 31st March, 2023 are given below:**

Name & Designation	Number of Directors in other company	Number of other committees		Names of Listed Companies in which Directorship is held and Category of Directorship
		Chairman	Member	
Mr. TVVSN Murthy	01	-	-	-
Mr. Venkata Praveen Talluri	01	-	-	-
Mrs. Sudeepthi Gopineedi	-	-	-	-
Mr. Sarath Kumar Pakalapati	03	01	02	Independent Director in SMS Pharmaceuticals Limited
Mr. Srinivas Samavedam	02	-	-	-
Mr. Mannam Malakondaiah	04	-	-	Independent Director in Beardsell Limited

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

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

- d) **Disclosure of Relationship between Directors Inter-se:**

During the year, Mr. TVVSN Murthy, Mr. TV Praveen and Mrs. Sudeepthi Gopineedi were promoter Directors of the Company. None of the other Directors is related to any other Director on the Board nor related to the Key Managerial Personnel of the Company in terms of the provisions of the Companies Act, 2013 and the rules framed thereunder.

- e) **Number of shares held by Directors as on 31st March, 2023:**

Name of Directors	No. of Shares	(%age)
Mr. TVVSN Murthy (including indirect holding)	7,21,224	23.86%
Mr. Venkata Praveen Talluri	91,279	3.02%
Mrs. Sudeepthi Gopineedi	87,018	2.88%
Mr. Sarath Kumar Pakalapati (including indirect holding)	3,035	0.10%
Mr. Mannam Malakondaiah	-	-
Mr. Srinivas Samavedam	-	-
Total	8,50,361	28.13%

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

f) Familiarization Programmes for Independent Directors:

All Directors, including Independent Directors are provided with the necessary documents, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Periodic business and performance updates / business strategy / risks involved are discussed at the Board Meetings and quarterly presentations by Compliance officer on relevant statutory changes covering important applicable laws are also discussed at the Meetings of the Board of Directors.

The details of familiarization programmes for Independent Directors are hosted on the website of the Company at www.smslife.in/policies.php further, at the time of appointment, Formal Letter of Appointment is issued, which, inter alia, explains the role, functions, duties and responsibilities of a Director of the Company.

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

The Company is engaged in the business of manufacturing API's and Bulk Drugs and caters to Indian and Global Markets, in order to manage the operations and to formulate long term strategies for its growth, different skill sets are required. The list of core skills / expertise / competencies identified by the Board of Directors of the Company as required in the context of its business and sector for it to function effectively and those actually available with the Board is as under:

Skill	Description	Name of Directors
General	Finance, Operations, Commercial, Legal, Risk and Human resources related.	Mr. P Sarath Kumar, Dr. (Mr.) Srinivas Samavedam, Dr. (Mr.) Mannam Malakondaiah, Mr. TV Praveen & Mr. TVVSN Murthy
Global Business	Understanding of global business dynamics, across various geographical markets, industry verticals relating to the operations of the Company	Mr. TV Praveen and Mrs. Sudeepthi Gopineedi
Strategy, Planning & Marketing	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.	Mr. TVVSN Murthy, Mr. TV Praveen and Mrs. Sudeepthi Gopineedi
Corporate Governance	Knowledge of governance processes and compliance to applicable laws and regulations to service best interests of all stakeholders, maintaining Board and Management accountability and corporate ethics and values	Dr. (Mr.) Mannam Malakondaiah, Mr. P. Sarath Kumar and Dr. (Mr.) Srinivas Samavedam.
Leadership	Extended leadership experience for a significant enterprise, resulting in a practical understanding of the business,	Mr. TVVSN Murthy, Mr. TV Praveen and Mr. P. Sarath Kumar
Technology	Knowledge of technology related to Company's current and future products and business opportunities.	Mr. TV Praveen and Mrs. Sudeepthi Gopineedi

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

h) Conformity related to Independent Directors:

All the Independent Directors of the Company have given their respective declarations/disclosures under Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and have confirmed that they fulfill the independence criteria as specified under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. Further, the Board after taking these declarations /disclosures on record and acknowledging the veracity of the same, concluded that the Independent Directors are persons of integrity and possess the relevant expertise and competencies to qualify as Independent Directors of the Company and Independent Directors are Independent of the Management.

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

i) Resignation of an Independent Director

Mr. Venkatasubbarao Potluri (DIN: 00099066) tendered his resignation from the post of Independent Director vide letter dated 10th February, 2023, citing his personal reasons with regard to age related concerns and intention to devote more time towards his family, by stepping down from all professional commitments.

Resignation letter can be accessed from the website of the Company at www.smslife.in/investors/Resignation-of-Director-10-02-2023.pdf , it is further confirmed that there was no other material reason for his resignation other than those provided in his resignation letter.

3. COMMITTEES CONSTITUTED BY THE BOARD OF DIRECTORS:

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

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

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

Snapshot of the composition of the Committees during the year:

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

****resigned during the year 2022-23**

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

Attendance Details of the Meetings of Committees during the year:

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

****was granted leave for absence for the meetings held during 2022-23 and resigned on 10th February, 2023**

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

A. AUDIT COMMITTEE:

□ **Terms of reference:**

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

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

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

□ **Composition of the Audit Committee as on 31st March, 2023:**

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

During the year, Mr. Venkatasubbarao Potluri ceased from the Audit Committee w.e.f. 10th February, 2023 due to resignation from the Board.

□ **Meeting and Attendance:**

There were 4 (four) Audit Committee Meetings held during the year 2022-23. Meetings were scheduled well in advance and requisite quorum was duly present; Gap between any two meetings has been less than 120 days.

Audit Committee Meetings held during the year 2022-23 and attendance details:

Sl. No.	Date of meeting	Eligible to attend	attended
1)	28 th May, 2022	04	03
2)	9 th August, 2022	04	03
3)	14 th November, 2022	04	03
4)	10 th February, 2023	04	03

Leave of Absence was granted to Mr. Venkatasubbarao Potluri from attending the Audit Committee Meeting during the year 2022-23.

All members of the Audit Committee possess the requisite qualification for appointment as Members on the Committee and also sound knowledge of finance, accounting practices and internal controls and the Chairman of the Audit Committee was present in the 16th AGM to answer the shareholder queries.

Executive Directors, Chief Financial officer and Company Secretary are permanent invitees in all the Meetings of the Committee. The Statutory Auditors, Secretarial Auditors and Internal Auditors are invited to attend the Audit Committee Meetings. They have attended all the Meetings during the year and have shared their observations to the Audit Committee.

B. NOMINATION AND REMUNERATION COMMITTEE:

□ **Terms of reference:**

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

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

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

□ **Composition of the Nomination and Remuneration Committee as on 31st March, 2023:**

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

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

□ **Meeting and Attendance:**

There were 2 (two) Nomination and Remuneration Committee Meetings held during the year 2022-23. Meetings were scheduled well in advance and requisite quorum was duly present.

Nomination and Remuneration Committee Meetings held during the year 2022-23 and attendance details:

Sl No.	Date of meeting	Eligible to attend	attended
1)	28 th May, 2022	03	03
2)	10 th February, 2023	03	03

□ **Performance evaluation criteria for Directors:**

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

Nomination & Remuneration Committee in the meeting held on 10th February, 2023 has conducted an independent and fair annual performance evaluation, based on the following criteria for the year 2022-23.

1. Evaluation of the performance of the Board:

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

2. Evaluation of the performance of Committees:

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

3. Evaluation of the performance of the Independent Directors:

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

As an outcome of the above exercise, it was noted that the Board as a whole is functioning as a cohesive body which is well engaged with different perspectives. The Board Members from different backgrounds bring about different complementarities and deliberations in the Board and Committee and the meetings are enriched by such diversity and complementarities. It was also noted that the Committees are functioning well and besides the Committee's terms of reference as mandated by law, important issues are brought up and discussed in the Committees.

□ **Remuneration Policy:**

In terms of the provisions of the Companies Act, 2013 read with applicable rules and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors on recommendation of Nomination and Remuneration Committee amended the following policies in the respective meeting held on 8th August, 2022.

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

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

C. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

□ **Terms of reference:**

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

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

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

□ **Key Role of the Committee is as follows:**

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

□ **Composition of the CSR Committee as on 31st March, 2023:**

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

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

□ **Meeting and Attendance:**

There were 2 (two) CSR Committee Meetings held during the year 2022-23. Meetings were scheduled well in advance and requisite quorum was duly present.

□ **CSR Committee Meetings held during the year 2022-23 and attendance details:**

Sl. No.	Date of meeting	Eligible to attend	attended
1)	9 th August, 2022	04	04
2)	10 th February, 2023	04	04

□ **CSR policy:**

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

Pursuant to Section 135(5) of the Companies Act, 2013, an amount of 2% of the average Net Profits of the Company made during the three immediately preceding financial years, which works out to ₹26 lakhs (approx.) is to be spent towards Corporate Social Responsibility Activities during the year 2023-24.

D. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

□ **Terms of reference:**

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

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

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

□ **Composition of the Stakeholders' Relationship Committee as on 31st March, 2023:**

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

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

□ **Meeting and Attendance:**

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

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

Sl. No.	Date of meeting	Eligible to attend	attended
1)	28 th May, 2022	03	03

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

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

The details of Investor Complaints during the year 2022-23 are as following:

Complaints outstanding as on 1 st April, 2022	-
(+) Complaints received during the year ended 31 st March, 2022	-
(-) Complaints resolved during the year ended 31 st March, 2023	-
Complaints outstanding as on 31 st March, 2023	-

4. DETAILS OF SENIOR MANAGEMENT:

Nomination and Remuneration Committee in the meeting held on 8th August, 2023 reviewed the definition of “Senior Management” of the Company pursuant to Regulation 16(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) 2015 as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2023.

Senior Management of the Company:

Sl No.	Name of Sr. Management	Department	Designation	Dt of joining**
1.	Mr. Rajendra Prasad Nadella	Accounts / Finance	General Manager / CFO	08/06/2006
2.	Mr. Trupti Ranjan Mohanty	Compliance	Company Secretary	13/01/2020
3.	Dr. Satyanarayana Reddy Sabella	R&D	Deputy General Manager	26/03/2021
4.	Mr. Lakshminarayana Somisetty	Operations	General Manager	19/10/2018
5.	Mr. Vijay Babu Chirumamilla	Admin / HR / IT	Manager	07/07/1995

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

Aforesaid personal fulfill the eligibility criteria to continue as Senior Management of the Company and there was No Changes during the year 2022-23.

5. DETAILS OF REMUNERATION TO DIRECTORS:

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

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

Sitting fees paid to Non-executive Directors: (Amt. in ₹)

Name of Directors	Board Meetings	Audit Committee Meetings	Nomination & remuneration Committee meetings	Corporate Social responsibility meetings	Stakeholders relationship committee meeting	Total
Mr. P. Sarath Kumar	2,00,000	2,00,000	30,000	-	15,000	4,45,000
Mr. Venkatasubbarao Potluri	-	-	-	-	-	-
Dr. (Mr.) Mannam Malakondaiah	2,00,000	2,00,000	30,000	30,000	-	4,60,000
Dr. (Mr.) Srinivas Samavedam	2,00,000	-	30,000	30,000	15,000	2,75,000
Total	6,00,000	4,00,000	90,000	60,000	30,000	11,80,000

Note: -

- No Commission was paid to Directors during the year 2022-23.
- Mr. Venkatasubbarao Potluri has not attended any meeting during the year 2022-23.

□ **Criteria of making payments to Non-Executive Directors:**

The Company has adopted policy for “Criteria for making payment to Non-Executive Director” and the same can be accessed from the website of the Company at www.smslife.in/policies.php The aforesaid sitting fee paid to the Non-Executive Director for attending various meetings are within the limits specified in Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

□ **Remuneration to Executive Directors during the year ended 31st March, 2023 is given below:**

(₹ in Lakhs)

Sl. No.	Name of Executive Directors**	Salary	Perks	Total
1)	Mr. TVVSN Murthy, MD	198.00	4.58	202.58
2)	Mr. TV Praveen, ED	72.00	-	72.00
3)	Mrs. Sudeepthi Gopineedi, WTD	24.00	-	24.00
Total		294.00	4.58	298.58

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

The aforesaid remuneration paid are within the limits of ₹350 lakhs as approved by the Shareholders in the 16th Annual General Meeting held on 30th September, 2023.

6. GENERAL MEETINGS AND POSTAL BALLOT:

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

AGM	Financial year	Date	Time	Venue	Special resolution
16	2021-22	30.09.2022	3.00 pm	Video Conferencing (VC)	<input type="checkbox"/> Ratification of Related Party Transaction (F22) <input type="checkbox"/> Continuation of payment of managerial Remuneration to Executive Directors
15	2020-21	30.09.2021	3.00 pm	Video Conferencing (VC)	<input type="checkbox"/> Appointment of Mrs. Sudeepthi Gopineedi as Whole-time Director <input type="checkbox"/> Reappointment of Mr. Venkatasubbarao Potluri as Independent Director <input type="checkbox"/> Ratification of Related Party Transaction (F21)
14	2019-20	30.09.2020	3.00 pm	Video Conferencing (VC)	<input type="checkbox"/> Appointment of Mr. TV Praveen as Executive Director <input type="checkbox"/> Ratification of Related Party Transaction (F20) <input type="checkbox"/> Approval of remuneration payable to Mr. TVVSN Murthy for remaining term.

Note: -

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

b) Postal Ballot Resolution:

During the year 2022-23, Postal Ballot was conducted by the Company for obtaining the approval of the members. The details of the Postal Ballot conducted are mentioned below:

Date of Postal Ballot notice: 21st July, 2022

Voting period: 26th July, 2022 (9.00 am) to 24th August, 2022 (5.00 pm)

Date of declaration of results: 25th August, 2022

Voting results:

Sl. No.	Description	Type of Resolution	No. of Votes Polled	Votes in Favour		Votes in Against	
				No. of Votes	%age	No. of Votes	%age
1)	Reappointment of Mr. Sarath Kumar Pakalapati (DIN: 01456746) as an Independent Director.	Special Resolution	22,77,297	22,77,172	99.99	125	00.01
2)	Reappointment of Mr. TVVSN Murthy (DIN: 00465198') as Managing Director	Special Resolution	1,65,479	1,65,357	122	99.93	0.07
3)	Approval of the Material Related Party Transactions for the year 2022-23	Ordinary Resolution	1,65,479	1,63,441	2,038	98.77	1.23

c) Person who conducted the postal ballot exercise:

Mr. C. Sudhir Babu, Practicing Company Secretary, Proprietor, CSB Associates, was appointed as scrutinizer to conduct the said Postal Ballot process in a fair and transparent manner.

d) Whether any special resolution is proposed to be conducted through postal ballot:

No special resolution is currently proposed to be conducted through postal ballot.

e) Procedure for postal ballot:

Aforesaid Postal Ballots were conducted by the Company as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder and General Circulars issued by the Ministry of Corporate.

f) Details of Extra-Ordinary General Meetings held during the year: Nil

7. MEANS OF COMMUNICATION:

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

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

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

8. GENERAL SHAREHOLDER INFORMATION:

17th Annual General Meeting through video conferencing (VC)	
Date	: Friday, 29 th September, 2023
Time	: 2.00 pm
Deemed Venue	: Registered office: Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad – 500096
Financial Year	: 1 st April, 2022 to 31 st March 2023
Date of book closure	: 23 rd September, 2023 to 29 th September, 2023
Dividend payment date	: Within 30 days of AGM (i.e. 29 th October, 2023)
The equity shares of ₹ 10/-each of the Company are listed on	: <input type="checkbox"/> National Stock Exchange of India Limited (NSE) Regd. Office : “Exchange Plaza”, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India <input type="checkbox"/> BSE Limited (BSE) New Trading Ring, Rotunda Building, P.J Towers, Dalal Street, Fort, Mumbai - 400 001, Maharashtra, India
Listing fee	: The annual listing fees have been paid to the above exchanges and there is no outstanding payment towards the exchanges, as on date.
Payment of Depository Fees	: Annual Custody / Issuer Fee for the year 2023-24 has been paid by the Company to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
Equity shares' stock code / symbol	: BSE Code : 540679 NSE Symbol : SMSLIFE
ISIN of Company's equity shares	: INE320X01016
Corporate Identification Number (CIN)	: L74930TG2006PLC050223

9. MARKET PRICE DATA:

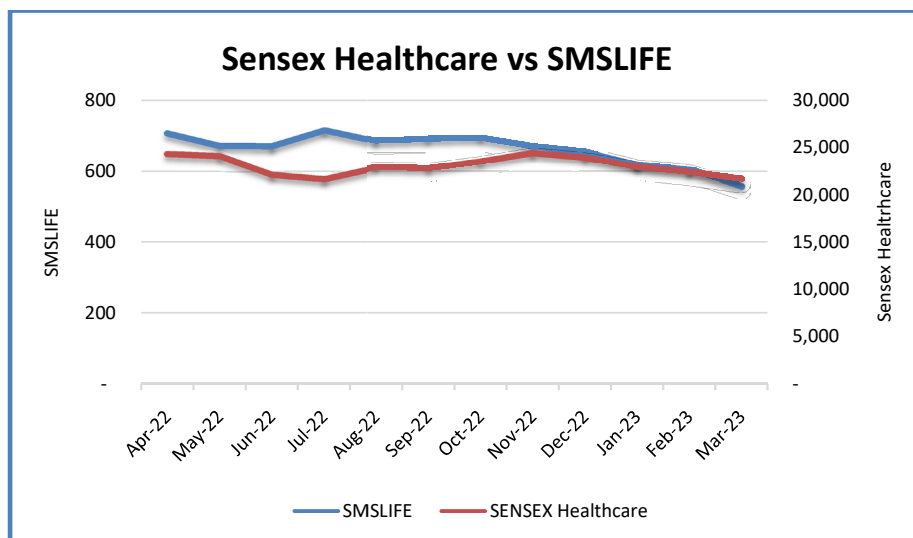
Tables below, gives the monthly high and low prices and volumes of Equity Shares of the Company at BSE and the NSE for the year 2022-23:

Month	BSE			NSE		
	High (₹)	Low (₹)	Total traded	High (₹)	Low (₹)	Total traded
Apr 22	947.75	675.90	48,046	948.65	676.55	4,68,969
May 22	684.35	560.00	4,125	687.65	560.35	49,236
June 22	773.20	652.80	5,053	775.00	650.00	1,08,048
July 22	763.50	652.30	6,236	768.50	662.55	33,265
Aug 22	750.00	650.00	3,093	725.50	655.00	26,870
Sept 22	745.95	633.60	4,907	714.05	618.45	26,987
Oct 22	701.70	650.00	7,702	696.15	656.55	27,000
Nov 22	699.00	606.95	12,768	689.90	617.00	32,664
Dec 22	698.70	600.80	17,640	677.00	591.10	56,771
Jan 23	640.00	600.60	7,098	640.00	610.00	22,728
Feb 23	609.00	549.70	4,480	628.80	552.55	29,079
Mar 23	579.50	501.00	4,117	565.00	500.00	49,172

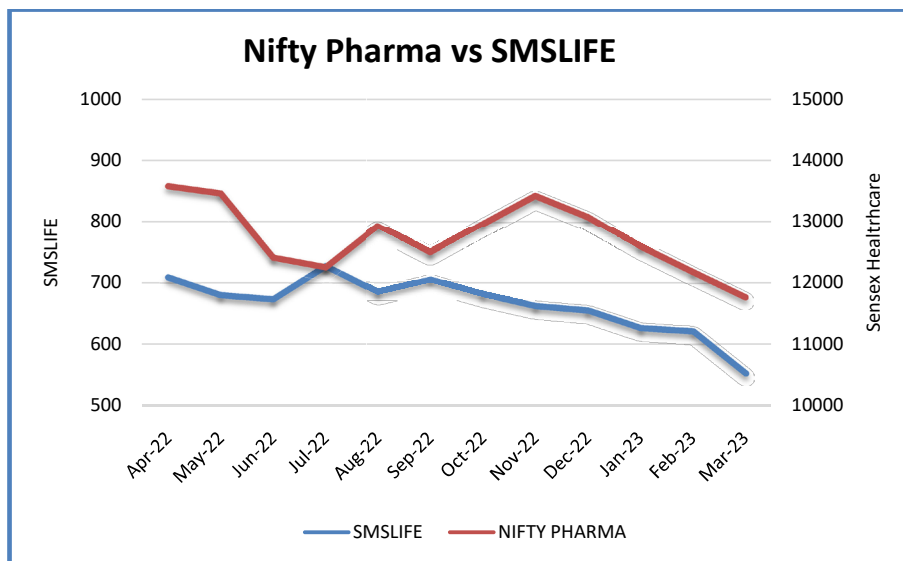
There was no suspension of trading in the Securities of the Company during the year 2022-23.

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

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



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



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

11. SHARE TRANSFER SYSTEM:

- 99.68% of the shares of the Company are held in dematerialised form.
- The requests received from shareholders are processed and dispatched to the shareholders within a maximum period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. The Stakeholders' Relationship Committee monitors the transfer & transmission of shares and issue of duplicate share certificate.
- In terms of Regulation 40 (1) of EBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, shares can be transferred only in dematerialised form with effect from 1st April, 2019. The requests for effecting transfer / transmission / transposition of shares shall not be processed unless the shares are held in dematerialized form. Transfer of shares in electronic form are effected through the depositories with no involvement of the Company. Members holding shares in physical form are requested to consider converting their shareholding to dematerialized form.

- During the year, the Company has obtained, on yearly basis, a certificate from a Company Secretary in Practice, certifying that all certificates for transfer, transmission, subdivision, consolidation, renewal, exchange and deletion of names, were issued as required under Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This certificate was duly filed with the Stock Exchanges.

12. DISTRIBUTION OF SHAREHOLDING:

a) Class-wise distribution of equity shares as on 31st March, 2023

Category (Amount)	Shareholders	Shareholders %	Total shares	Total Amount	Total %
0-5000	8,150	97.59	2,51,586	25,15,860	8.32
5001-10000	82	0.98	60,481	6,04,810	2.00
10001-20000	46	0.55	65,786	6,57,860	2.18
20001-30000	16	0.20	41,571	4,15,710	1.38
30001-40000	7	0.08	22,853	2,28,530	0.76
40001-50000	8	0.10	35,463	3,54,630	1.17
50001-100000	21	0.25	1,50,535	15,05,350	4.98
100001 & Above	21	0.25	23,95,012	2,39,50,120	79.22
Total:	8,351	100.00	30,23,287	3,02,32,870	100.00

The details given above are as per BENPOS received from M/s Aarthi Consultants Private Limited, Registrar and Share Transfer Agent as on 31st March, 2023.

b) Shareholding Pattern as on 31st March, 2023:

Category	No of shareholders	No of share	% to equity
Promoters / Promoter Group	15	21,26,030	70.32
Body Corporates	52	86,309	2.85
Individual / HUF's	8137	7,97,370	26.38
Non-Resident Indians	137	12,882	0.43
Clearing Members	8	618	0.02
Others	2	78	-
Total	8,351	30,23,287	100.00

The details given above are as per BENPOS received from M/s Aarthi Consultants Private Limited, Registrar and Share Transfer Agent as on 31st March, 2023.

13. DEMATERIALISATION OF SHARES AND LIQUIDITY:

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

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

The ISIN Number allotted to the Company is INE320X01016.

Shareholders can avail the Demat facility and get their shares in the physical form dematerialised. Shareholders are advised to Dematerialise their holdings at the earliest. The status of shares held in dematerialised and physical forms as on 31st March, 2023 are given below:

Particulars	No. of shares	%age
NSDL	8,11,734	26.85
CDSL	22,01,756	72.83
Physical	9,797	0.32
Total	30,23,287	100.00

14. PLANT LOCATION:

<p>Unit 1: Sy. No. 180/2, Kazipally (V) Jinnaram Mandal, Sanga Reddy Dist. 502 319, - Telangana, India Phone : 08458277067 / 68 Email : admin_unit1@smslife.in</p>	<p>Unit 4: Phase-1, Plot No.66/B-2 IDA Jeedimetla, Medchal Malkajgiri District Hyderabad-500 090, Telangana, India Phone : 040-23095233 Fax : 040-23735639 Email : warehouse_unit4@smslife.in</p>
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In house R&D: No. C-23, Industrial Estate, Sanathnagar, Hyderabad-500 018

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

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence, as on 31st March, 2023, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

16. SCORES:

SEBI has initiated a platform for redressing the investor grievances through SCORES, a web based complaints redressal system. The system processes complaints in a centralized web based mechanism. Company has registered in the Scores platform.

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

17. RECONCILIATION OF SHARE CAPITAL AUDIT:

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

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

18. SECRETARIAL COMPLIANCE CERTIFICATE:

- ❑ As per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Company has obtained the Secretarial Compliance Certificate on yearly basis from CSB Associates, Practicing Company Secretaries, to the effect that there was no such instance of transfer of shares or issue of duplicate share certificate. The certificate was submitted with the Stock Exchange(s).
- ❑ A yearly Compliance Certificate duly signed by the Compliance officer of the Company and the authorized representative of the Registrar and Share Transfer agent (RTA), with a confirmation that all activities of share transfer facility (both physical and electronic) are maintained by RTA, registered with the SEBI, is also filed with the Stock Exchange(s).

19. REPORTING AS PER PARA F OF SCHEDULE V OF THE LISTING REGULATIONS:

Shares in suspense account as on 01.04.2022	:	17
Request for transfer from suspense account	:	Nil
Shares transferred from suspense account	:	Nil
Transferred to IEPF	:	Nil
Shares in suspense account as on 31.03.2023	:	17

20. COMPLIANCES REGARDING INSIDER TRADING

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

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

The aforesaid code / polices can be access from the website of the Company at www.smslife.in/policies.php.

21. OTHER DISCLOSURES:

a) Material Related Party Transactions:

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the year 2022-23 were in the ordinary course of business, at arm's length price and intended to further the Company's interests.

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

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

Transactions with the related parties are disclosed in the notes to the accounts forming part of this Annual Report and RPT Policy can be accessed from the website of the Company at www.smslife.in/policies.php

b) Non Compliance / penalty:

There were no instances of non-compliance by the Company and no penalties or strictures were imposed by Stock Exchange(s) or SEBI or any statutory authority on any matter related to Capital Markets, during the last three years.

c) Establishment of vigil mechanism / Whistle Blower Policy:

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

The Audit Committee reviews the functioning of the vigil / whistle blower mechanism from time to time. There were no allegations / disclosures / concerns received during the year under review in terms of the vigil mechanism established by the Company. No employee is denied the opportunity to meet the Chairman of the Audit Committee.

Policy: www.smslife.in/pdf/Whistle%20Blower%20Policy.pdf

d) Disclosure of commodity price / foreign exchange risks and hedging activities:

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

e) Compliance of Corporate Governance:

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

Certificate from the Statutory Auditors on compliance of Corporate Governance is enclosed along with this Report.

Certificate from CSB Associates, Practicing Company Secretary has been obtained 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 Company by SEBI or MCA or any such statutory authority, is attached to this report.

The Company has complied with the requirements of Regulation 34 and Schedule V of sub-paras (2) to (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

f) Loans and advances:

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

g) Utilization of funds:

During the year, the Company has not raised any funds through preferential allotment or QIP as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

h) Recommendation of Sub-committee:

The Board had accepted all recommendations or submissions of all the sub-committees of the Board which were mandatorily required for the approval of the Board in the year 2022-23.

i) Consolidated Fees to Statutory Auditors:

Company has paid the following fees to M/s Rambabu & Co. during the year 2022-23:

SMS Lifesciences India Limited	₹ 12 lakhs
Mahi Drugs private Limited	₹ 3 lakhs
Consolidated fees paid	₹ 15 lakhs

j) Code of Conduct:

The Board of Directors adopted the Code of Conduct as per the provisions under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. The same can be accessed from the Company's website at www.smslife.in/pdf/Code%20of%20conduct%20of%20Board%20of%20Directors%20and%20Senior%20Management.pdf

- Board members and senior management personnel affirmed compliance with the Code.
- Declaration to this effect signed by Managing Director is attached to this Report

k) Material Non-Listed Subsidiary Company:

Mahi Drugs Private Limited shall be considered as "Material Subsidiary" of the Company for the year 2022-23 based on the definition of Regulation 16(1) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details of material subsidiary:

Name of the subsidiary	Mahi Drugs Private Limited [CIN: U24233AP2012PTC084875]
Place of incorporation	Visakhapatnam, Andhra Pradesh
Date of incorporation	17 th December, 2012
Status	Wholly-owned subsidiary till 7 th February, 2022.
Disinvestment details	Company has disposed stake in Mahi Drugs pursuant to Investment Agreement executed on 13 th December, 2021 with ChemWerth Inc. USA, a strategic investor, the Status has changed to "Subsidiary" w.e.f. 7 th February, 2022. Currently, Company holds 60% stake in Mahi Drugs, with absolute control and decision making powers.

Material Subsidiary	Based on following workings, Mahi Drugs was considered as material subsidiary of the Company for the year 2022-23: (₹ in lakhs)		
	Particulars	Net Worth as on 31st March, 2022	Income for the year 2021-22
	Standalone (Mahi)	3,805.40	3,257.40
	Consolidated (SMS Life)	15,223.23	35,181.50
	%age	25.00%	9.20%
Details of Statutory Auditors	M/s Rambabu & Co., Chartered Accountants, Hyderabad (Firm Registration No.: 0029765) has been reappointed as Statutory Auditor of Mahi Drugs for a further period of 5 (five) years commencing from 2023-24 to 2027-28 by the Board of Mahi Drugs in the meeting held on 29 th May, 2023, subject to approval of shareholder in the ensuing general meeting.		

The Audited Annual Financial Statements of the Mahi Drugs is tabled at the Board Meeting held on 29th May, 2023. Copies of the Minutes of the Board Meetings of Mahi Drugs is given to all the Directors and are tabled at the subsequent Board Meetings. Further, the policy for determining material subsidiaries pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is available on the website of the Company at www.smslife.in/policies.php.

l) Risk Management:

The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and the Board of Directors review these procedures periodically.

m) Preservation of Documents:

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

n) Policy on dissemination of information on the Material Events to Stock Exchanges:

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

o) Disclosures in relation to the Sexual Harassment / Credit Ratings / certain types of agreement: Details provided in the Directors' Report.

By Order of the Board
For SMS Lifesciences India Limited

Date: 08.08.2023
Place: Hyderabad

TV Praveen **TVVSN Murthy**
DIN: 08772030 DIN: 00465198
Executive Director Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
SMS Lifesciences India Limited
Hyderabad.

We have examined the compliance of conditions of Corporate Governance by SMS Lifesciences India Limited ('the Company') for the year ended 31st March 2023, as per the relevant provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st April, 2022 to 31st March, 2023.

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

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

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

Place: Hyderabad
Date: 08.08.2023

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

UDIN: 23026548BGTYSK5732

GVL Prasad
Partner
M.No. 026548

FORM AOC. 1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014]

Part “A”: Subsidiaries

Particulars	Name of the Subsidiary
	Mahi Drugs Private Limited
Reporting period	31-03-2023
Date of Acquisition	02-08-2018
Reporting currency and Exchange rate of subsidiaries if any	₹ (In lakhs)
Share Capital	707.26
Other Equity	4,193.83
Total assets	10,558.11
Total Liabilities (Excl. Share Capital, Reserves & Surplus)	5,657.02
Investments	-
Turnover	3,547.42
Profit before taxation	(15.29)
Provision for taxation	6.07
Profit after taxation	(21.36)
Proposed Dividend	-
% of shareholding	60%

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

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

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

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

By Order of the Board
For SMS Lifesciences India Limited

Date: 08.08.2023
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

Annual Report on Corporate Social Responsibility (CSR) Activities

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

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

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

2. Composition of the CSR Committee:

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

3. WEBLINKS:

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

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

Sl. no.	Particulars	Details
a)	Average net profit of the Company for last three financial years	₹1,759.92 lakhs.
b)	2% of the average net profit of the company as per sub-section (5) of section 135.	₹35.20 lakhs
c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years	-
d)	Amount required to be set-off for the financial year, if any	₹0.19 lakhs
e)	Total CSR obligation for the financial year [(b)+(c)-(d)]	₹35.01 lakhs

6.	Sl. No.	Particulars	Details
	a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).	₹46.50 lakhs
	b)	Amount spent in Administrative Overheads.	-
	c)	Amount spent on Impact Assessment, if applicable	-
	d)	Total amount spent for the Financial Year [(a)+(b)+(c)]	₹46.50 lakhs

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

Total amount spent for the financial year 2022-23	Amount unspent (₹)				
	Total amount transferred to unspent CSR account as per Section 135(6) of the Act		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135 (5) of the Act		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹29.23 lakhs	₹17.27 lakhs	26.04.2023	NA	Nil	NA

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

Sl.No.	Particulars	Details
i.	2% of average net profit of the company as per sub-section (5) of section 135**	₹35.01 lakhs
ii.	Total amount spent for the Financial Year	₹46.50 lakhs
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	₹11.49 lakhs
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	₹11.49 lakhs

**after setting-off ₹0.19 lakhs excess spend during the year 2021-22

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

Sl no.	Preceding Financial Year(s).	Amount transferred to Unspent CSR Account under section 135 (6)	Balance Amount in Unspent CSR Account under subsection (6) of section 135	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any.		Amount remaining to be spent in succeeding financial years.
					Amount	Date of transfer	
1.	2019-20	-	-	-	-	-	-
2.	2020-21	-	-	-	-	-	-
3.	2021-22	₹15.50 lakhs	₹15.50 lakhs	₹15.50 lakhs	-	-	-

Note-

- The unspent amount for the year 2021-22 (i.e. ₹15.50 lakhs) was transferred on 31st March, 2022 to unspent CSR account.
- The said amount has been fully utilized on “Ongoing Project for the year 2021-22” and accordingly the unspent CSR account for the year 2021-22 has been closed on 6th July, 2023, as approved by the Board in the meeting held on 29th May, 2023.

8. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (Asset wise details):

No creation or acquisition of capital asset during the current financial year.

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5) of the Act:

Not Applicable.

For SMS Lifesciences India Limited

TVVSN Murthy
Managing Director and
Chairman of CSR Committee

TV Praveen
Executive Director

Date: 08.08.2023
Place: Hyderabad

FORM NO. AOC -2

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

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

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

There were no contracts or arrangements or transactions not at Arm's length basis entered into during the year ended 31st March, 2023.

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

SL. No.	Particulars	Details																		
a)	Name (s) of the related party and nature of relationship	Mahi Drugs Private Limited [Material unlisted Subsidiary]																		
b)	Nature of contracts/ arrangements/ transaction	Sale, purchase and Renting in Ordinary Course of Business																		
c)	Duration of the contracts/ arrangements/ transaction	Transactions done during the year 2022-23.																		
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	₹ in lakhs																		
		<table border="1"> <thead> <tr> <th>Sl no.</th> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>i.</td> <td>Purchase of Goods</td> <td>2,627.08</td> </tr> <tr> <td>ii.</td> <td>Sale of Goods</td> <td>917.69</td> </tr> <tr> <td>iii.</td> <td>Sale of Services</td> <td>12.00</td> </tr> <tr> <td>iv.</td> <td>Rent Received</td> <td>5.40</td> </tr> <tr> <td colspan="2" style="text-align: center;">Total</td> <td>3,562.17</td> </tr> </tbody> </table>	Sl no.	Particulars	Amount	i.	Purchase of Goods	2,627.08	ii.	Sale of Goods	917.69	iii.	Sale of Services	12.00	iv.	Rent Received	5.40	Total		3,562.17
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iii.	Sale of Services	12.00																		
iv.	Rent Received	5.40																		
Total		3,562.17																		
e)	Date of approval by the Board	11 th February, 2022																		
f)	Amount paid as advances, if any	₹2,325.78 lakhs																		

Aforesaid transactions are considered as "Material Related Party Transactions" as per Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same was approved by the Shareholders vide Postal ballot dated 24th August, 2022.

By Order of the Board
For SMS Lifesciences India Limited

Date: 08.08.2023
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

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

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

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

A. CONSERVATION OF ENERGY:

i. Steps taken or impact on conservation of energy:

Energy conservation refers to reducing energy consumption through optimal energy utilization technologies, enhancing energy availability, resource efficiency as also use of renewable energy. A dedicated energy management team focuses on energy management and constantly reviews the progress made. It has implemented a number of energy conservation initiatives.

Some of key initiatives include:

- ❑ Installed 33KV in place of 11KV HT Line from Unit-I to substation to improve power supply and reduce the running hours of DG set during power failure.
- ❑ Installed the Toshniwal vacuum pumps instead of steam ejectors in Production blocks (I,II,V,VIII and Phama block).
- ❑ New Automation system Installed from Solvent Tanks to Charge Tanks with mass-flowmeters to transfer material to process vessels in Production block - VIII.
- ❑ Replacement of higher capacity pumps with lower capacity in Production blocks (III, SRB and VIII) with automation.
- ❑ Optimising process cooling tower fans with automation and Cooling Tower Fans Aluminum Blades are replaced with E-Glass Epoxy Coated FRP Fan Blades.
- ❑ Replacing Centrifuges (CFs) & Fluidised Bed Dryers (FBDs) with Agitated Nutsche Filter Driers (ANFDs).
- ❑ Installed the Variable Frequency Drives (VFDs) in reactors (SS & GL).
- ❑ Installed the Steam auto cut off valves for Tray Driers, Fluidised Bed Dryers (FBDs), Reactors, Solvent Recovery columns and Vacuum Tray Driers.
- ❑ Providing chilled water circulation for Sub-Coolers and Heat Exchangers instead of brine solution.
- ❑ Replaced the steam jet pump in place of electrical pump for condensate water pumping to Boiler, MEE, HVD, SRB and DMSO Recovery block.
- ❑ All Production Blocks Steam Condensate Water recovery by 60% and used to Boiler which saves natural resource and energy.
- ❑ Replaced the IE2 motors in place of IE3 motors.
- ❑ Conducting the Maintenance of Steam Traps and purging type hot water tanks are replaced with condenser / coil type hot water tanks to recover the steam condensate.

- ❑ Installed the +5 Chilling unit reciprocating compressor in place of Vapour Absorption Machine (VAM).
- ❑ Replacement of over-sized Cooling Water Circulation Pump with optimum size pump for Chilling Plant to reduce the energy consumption.

ii. Steps taken by the Company for utilizing alternate sources of energy:

- ❑ Replaced electrical CF lights with LED lights in Plant (QC, QA, Production Blocks-I to VIII, Pharma-I & II, SRB, HVD, Ware House, Boilers, MEE.
- ❑ Arranged transparent roof-top sheets with turbo ventilator at manufacturing facilities in Production Blocks-III, V and Warehouse.
- ❑ Collection of Rain water in collection tank from all areas (4000 KL capacity of GL & MS Tanks) and pumping to all Cooling towers and Boiler.
- ❑ Identifying cheaper power sources Utilizing the alternate sources of energy IEX (Indian Energy Exchange) private power.

iii. Capital investment on energy conservation equipment:

Not envisaged any additional investment during the coming years.

B. TECHNOLOGY ABSORPTION:

i. The Efforts made towards technology absorption:

The Company continued efforts for absorption of certain technologies developed in-house in relation to Process / Analytical method development of APIs and intermediates. These technologies were absorbed in development of new formulations for developed markets.

ii. The Benefits derived like product improvement, cost reduction, product development or import substitution:

- ❑ Receipt of regulatory approvals for new products
- ❑ Development of cost effective manufacturing process
- ❑ Reduction in cost of materials and production
- ❑ Improvement in product yield and quality

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

a) Details of technology imported	:	No technology has been
b) Year of import	:	imported during the
c) Whether the technology has been fully Absorbed	:	past 3 years.
d) If not fully absorbed, areas where absorption has not taken place, and the reasons therefore	:	

iv. **The expenditure incurred on Research and Development:**

Your Company's Expenditure on R&D during the Year 2022-23, in comparison with the figures for the previous Year 2021-22 was as follows:

(₹ in lakhs)

Particulars	FY 2022-23	FY 2021-22
Capital	105.87	17.66
Recurring	347.85	287.49
Total	453.72	305.15
Total R&D Expenditure as a %age to Total Turnover	1.43%	0.88%

C. **Foreign Exchange earnings and outgo**

(₹ in lakhs)

Particulars	2023	2022
Earnings:		
FOB value of Exports	9,975.39	12,833.59
Outgo:		
Sales Commission	39.93	98.85
Travelling Expenses	0.14	-
CIF value of Imports	7,200.79	7,305.75

By Order of the Board
For SMS Lifesciences India Limited

Date: 08.08.2023
Place: Hyderabad

TV Praveen
Executive Director
DIN: 0877203

TVVSN Murthy
Managing Director
DIN: 00465198

DISCLOSURE OF MANAGERIAL REMUNERATION

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

- i. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the year 2022-23 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary.

Sl No.	Name of Director / KMP	Designation	Remuneration [₹ in lakhs]		Change %	Ratio
			2022-23	2021-22		
Executive Director						
1)	Mr. TVVSN Murthy	Managing Director	202.58	200.92	0.83%	55.33
2)	Mr. TV Praveen	Executive Director	72.00	72.00	-	20.12
3)	Mrs. Sudeepthi Gopineedi	Whole-time Director	24.00	12.60 ^{##}	90.48%	6.71
Non-Executive Director						
4)	Mr. P. Sarath Kumar	Independent Director	-	-	-	-
5)	Mr. Venkatasubbarao Potluri**	Independent Director	-	-	-	-
6)	Dr. (Mr.) Mannam Malakondaiah	Independent Director	-	-	-	-
7)	Dr. (Mr.) Srinivas Samavedam	Independent Director	-	-	-	-
KMPs						
8)	Mr. N Rajendra Prasad	Chief Financial Officer	18.64	17.63	5.73%	NA
9)	Mr. Trupti Ranjan Mohanty	Company Secretary	9.14	8.21	11.33%	NA

**Resigned from Board w.e.f. 10th February, 2023 | ^{##}Inducted on the Board w.e.f. 2nd September, 2021

Independent Directors of the Company are entitled for sitting fee only, as per the statutory provisions. Hence, ratio of remuneration and percentage increase for Non- Executive Directors Remuneration not provided.

- ii. Aforesaid remuneration is paid as per the remuneration policy of the Company.
- iii. The %increase in the median remuneration of Employees for the financial year was 11.07%.
- iv. The Company has 567 permanent Employees on the rolls of Company as on 31st March, 2023.
- v. Average percentage increase made in the monthly salaries of Employees other than the managerial personnel in the year was 10.62% whereas there was no increase in the managerial remuneration.

By Order of the Board
For SMS Lifesciences India Limited

Date: 08.08.2023
Place: Hyderabad

TV Praveen
Executive Director
DIN: 0877203

TVVSN Murthy
Managing Director
DIN: 00465198

COMPLIANCE CERTIFICATE

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

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

- A) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2023 and that to the best of our knowledge and belief:
- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) These statements together present a true and fair view of the Company' affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B) to the best of our knowledge and belief, no transactions entered into by the Company during the year ended on 31st March, 2023 are fraudulent, illegal or violative of the Company's code of conduct.
- C) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- D) 1) There has not been any significant changes in internal control over financial reporting during the year;
- 2) There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
- 3) We are not aware of any instances during the year of significant fraud with involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For SMS Lifesciences India Limited

Date: 08.08.2023
Place: Hyderabad

N. Rajendra Prasad
Chief Financial Officer

TVVSN Murthy
Managing Director
(DIN: 00465198)

INDEPENDENT AUDITORS' REPORT

To the Members of

SMS Lifesciences India Limited

Report on the Audit of the Ind AS Standalone Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

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

Sr. No.	Key Audit Matter	Auditor's Response
		<ul style="list-style-type: none"> • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls. • Selected a sample of continuing and new contracts and performed the following procedures: <ol style="list-style-type: none"> 1. Read, analysed and identified the distinct performance obligations in these contracts. 2. Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.

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

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

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

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

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

Management's Responsibilities for the Standalone Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act read with Companies Ind AS rules 2015 as amended.
 - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The dividend paid by the company during the year is in respect of the same declared for the previous year is in accordance with Sec 123 of Companies Act, 2013 to the extent it applies to payment of dividend.

Place: Hyderabad
Date: 29.05.2023

UDIN: **23026548BGTYQG5962**

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

GVL Prasad
Partner
M. No. 026548

Annexure “A” to the Independent Auditor’s Report

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

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

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

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

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

- v. The Company has not accepted any deposits or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government of India under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. In respect of statutory dues:
- (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees’ State Insurance, Income Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees’ State Insurance, Income Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
- (b) There were no statutory dues which have not been deposited as on March 31, 2023 on account of disputes except the following:

S. No.	Name of the Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. Lakhs)	Amount Unpaid (Rs. Lakhs)
1	AP Non Agricultural Land (Conversion for Non Agriculture Purpose) Act, 2006	Nala Tax	“	Demand Raised in the year 2012-13	22.50	22.50
2	Employees Provident Fund and Miscellaneous Provisions Act, 1952	Interest on Provident Fund	NCLT Hyderabad	December,1999 to December, 2007	7.52	7.52
3	Income Tax Act, 1961	Income Tax	Erstwhile BIFR	1988-89 to 2004-05	75.07	75.07
4	Income Tax Act, 1961	Interest on above	Erstwhile BIFR	1988-89 to 2019-20	165.29	156.28

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

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

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

Place: Hyderabad
Date: 29.05.2023

UDIN: 23026548BGTYQG5962

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

GVL Prasad
Partner
M. No. 026548

Annexure “B” to the Independent Auditor’s Report

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

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

We have audited the internal financial controls over financial reporting of SMS Lifesciences India Limited (the “Company”) as of March 31, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide

reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Place: Hyderabad
Date: 29.05.2023

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

UDIN: **23026548BGTYQG5962**

GVL Prasad
Partner
M. No. 026548

Standalone Balance Sheet as at 31st March, 2023

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

Sl. No.	Particulars	Note	As at 31 st March, 2023	As at 31 st March, 2022
I	ASSETS			
1	Non-Current Assets			
	(a) Property, Plant and Equipment	4	13,783.36	9,630.36
	(b) Right-of-use Assets	5A	170.49	230.67
	(c) Capital Work-in-Progress	4	85.45	2,120.75
	(d) Intangible Assets	6	7.54	11.38
	(e) Financial Assets			
	(i) Investments	7	2,323.17	2,323.67
	(ii) Other Financial Assets	8	261.67	228.28
	(f) Other Non-Current Assets	9	347.98	423.35
	Total		16,979.66	14,968.46
2	Current Assets			
	(a) Inventories	10	8,046.22	8,135.69
	(b) Financial Assets			
	(i) Trade Receivables	11	4,551.88	3,377.41
	(ii) Cash and Cash Equivalents	12	15.14	94.64
	(iii) Bank Balances other than (ii)	13	80.29	119.12
	(c) Other Current Assets	14	4,031.34	4,504.73
	(d) Current Tax Assets	15	34.42	-
	Total		16,759.29	16,231.59
	Total Assets		33,738.95	31,200.05

(Contd.)

Standalone Balance Sheet (Contd.)

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

Sl. No.	Particulars	Note	As at 31 st March, 2023	As at 31 st March, 2022
II EQUITY AND LIABILITIES				
1 Equity:				
	(a) Equity Share Capital	16	302.33	302.33
	(b) Other Equity	17	16,100.47	14,819.07
	Total		16,402.80	15,121.40
2 LIABILITIES				
A Non-Current Liabilities				
	(a) Financial liabilities			
	(i) Borrowings	18	4,597.02	2,684.67
	(ii) Lease Liabilities	5B	130.49	185.33
	(b) Provisions	19	362.31	325.36
	(c) Deferred Tax Liabilities (Net)	20	1,189.74	987.19
	Total		6,279.56	4,182.55
B Current Liabilities				
	(a) Financial Liabilities			
	(i) Borrowings	21	3,917.44	3,289.46
	(ii) Lease Liabilities	5B	54.84	47.89
	(iii) Trade Payables			
	a. Dues to Micro and Small Enterprises	22	26.03	81.70
	b. Dues to other than Micro and Small Enterprises	22	5,426.51	7,003.09
	(iv) Other Financial Liabilities	23	657.80	883.95
	(b) Provisions	19	128.14	97.33
	(c) Other Current Liabilities	24	845.83	363.55
	(d) Current Tax Liabilities (Net)	25	-	129.13
	Total		11,056.59	11,896.10
	Total Liabilities		17,336.15	16,078.65
	Total Equity and Liabilities		33,738.95	31,200.05
	Significant Accounting Policies	3		

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

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

GVL PRASAD
Partner
M.No.026548

Place : Hyderabad
Date : 29-05-2023

for and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

T V PRAVEEN
Executive Director
DIN: 08772030

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

Standalone Statement of Profit and Loss for the Year Ended 31st March, 2023

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

Sl. No.	Particulars	Note	Current Year 2022-23	Previous Year 2021-22
1	Income			
	Revenue from Operations	26	31,524.18	34,562.81
	Other Income	27	288.17	153.55
	Total Income		31,812.35	34,716.36
2	Expenses			
	Cost of Materials Consumed	28	18,995.48	21,616.44
	Changes in Inventories	29	30.10	(778.72)
	Manufacturing Expenses	30	4,958.08	5,832.00
	Employee Benefits Expense	31	3,472.35	3,251.35
	Finance Costs	32	509.44	462.50
	Depreciation and Amortization Expense	33	817.30	799.04
	Other Expenses	34	1,427.52	1,505.27
	Total Expenses		30,210.27	32,687.88
3	Profit Before Exceptional/Extraordinary Items (1-2)		1,602.08	2,028.48
4	Exceptional / Extraordinary Items	35	235.16	1,269.22
5	Profit Before Tax (3+4)		1,837.24	3,297.70
6	Tax Expense	36		
	(a) Current Tax			
	(i) relating to Current Year		350.00	850.00
	(ii) relating to Earlier Year		(35.02)	(93.98)
	(b) Deferred Tax		200.50	3.55
	Total Taxes		515.48	759.57
7	Profit for the Year (5-6)		1,321.76	2,538.13

(Contd.)

Standalone Statement of Profit and Loss (Contd.)

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

Sl. No.	Particulars	Note	Current Year 2022-23	Previous Year 2021-22
	Other Comprehensive Income/(Loss)			
	Items that will not be reclassified to Profit/(Loss)			
8	Remeasurement Gain/(Loss) of the defined benefit plans	37	7.04	(7.10)
9	Income Tax effect on the above		2.05	(2.07)
10	Other Comprehensive Income After Tax for the Year (8-9)		4.99	(5.03)
11	Total Comprehensive Income for the Year (7+10)		1,326.75	2,533.10
12	Earnings Per Share (Face Value of Rs.10/- each) -Basic / Diluted	38		
	(i) Including Exponential Income		43.72	83.95
	(ii) Excluding Exponential Income		36.34	50.24
	Significant Accounting Policies	3		

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

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

GVL PRASAD
Partner
M.No.026548

Place : Hyderabad
Date : 29-05-2023

for and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

T V PRAVEEN
Executive Director
DIN: 08772030

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

Standalone Statement of Changes in Equity for the Year Ended 31st March, 2023

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

a. Equity Share Capital

Particulars	As at 31 st March, 2023		As at 31 st March, 2022	
	Number of Shares	Amount	Number of Shares	Amount
At the Beginning of the Year	30,23,287	302.33	30,23,287	302.33
Changes in Equity Share Capital	-	-	-	-
At the End of the Year	30,23,287	302.33	30,23,287	302.33

b. Other Equity

Particulars	Capital Reserve	General Reserve	Retained Earnings	Total Other Equity
Balance as at 01st April, 2021	1.00	6,616.02	5,714.30	12,331.32
Profit for the Year			2,538.13	2,538.13
Payment of Dividend			(45.35)	(45.35)
Other Comprehensive Income for the Year, net of Income Tax		-	(5.03)	(5.03)
Transfer from Retained Earnings		200.00	-	200.00
Transferred to General Reserve		-	(200.00)	(200.00)
Total Comprehensive Income for the Year	-	200.00	2,287.75	2,487.75
Balance as at 31st March, 2022	1.00	6,816.02	8,002.05	14,819.07
Balance as at 01st April, 2022	1.00	6,816.02	8,002.05	14,819.07
Profit for the Year			1,321.76	1,321.76
Payment of Dividend			(45.35)	(45.35)
Other Comprehensive Income for the Year, net of Income Tax			4.99	4.99
Transfer from Retained Earnings		-	(200.00)	(200.00)
Transferred to General Reserve		200.00	-	200.00
Total Comprehensive Income for the Year	-	200.00	1,081.40	1,281.40
Balance as at 31st March, 2023	1.00	7,016.02	9,083.45	16,100.47

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

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

GVL PRASAD
Partner
M.No.026548

Place : Hyderabad
Date : 29-05-2023

for and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

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M.No. 60358

T V PRAVEEN
Executive Director
DIN: 08772030

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

Standalone Statement of Cash Flow for the Year Ended 31st March, 2023

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

Particulars	For the year ended 31 st March, 2023	For the Year ended 31 st March, 2022
A. Cash Flow from Operating Activities		
Profit Before Tax	1,602.08	2,028.48
Adjustments for:		
Depreciation and amortisation expense	817.30	799.04
Interest Income classified as Investing Cash Flows	(6.26)	(6.97)
Allowance for Doubtful Debts	51.29	21.32
Interest on Non Current Borrowings	150.07	154.88
Interest on Unsecured Loans	37.73	42.83
Provision for Employee Benefits	74.79	40.84
Term Loan Processing Fee	1.78	1.54
Loss on Sale of Assets	0.12	0.41
Profit on Sale of Assets	-	(9.07)
Interest on Leased Premises	24.11	6.79
	2,753.01	3,080.09
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Trade Receivables	(1,225.75)	(399.31)
(Increase)/Decrease in Inventories	89.47	(2,259.57)
Increase/(Decrease) in Trade Payables	(1,632.27)	1,492.09
(Increase)/Decrease in Other Non Current Financial Assets	(33.38)	(10.77)
(Increase)/Decrease in Other Non Current Asset	75.87	(86.62)
(Increase)/Decrease in Other Current Financial Assets	-	(15.67)
(Increase)/Decrease in Other Current Assets	473.39	(727.81)
(Increase) Decrease in Prepaid Taxes	(128.53)	44.45
Increase/(Decrease) in Other Current Financial Liabilities	(46.57)	15.67
Increase/(Decrease) in Other Non Current Liabilities	-	(600.00)
Increase/(Decrease) in Other Current Liabilities	482.29	(1,242.08)
	(1,945.48)	(3,789.62)
Cash generated from Operations	807.53	(709.52)
Income Taxes Paid	(350.00)	(756.02)
Net Cash Inflow/(Outflow) from Operating Activities "A"	457.53	(1,465.54)

(Contd.)

Standalone Statement of Cash Flow (Contd.)

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

Particulars	For the year ended 31 st March, 2023	For the Year ended 31 st March, 2022
B. Cash flows from Investing Activities		
Purchase of Property, Plant and Equipment	(3,390.91)	(2,496.42)
Proceeds from sale of Property, Plant and Equipment	564.69	953.12
Proceeds from sale of Investments	-	749.70
Margin Money Deposits	23.06	37.68
Interest Received on Margin Money Deposit	6.79	6.97
Net Cash Inflow/(Outflow) from Investing Activities "B"	(2,796.37)	(748.95)
C. Cash flows from Financing Activities		
Proceeds from Long Term Borrowings	2,980.71	1,169.46
Repayment of Long Term Borrowings	(604.78)	(328.73)
Proceeds from Short Term Borrowings	-	693.92
Repayment of Short term Borrowings	297.63	-
Repayment of Lease Liability	(47.89)	178.66
Interest paid	(185.98)	(205.18)
Repayment of Unsecured Loan	(135.00)	-
Dividends paid to company's shareholders	(45.35)	(45.35)
Net Cash Inflow / (Outflow) from Financing Activities "C"	2,259.34	1,462.78
Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C)	(79.50)	(751.71)
Cash and Cash Equivalents at the beginning of the Year	94.64	846.35
Cash and Cash Equivalents at the End of the Year (Refer Note: 12)	15.14	94.64

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

- The Cash Flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash Flows.

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

Chartered Accountants
FRN 002976S

GVL PRASAD
Partner
M.No.026548

Place : Hyderabad
Date : 29-05-2023

for and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

T V PRAVEEN
Executive Director
DIN: 08772030

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

Notes to the Standalone Financial Statements

1. Corporate Information:

SMS Lifesciences India Limited (SMS Life), (the 'Company') is a Company limited by Shares domiciled in India incorporated under the Companies Act, 1956. The registered office of the Company is at Plot No.19-III, Road No. 71, Jubilee Hills, Hyderabad-500 096, Telangana, India. The Equity Shares of the Company are listed in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is engaged in the business of manufacturing of Active Pharma Ingredients and their intermediates. The Company is having manufacturing facilities at Kazipally and Jeedimetla and its Research and Development centre at Sanathnagar in Hyderabad.

2. Basis of preparation of Standalone Financial Statements

2.1 Statement of Compliance

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

These standalone financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, 31st March, 2023. These Financial Statements were authorized and approved for issue by the Board of Directors on 29th May, 2023.

2.2 Basis of Measurement:

The standalone financial statements have been prepared on a historical cost and on accrual basis, except for the following items in the balance sheet:

- Certain financial assets are measured either at fair value or at amortised cost depending on the classification.

- Employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation.
- Right-of use the assets are recognized at the present value of lease payments that are not paid at that date.
- Assets held for sale are measured at fair value less cost to sell.

2.3 Current and Non-Current Classification:

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

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

- (d) All Other liabilities are classified as non-current.
- (e) Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.
- (f) The Operating Cycle is the time between the acquisition of assets for processing and their realization in Cash and Cash Equivalents. The Company has identified Twelve months as its Operating Cycle.

3. Summary of Significant Accounting Policies:

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

3.1 Revenue Recognition:

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, the Company applies the following five step approach:

- (1) identify the contract with a customer,
- (2) identify the performance obligations in the contract,
- (3) determine the transaction price,
- (4) allocate the transaction price to the performance obligations in the contract, and
- (5) recognize revenues when a performance obligation is satisfied.

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

The Company's revenue is derived from sale of goods, sale of services. Most of such revenue is generated from the sale of goods. The Company has generally concluded that it is the principal in its revenue arrangements.

(i) Revenue from Sale of Goods:

Revenue from sale of goods is recognized when a promise in a customer contract (performance

obligation) has been satisfied by transferring the control over the promised goods to the customer. Control is usually transferred upon shipment, delivery to, upon receipt of the goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized is based on the consideration expected to be received in exchange of goods, excluding applicable discounts sales returns and any taxes or duties collected on behalf of the government such as GST where ever applicable.

Presented below are the points of recognition of revenue with respect to the Company's sale of goods:

Particulars	Point of recognition of revenue
Domestic Sales	Upon delivery of products to customers (generally formulation manufacturers), from the factories of the Company.
Export Sales	Upon delivery of the products to the customers unless the terms of the applicable contract provide for specific revenue generating activities to be completed, in which case revenue is recognised once all such activities are completed.

(ii) Revenue from Sale of Services:

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

(iii) Export incentives:

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(iv) Dividend Income:

Dividends are received from financial assets at fair value through profit or loss and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of the investment.

(v) Interest Income:

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

3.2 Foreign Currency Transactions:

i. Functional and Presentation Currency:

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

ii. Initial Recognition:

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

iii. Conversion on Reporting Date:

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets

and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

iv. Exchange Differences:

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

3.3 Property, Plant and Equipment:

(a) Recognition and Initial Measurement

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

Cost includes non-refundable taxes, duties, freight, borrowing costs and other incidental expenses related to the acquisition and installation of the respective assets.

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress. Advances paid towards acquisition of assets are shown as Capital Advances.

Borrowing Cost relating to acquisition of Property, Plant and Equipment which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

Subsequent Costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

(b) Subsequent Measurement (Depreciation and Useful Lives)

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

Depreciation on addition to/deletion from fixed assets made during the year is provided on pro-rata basis from/up to the date of such addition/deletion as the case may be. In case of assets costing less than Rs.5,000/- purchased during the year also depreciation has been provided at normal rates on pro-rata basis from the date of purchase.

Cost of the leasehold land is amortized on a straight-line basis over the term of the lease. Depreciation on landscape is being provided @10% under straight line method.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(c) De-recognition

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

(d) Capital advances

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

(e) Capital work-in-progress

Capital work-in-progress includes cost of property, plant and equipment under installation/development as at the balance sheet date.

3.4. Intangible Assets:

Intangible assets consist of goodwill, other intangibles, and product development costs.

3.4. A. Goodwill:

Goodwill represents the excess of purchase consideration over the net book value of assets acquired of the subsidiary companies as on the date of investment. Goodwill is not amortised but is tested for impairment on a periodic basis and impairment losses are recognised wherever applicable.

3.4 B. Other Intangible Assets:

(a) Recognition and Initial Measurement

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

(b) Subsequent measurement (amortization):

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

3.5 Leases:

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves use of an identified asset, whether specified explicitly or implicitly;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

- The Company has right to direct the use of the asset by either having right to operate the asset or the Company having designed the asset in a way that predetermines how and for what purpose it will be used.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

i) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is premeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of asset (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing activity in cash flow statement.

3.6 Inventories:

Raw materials, packaging materials, are carried at cost. Stores and spares are being charged to revenue as and when purchased. Cost includes purchase price excluding taxes those are subsequently recoverable by the company from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location

and condition. Cost of Raw Material, packaging material is determined using the weighted average cost method.

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

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

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

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

3.7 Cash and Cash Equivalents:

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

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

3.8 Trade Receivables:

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are

recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

3.9 Financial Instruments

(a) Financial Assets

(i) Initial recognition and measurement:

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

(ii) Subsequent measurement

a) Debt instruments –

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

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

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

b) Equity investments –

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive

income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

Investment in Associates, Subsidiaries and Joint Venture:

Investments in Subsidiaries, Associates and Joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

(iii) De-recognition of financial assets

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

(b) Financial liabilities

(i) Initial Recognition and Measurement:

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

(ii) Subsequent Measurement

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

(iii) De-recognition of Financial Liabilities:

A financial liability is de-recognised when the obligation under the liability is

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

(c) Financial Guarantee Contracts

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

(d) Offsetting of Financial Instruments

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

(e) Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

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

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

(f) Other Financial Assets

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

3.10 Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3.11 Income Taxes:

Current Income Tax

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

Deferred Income Tax

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where a component has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The Carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment or expense in the period that includes the enactment or substantive enactment date.

Minimum alternate tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

3.12 Non-current assets held for sale

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented separately in the Balance Sheet as "Assets Classified as held of Sale". Once classified as held for sale, intangible assets and property,

plant and equipment are no longer amortised or depreciated.

3.13 Segment Reporting:

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

3.14 Government Grants:

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

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

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

Government grants relating to loans or similar assistance with an interest rate below the current applicable market rate are initially recognized and measured at fair value. The effect of this favorable interest is regarded as a government grant and is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

3.15 Borrowings:

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized

in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of financial statements for issue, not to demand payment as consequence of the breach.

3.16 Borrowing Cost

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

3.17 Provisions

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

Any reimbursement that the Company can be virtually certain to collect from a third party with

respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provisions.

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

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

3.18 Trade Payables:

These amounts represent liabilities for goods supplied to the Company prior to the end of financial year which are unpaid. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

3.19 Dividends

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company is required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

3.20 Equity:

Ordinary Shares are classified as Equity share Capital. Incremental costs directly attributable to the issue of new ordinary shares or share options

and buy back are recognized as a deduction from equity, net of tax effects, if any.

3.21 Research and Development:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Development expenditure on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliability the expenditure during development.

The expenditure to be capitalized includes the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in the statement of profit and loss as and when incurred. As at 31st March, 2023, none of the development expenditure amounts has met the aforesaid recognition criteria.

3.22 Post Employee Benefits:

(a) Defined Contribution Plans:

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

(b) Defined Benefit Plans:

The Company has gratuity as defined benefit plan where the amount that an employee will

receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognized in the balance sheet for defined benefit plans as the present value of the Defined Benefit Obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries as per the requirements of Ind AS 19 "Employee Benefits". Actuarial gains and losses resulting from re-measurement of the liability are included in other comprehensive income.

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

(b) Compensated Absence Policy:

The employees of Company are entitled to compensated absences the employees can carry forward a portion of the un utilised accumulated compensated absences and utilize in future periods or encash the leaves at the time of retirement or termination of employment. The Company records an obligation in the period in which the employee render the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method as on the reporting date as per the requirements of Ind AS "Employee Benefits". Non accumulating compensated absences are recognised in the period in which the absences occur. Actuarial gains and losses arising from experience adjustments and

changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise.

(c) Short-Term Employee Benefits

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

3.23 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

3.24 Contingent Liabilities and Commitments:

Where it is not probable that an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of balance sheet and is disclosed as a contingent liability.

Possible outcomes on obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities.

Contingent Assets are neither recognized nor disclosed. However, when realization of Income is virtually certain, related asset is recognized.

3.25 Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. These are material items of income or expense that have to be shown separately due to the significance of their nature or amount.

3.26 Fair Value Measurement

The Company measures Financial Instruments at fair value at each Balance Sheet Date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for such asset or liability, or in the absence of a principal market, in the most advantageous market which is accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted market prices) in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.27 Estimates and Assumptions

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

(i) Recognition of Deferred Tax Assets

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

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

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

(iii) Evaluation of Indicators for Impairment of Assets:

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

(iv) Recoverability of Advances/Receivables:

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

(v) Useful lives of Depreciable/Amortizable Assets:

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

(vi) Defined Benefit Obligation (DBO):

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

(vii) Fair Value Measurements:

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values

may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(viii) Provisions:

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

3.28 Recent Accounting Pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31st March 2023, MCA amended the Companies (Indian Accounting Standards) Rules 2015 by issuing the companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 1st April, 2023. The amendments are not expected to have a material impact on the standalone financial statements of the Company.

3.29 Rounding of Amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs, as per the requirement of Schedule III of the Companies Act, 2013 unless otherwise stated.

Notes to the Standalone Financial Statements

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

Note No. 4: Property, Plant and Equipment

Particulars	Land	Buildings	Plant & Machinery	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
I. Year ended 31st March, 2022										
Gross Carrying Amount										
1 Opening Gross Carrying Amount	304.69	2,612.76	9,730.90	74.24	88.01	20.91	174.56	14.06	13,020.13	315.58
2 Additions	221.16	12.19	216.66	31.19	25.11	1.61	11.48	-	519.40	2,324.58
3 Disposals / Transfers	(17.63)	(174.85)	(799.21)	(0.28)	(12.28)	(6.68)	(10.75)	-	(1,021.68)	(519.41)
4 Closing Gross Carrying Amount as at 31st March, 2022 (1+2+3)	508.22	2,450.10	9,148.35	105.15	100.84	15.84	175.29	14.06	12,517.85	2,120.75
Accumulated Depreciation and Impairment										
5 Opening Accumulated Depreciation	-	381.06	2,445.69	45.40	29.40	6.88	75.99	7.03	2,991.45	-
6 Depreciation Charge during the Year	-	99.39	598.78	11.44	9.48	3.70	24.20	3.52	750.51	-
7 Disposals / Transfers	-	(126.73)	(699.45)	(0.28)	(12.28)	(6.68)	(9.05)	-	(854.47)	-
8 Closing Accumulated Depreciation and Impairment as at 31 st March, 2022 (5+6+7)	-	353.72	2,345.02	56.56	26.60	3.90	91.14	10.55	2,887.49	-
9. Net Carrying Amount as at 31st March, 2022 (4-8)	508.22	2,096.38	6,803.33	48.59	74.24	11.94	84.15	3.51	9,630.36	2,120.75

(Contd.)

Notes to the Standalone Financial Statements

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

Note No. 4: Property, Plant and Equipment (Contd.)

Particulars	Land	Buildings	Plant & Machinery	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Others	Total	Capital Work-in-Progress
II. Year ended 31st March, 2023										
Gross Carrying Amount										
1 Opening Gross Carrying Amount	508.22	2,450.10	9,148.35	105.15	100.84	15.84	175.29	14.06	12,517.85	2,120.75
2 Additions	-	1,630.89	3,453.13	16.42	20.21	4.80	39.84	-	5,165.29	3,123.86
3 Disposals/Transfers	(241.16)	(7.32)	(79.87)	(0.12)	(0.17)	(0.04)	(0.97)	-	(329.65)	(5,159.16)
4 Closing Gross Carrying Amount as at 31 st March, 2023 (1+2+3)	267.06	4,073.67	12,521.61	121.45	120.88	20.60	214.16	14.06	17,353.49	85.45
Accumulated Depreciation or Impairment										
5 Opening Accumulated Depreciation	-	353.72	2,345.02	56.56	26.60	3.90	91.14	10.55	2,887.49	-
6 Depreciation Charge during the Period	-	99.35	595.52	18.77	11.41	3.41	21.32	3.51	753.29	-
7 Disposals / Transfers	-	(3.15)	(67.28)	(0.11)	(0.07)	(0.04)	-	-	(70.65)	-
8 Closing Accumulated Depreciation and Impairment as at 31 st March, 2023 (5+6+7)	-	449.92	2,873.26	75.22	37.94	7.27	112.46	14.06	3,570.13	-
9. Net Carrying Amount as at 31 st March, 2023 (4-8)	267.06	3,623.75	9,648.35	46.23	82.94	13.33	101.70	-	13,783.36	85.45

4.1 Property, Plant and Equipment includes assets relating to Research and Development activities Refer Note 41.2

4.2 Refer Note 40 for information on Property, Plant and Equipment pledged as security by the Company

4.3 Refer Note 48.1 for disclosure of contractual commitments for the acquisition of property, plant and equipment

Notes to the Standalone Financial Statements

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

4.4 Capital Work -in-Progress (CWIP) ageing Schedule

For the year ended 31st March, 2023

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in Progress	85.45	-	-	-	85.45
Projects temporarily suspended	-	-	-	-	-

For the year ended 31st March, 2022

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Project in Progress	2,047.73	73.02	-	-	2,120.75
Projects temporarily suspended	-	-	-	-	-

5 Right of Use Assets and Lease Liabilities

5A Right of Use Assets

Following are the changes in the carrying value of Right Of Use Assets for the year ended 31st March, 2023 and 31st March, 2022.

Particulars	31 st March, 2023	31 st March, 2022
Opening Balance	230.67	39.89
Additions	-	235.66
Depreciation	60.17	44.88
Closing Balance	170.49	230.67

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

Notes to the Standalone Financial Statements

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

5.B Lease Liabilities

The following is the movement in lease liabilities during the year ended 31st March , 2023

Particulars	31 st March, 2023	31 st March, 2022
Opening Balance	233.22	47.77
Additions	-	240.68
Finance cost accrued during the year	24.11	6.79
Payment of lease liabilities	72.00	62.02
Closing Balance	185.33	233.22
Closing balance of Liability		
Current Liability	54.84	47.89
Non Current Liability	130.49	185.33
Total	185.33	233.22

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2023 and 31st March, 2022 on discounted basis

Particulars	31 st March, 2023	31 st March, 2022
Less than one year	54.84	47.89
One to five years	130.49	185.33
More than five years	-	-
Total	185.33	233.22

The following are the amounts recognised in the statement of Profit and Loss.

Particulars	31 st March, 2023	31 st March, 2022
Depreciation Expense on Right-of-use assets	60.17	44.88
Interest Expense on lease Liabilities	24.11	6.79
Total	84.28	51.67

Lease agreement of office premises initially entered for three years in 2019, further extended for another Four years and it expires by 31st January 2026.

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

5.1 Operating Lease Commitments - Company as Lessor: The Company has given part of its office for sublease and rental income is very meager and the same was included in other income.

Notes to the Standalone Financial Statements

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

Note No. 6: Intangible Assets

Particulars	Computer Software
(1)	(2)
I. Year ended 31st March, 2022	
Gross Carrying Amount	
1 Opening Gross Carrying Amount	22.39
2 Additions	0.57
3 Disposals	-
4 Closing Gross Carrying Amount as at 31st March, 2022 (1+2+3)	22.96
Accumulated Amortisation and Impairment	
5 Opening Accumulated Amortisation	7.93
6 Amortisation Charge during the year	3.65
7 Disposals	-
8 Closing Accumulated Amortisation and Impairment as at 31st March, 2022 (5+6+7)	11.58
9. Closing Net Carrying Amount as at 31st March, 2022 (4-8)	11.38
II. Year ended 31st March, 2023	
1. Opening Gross Carrying Amount	22.96
2 Additions	-
3 Disposals	-
4 Closing Gross Carrying Amount as at 31st March, 2023 (1+2+3)	22.96
Accumulated Amortisation and Impairment	
5 Opening Accumulated Amortisation	11.58
6 Amortisation Charge during the year	3.84
7 Disposals	-
8 Closing Accumulated Amortisation and Impairment as at 31st March, 2023 (5+6+7)	15.42
9. Closing Net Carrying Amount as at 31st March, 2023 (4-8)	7.54

Notes to the Standalone Financial Statements

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

Non Current Financial Assets - Unsecured, Considered Good

Note No	Particulars	as at 31 st March, 2023		as at 31 st March, 2022	
		Shares	Amount	Shares	Amount
7	Non-Current Investments				
	(Un quoted, fully paid up carried at cost)				
	(a) Investment in Subsidiaries				
	M/s Mahi Drugs Private Ltd	42,43,590	2,319.56	42,43,590	2,319.56
	(b) Investment in other Companies				
	Equity Shares of Rs.100/- each in				
	M/s. Jeedimetla Effluent Treatment Ltd	1,753	1.75	2,253	2.25
	Equity Shares of Rs.10/- each in				
	M/s. Patancheru Envirotech Ltd	17,538	1.76	17,538	1.76
	M/s Sireen Drugs Private Ltd	1,000	0.10	1,000	0.10
	Total		2,323.17		2,323.67
	Aggregate amount of unquoted investments		2,323.17		2,323.67
	Aggregate amount of quoted investments and market value thereof		-		-
	Aggregate amount of impairment in the value of investment		-		-

7.1 During the year the subsidiary Company Mahi drugs Private limited has issued 7,04,161 of Rs. 10 each by way of preferential allotment to minority shareholders. The said allotment is in continuation to earlier year's allotment of 16,53,389 equity shares of Rs. 10 each as per share subscription agreement. With this the company's holding in the said subsidiary has been reduced from 66.63% to 60%, during the year 2022-23.

Note No	Particulars	As at	As at
		31 st March, 2023	31 st March, 2022
8	Other Non-Current Financial Assets		
	Security Deposits	261.67	228.28
	Total	261.67	228.28
9	Other Non-Current Assets		
	Capital Advances	347.98	423.35
	Total	347.98	423.35

9.1 An amount of Rs.2,61.88 Lakhs (Previous Year Rs. 261.88 Lakhs), was included in the Capital Advances paid on account of land admeasuring AC 19.00 in JNPC, Parwada, Visakhapatnam District, consisting of 100% land cost paid to APIIC and about 80% of development cost to Ramky Pharmacy the developer. Due to disputes arose between the parties, the developer has cancelled the said allotment and proposed to allot to a third party. The company has filed a writ petition before the Hon'ble High Court of Telangana, and the Court has granted stay and the case is pending.

Notes to the Standalone Financial Statements

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

Note No	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
10	Inventories		
	(Cost or Net Realisable Value, whichever is lower and as valued and certified by the Management)		
	(a) Raw Materials (including packing materials)	3,881.91	3,971.16
	(b) Stock in Process	1,701.50	1,355.01
	(c) Finished Goods	2,422.98	2,799.57
	(d) Coal & Fuel	39.83	9.95
	Total	8,046.22	8,135.69

10.1 Rawmaterials includes Port Stock of Rs. 122.84 Lakhs (31st March, 2022 Rs. 584.51) and Stock in Transit of Rs.1.12 Lakhs (31st March, 2022 Rs. 56.59 Lakhs).

10.2 Finished Goods includes stock in transit of Rs.703.69 Lakhs (31st March, 2022 Rs.1220.91 Lakhs).

11 Trade Receivables

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Unsecured		
Considered good	4,010.89	3,324.04
Receivable from related parties (Refer Note: 11.e)	540.99	53.38
Credit impaired	156.91	105.62
	4,708.79	3,483.03
Allowance for Doubtful Debts	(156.91)	(105.62)
Total	4,551.88	3,377.41

- a) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.
- b) Trade receivables are non-interest bearing and are generally with payment terms up to 180 days.
- c) Of the trade receivables Rs. 2,789.56 Lakhs in aggregate (31st March,2022 Rs.2,217.28 Lakhs) is due from the Company's customers individually representing more than 5% of the total trade receivables.
- d) The Company has used practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience in calculating expected credit loss.
- e) Trade Receivables Includes due from SMS Pharmaceuticals Limited of Rs. 540.99 Lakhs (Previous Year Rs. 46.02 Lakhs) and due from R Chem (Somanahalli) Private Limited of Rs. Nil (previous year Rs. 7.36 Lakhs) both are related parties.

Notes to the Standalone Financial Statements

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

Movement in the expected credit loss allowance

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Balance at the beginning of the year	105.62	84.30
Movement in expected credit loss allowance on trade receivables	51.29	21.32
Balance at the end of the year	156.91	105.62

Trade Receivables ageing schedule for the year ended 31st March, 2023

Particulars	Outstanding from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade Receivables - Considered good	4,032.64	4.29	513.32	-	1.63	4,551.88
ii) Undisputed Trade Receivables - Which have significant increase in Credit Risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit impaired	139.00	0.15	17.70	-	0.06	156.91
iv) Disputed Trade receivables	-	-	-	-	-	-
Total	4,171.64	4.44	531.02	-	1.69	4,708.79

Trade Receivables ageing schedule for the year ended 31st March, 2022

Particulars	Outstanding from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade Receivables - Considered good	3,277.29	97.21	-	-	2.91	3,377.42
ii) Undisputed Trade Receivables - Which have significant increase in Credit Risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit impaired	102.49	3.04	-	-	0.09	105.62
iv) Disputed Trade receivables	-	-	-	-	-	-
Total	3,379.78	100.25	-	-	3.00	3,483.03

Notes to the Standalone Financial Statements

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

Note No	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
12	Cash and Cash Equivalents		
	(a) Balances with Banks		
	- in Current Accounts	8.77	15.13
	- in EEFC account	0.91	75.22
	(b) Cash in Hand	5.46	4.29
	Total	15.14	94.64
13	Other Bank Balances		
	Margin Money Deposits	79.47	103.06
	Unclaimed Dividend	0.82	0.56
	Unspent CSR Expenditure Account	-	15.50
	Total	80.29	119.12
13.1	Margin Money deposits having maturity less than 12 months are subject to the first charge against Bank Guarantee and / or letter of credits.		
14	Other Current Assets		
	(Unsecured Considered Good)		
	GST Credit Receivable	891.94	1,697.53
	Advance to Suppliers (Note 14.1)	2,860.96	2,438.17
	Export Benefits Receivable	-	73.01
	Income Tax Refund Receivable	29.13	52.23
	Prepaid Expenses	208.93	195.15
	Interest Receivable	11.18	6.86
	Other Advances and Receivables	29.20	41.78
	Total	4,031.34	4,504.73
14.1	Advance to Suppliers includes an amount of Rs.Nil (31 st March, 2022 Rs. 111.00 Lakhs) to R Chem (Somanahalli) Pvt Ltd, a related Party and an amount of Rs.2,325.78 Lakhs (31 st March, 2022 Rs.1760.76 Lakhs) to Mahi Drugs Private Limited, a Subsidiary.		
14.2	Prepaid Expenses Includes an amount of Rs. 174.24 Lakhs Paid to Pollution Control Board in connection with expanding its capacities at Kazipalli facility, and to amortised in eight quarters starting from 2023-24		
15	Current Tax Assets	34.42	(129.13)
15.1	Movement in Current Tax Assets/(Liabilities)		
	Advance Tax	350.00	700.00
	TDS & TCS Receivable	34.42	20.87
	Less: Provision for Income Tax	350.00	850.00
	Total	34.42	(129.13)

Notes to the Standalone Financial Statements

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

Note No.	Particulars	As at 31 st March, 2023		As at 31 st March, 2022	
		Number of shares	Amount	Number of shares	Amount
16	Equity Share Capital				
	Authorised Share Capital				
	Equity Shares of Rs. 10/- each	35,00,000	350.00	35,00,000	350.00
	Issued, Subscribed and Fully Paid Up				
	Equity Shares of Rs. 10/- each	30,23,287	302.33	30,23,287	302.33
	TOTAL	30,23,287	302.33	30,23,287	302.33

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

Particulars	As at 31 st March, 2023		As at 31 st March, 2022	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
At the beginning of the Year	30,23,287	302.33	30,23,287	302.33
Issued/(Reduced) during the Year	-	-	-	-
At the end of the Year	30,23,287	302.33	30,23,287	302.33

16.2 Rights attached to Equity Shares

The Company has only one class of equity shares having face value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share at the general meetings of the Company. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	As at 31 st March, 2023		As at 31 st March, 2022	
	Number of shares	% holding	Number of shares	% holding
Talluri Annapurna	7,42,436	24.56	7,42,436	24.56
TVVSN Murthy**	7,21,224	23.86	7,07,224	23.39
Ramesh Babu Potluri	2,40,190	7.94	2,40,190	7.94

**including 2,41,190 Shares (2,27,190 Shares as at 31.03.2022) held in the capacity of Karta of HUF

Notes to the Standalone Financial Statements

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

16.4 Details of shares held by the promoters of the Company

Equity shares held by the promoters as at 31st March 2023 and 31st March 2022

Particulars	As at 31 st March, 2023			As at 31 st March, 2022		
	Number of shares	% holding	% Changes during the year	Number of shares	% holding	% Changes during the year
TVVSN Murthy	4,80,034	15.88%	0.47%	4,80,034	15.88%	-
TVVSN Murthy – HUF	2,41,190	7.98%	-	2,27,190	7.51%	-
Ramesh Babu Potluri	2,40,190	7.94%	-	2,40,190	7.94%	-
Hima Bindu Potluri	83,333	2.76%	-	83,333	2.76%	-
Annapurna Talluri	7,42,436	24.56%	-	7,42,436	24.56%	0.23%
Rajeswara Rao Gopineedi	100	0.00%	-	100	0.00%	-
Venkata Praveen Talluri	91,279	3.02%	0.77%	67,988	2.25%	0.72%
Sudeepthi Gopineedi	87,018	2.88%	0.49%	72,114	2.39%	0.32%
Venkata Chaitanya Gopineedi	361	0.01%	0.01%	105	0.00%	-
Sukumari Koneru	714	0.02%	-	714	0.02%	-
Vamsi Krishna Potluri	73,234	2.42%	-	73,234	2.42%	-
Trilok Potluri	78,141	2.58%	-	78,141	2.58%	-
Potluri Infra Projects LLP	8,000	0.26%	-	8,000	0.26%	-
Pixelot Labs Private Limited	-	0.00%	-	-	0.00%	-0.25%

17 Other Equity

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Reserves and Surplus		
Capital Reserve	1.00	1.00
General Reserve	7,016.02	6,816.02
Retained Earnings	9,083.45	8,002.05
Total	16,100.47	14,819.07

Notes to the Standalone Financial Statements

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

Note No.	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
17.1	Capital Reserve		
	Opening balance	1.00	1.00
	Adjustments-	-	-
	Closing Balance	1.00	1.00
17.2	General Reserve		
	Opening balance	6,816.02	6,616.02
	Adjustments	-	-
	Transfer from Retained Earnings	200.00	200.00
	Closing Balance	7,016.02	6,816.02
17.3	Retained Earnings		
	Opening balance	8,002.05	5,714.30
	Net profit for the Year	1,321.76	2,538.13
	Dividend	(45.35)	(45.35)
	Transferred to General Reserve	(200.00)	(200.00)
	Items of Other Comprehensive Income		
	Remeasurement Gain/(Loss) of the Defined Benefit Plans, net of tax	4.99	(5.03)
	Closing balance	9,083.45	8,002.05

17.4 Nature and Purpose of Reserves

(i) Capital Reserve

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

(ii) General Reserve:

Though mandatory transfer to General Reserve is not required under the Companies Act, 2013, the Company generally appropriates a portion of its earnings to the general reserve to be used for contingencies. These reserves are freely available for use by the Company.

(iii) Retained Earnings:

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

(iv) Analysis of items of OCI, net of tax

Re-measurements of defined benefit plans (refer note no.37)

Re-measurements of defined plans comprises actuarial gains and losses and return on plan assets.

Financial Liabilities

Note No.	Particulars	as at 31 st March, 2023	as at 31 st March, 2022
18	Non Current Liabilities		
18.1	Financial liabilities		
	(i) Borrowings		
	Secured (note 18.1.1)		
	Term Loans from Banks		
	(a) Export Import Bank of India Term Loan	895.89	1,344.35
	(b) Export Import Bank of India GECL	344.00	344.00
	(c) RBL Bank Limited GECL Loan	271.54	501.32
	(d) HDFC Bank Term Loan	2,725.59	-
	Sub Total	4,237.02	2,189.67
18.2	Unsecured		
	From Directors (note 18.2.1)	360.00	495.00
	Sub Total	360.00	495.00
	Total	4,597.02	2,684.67
18.3	Current Maturities of Non Current Borrowings		
	Secured		
	(a) Term Loans from Banks		
	(i) Export Import Bank of India Term Loan	400.00	325.00
	(ii) RBL Bank GECL Loan	250.68	250.68
	(iii) HDFC Bank Term Loan	255.36	-
	Total	906.04	575.68
	Amount disclosed under the head "Current Borrowings"	(906.04)	(575.68)
	Total	-	-

18.1.1 Security Terms

- Term Loan availed from Export-Import Bank of India and HDFC Bank is secured by first charge of all movable and immovable fixed assets both present and future on pari-passu basis. They are further secured by second charge of all current assets both present and future on pari-passu basis. These facilities are guaranteed by Sri TVVSN Murthy, Managing Director and T.V.Praveen, Executive Director of the Company in their personal capacity.
- Term Loan GECL (Gauranteed Emergency Credit Line) availed from Export-Import Bank of India and RBL Bank are Gauranteed National Credit Gaurantee Trustee, secured by second charge of all movable and immovable fixed assets both present and future and second charge of all current assets both present and future on pari-passu basis. These facilities are also guaranteed by Sri TVVSN Murthy, Managing and T.V.Praveen, Executive Director of the Company in their personal capacity.
- Term Loan availed from HDFC Bank Ltd secured by first charge of all movable and immovable fixed assets both present and future and second charge of all current assets both present and future on pari passu basis and guaranteed by Sri TVVSN Murthy, Managing Director and T.V.Praveen, Executive Director of the Company in their personal capacity.

Notes to the Standalone Financial Statements

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

- (d) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 40.

18.1.2 Rate of Interest:

- (a) Term Loan of Exim Bank carries an interest rate @ 8.75% p.a (LTMLR+115 bps p.a.)
 (b) GECL Loan of EXIM Bank carries an interest rate @ 8.05% p.a (LTMLR p.a.)
 (c) GECL Loan of RBL Bank carries an interest rate @ 7.85% p.a.
 (d) HDFC Bank Term Loan carries an interest rate @ 8.35% p.a.

18.1.3 Terms of Repayment

Term Loan availed from Export Import Bank of India amounting to Rs. 20,00,00,000/- for funding the Expansion Project of Kazipally unit. The said loan is repayable in 24 Quarterly Installments commencing from February, 2020, as mentioned below

First 4 Quarters	Rs. 25,00,000/- Each
Next 4 Quarters	Rs. 75,00,000/- Each
Next 16 Quarters	Rs. 1,00,00,000/- Each

GECL Term Loan availed from Export Import Bank of India amounting to Rs. 344.00 lakhs is for Long term working capital. The said loan is repayable in 36 Monthly Installments commencing from April 2024.

GECL Term Loan availed from RBL Bank Limited amounting to Rs. 752.00 lakhs for Long term working capital. The said loan is repayable in 36 Monthly Installments commencing from April 2022.

Term Loan availed from HDFC Bank amounting to Rs. 30,00,00,000/- for funding the Expansion Project of Kazipally unit. The said loan is repayable in 20 Quarterly Installments commencing from November 2023 of Rs. 150 Lakhs each.

18.1.4 Company has not utilised short term funds for long term uses.

18.1.5 Loans obtained were utilised for the purpose for which they were obtained.

18.2.1 Un-Secured Loans

The Company has taken Unsecured Loan from Sri TVVSN Murthy, Managing Director for an amount of Rs. 495.00. The said loan is carrying interest rate of 8.40% p.a. Part loan was repayed during the current year and outstanding as on 31st March 2023, is Rs. 360.00 lakhs.

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

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Opening Borrowings	2,684.67	2,162.81
Add: Opening Current Maturities	575.68	255.27
Add: Amortisation of Transaction Cost	1.78	1.54
Add: Received during the year	2,980.71	1,169.46
Less: Paid during the year	(739.78)	(328.73)
Closing Borrowings	5,503.06	3,260.35
Less: Closing Current Maturities	906.04	575.68
Non Current Borrowings as per Balance Sheet	4,597.02	2,684.67

Notes to the Standalone Financial Statements

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

Note No.	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
19	Provisions		
	Employee Benefit Obligations		
	Non Current		
	Gratuity	296.19	266.88
	Leave Encashment	66.12	58.48
	Sub Total	362.31	325.36
	Current		
	Gratuity	89.07	61.73
	Leave Encashment	39.07	35.60
	Sub Total	128.14	97.33
	Total		
	Gratuity	385.26	328.61
	Leave Encashment	105.19	94.08
	Grand Total	490.45	422.69

19.1 For details of Post Employment Obligations. Refer Note 39.

20 Deferred Tax Liabilities (net)

The balance comprises Temporary Differences attributable to:

(a) Deferred Tax Liability

(i) Property, Plant and Equipment	1,500.75	1,284.02
(ii) Others	58.44	69.58
Total	1,559.19	1,353.60

(b) Deferred Tax Asset

(i) Expenses allowable on Payment basis	159.12	139.63
(ii) Others	210.33	226.78
Total	369.45	366.41

Net Deferred Tax Liabilities (a)-(b)	1,189.74	987.19
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Notes to the Standalone Financial Statements

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

(c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Other Items	Total
As at 31 st March, 2021	1,246.34	16.01	1,262.35
Charged/(Credited)	37.68	53.57	91.25
As at 31 st March, 2022	1,284.02	69.58	1,353.60
Charged/(Credited)	216.73	(11.14)	205.59
As at 31 st March, 2023	1,500.75	58.44	1,559.19

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on Payment basis	Other Items	Total
As at 31 st March, 2021	112.51	164.13	276.64
Charged/(Credited)	27.12	62.65	89.77
As at 31 st March, 2022	139.63	226.78	366.41
Charged/(Credited)	19.49	(16.45)	3.04
As at 31 st March, 2023	159.12	210.33	369.45

Note No.	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
21	Current Borrowings		
	Secured		
	Working Capital Loans from Banks		
	--- RBL Bank Ltd	2,400.00	2,713.78
	--- HDFC Bank Ltd	611.40	-
	Current Maturities of Long term Debt	906.04	575.68
	Total	3,917.44	3,289.46

21.1.1 Security Terms

- (a) Working capital facility sanctioned by RBL Bank Limited of an amount of Rs. 3,000.00 Lakhs is secured by first charge on all current assets both present and future on pari-passu basis. These facilities are further secured by way of second charge on pari-passu basis of all movable and immovable fixed assets of the company both present and future and also guaranteed by Sri TVVSN Murthy, Managing Director of the Company and Sri T.V.Praveen, Executive Director of the Company in their personal capacity.

Notes to the Standalone Financial Statements

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

- (b) Working capital facility sanctioned by HDFC Bank Limited of an amount of Rs. 2,000.00 Lakhs is secured by first charge on all current assets both present and future on pari-passu basis. These facilities are further secured by way of second charge on pari-passu basis of all movable and immovable fixed assets of the company both present and future and also guaranteed by Sri TVSN Murthy, Managing Director and Sri T.V.Praveen, Executive Director of the Company in their personal capacity
- (c) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 40.

21.1.2 Rate of Interest:

- (a) RBL Bank Limited working capital loan carries an interest rate of 8.50% p.a
- (b) HDFC Bank Limited working capital loan carries an interest rate of 8.15% p.a

21.1.3 Repayment Terms: The above working capital facilities are repayable on demand and subject to renewal every year

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

Particulars	As at	As at
	31 st March, 2023	31 st March, 2022
Opening Balance	2,713.77	2,019.86
Add: Received during the year	297.63	693.92
Less: Paid during the year	-	-
Current Borrowings as per Balance Sheet	3,011.40	2,713.78

21.3 Maximum Utilisation of Working Capital loans during the year ended 31st March, 2023 is Rs. 3,316.00 Lakhs (Previous Year Rs. 2,714 Lakhs)

21.4 Average Utilisation of Working Capital Loans during the year ended 31st March, 2023 is Rs. 1,756.34 Lakhs (Previous Year Rs.1,980.79 Lakhs)

22 Trade Payables

- (a) Creditors for Supply of Materials
- | | | |
|---|-----------------|-----------------|
| (i) Due to Micro and Small Enterprises | 26.03 | 81.70 |
| (ii) Other than Micro and Small Enterprises | 5,426.51 | 7,003.09 |
| Total | 5,452.54 | 7,084.79 |

Trade Payables

Particulars	31 st March, 2023	31 st March, 2022
Valued at amortised cost		
Total Outstanding dues to creditors other than micro enterprises and small enterprises	5,426.51	7,003.09
Outstanding dues to related parties	-	-
Total	5,426.51	7,003.09
Total outstanding dues to micro enterprises and small enterprises	26.03	81.70
Total	5,452.54	7,084.79

Terms and conditions of the above financial liabilities:

Trade Payables are non-interest bearing and normally settled on 30 to 120 day term.

For explanations on the company's credit risk management processes, refer note no.44.

Notes to the Standalone Financial Statements

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

Trade payables ageing schedule for the year ended 31st March, 2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Micro and Small Enterprises	26.03	-	-	-	26.03
ii) Others	5,396.48	7.97	10.33	11.73	5,426.51
iii) Disputed dues-MSME & others	-	-	-	-	-
Total	5,422.51	7.97	10.33	11.73	5,452.54

Trade payables ageing schedule for the year ended 31st March, 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Micro and Small Enterprises	81.70	-	-	-	81.70
ii) Others	6,987.30	6.89	5.08	3.82	7,003.09
iii) Disputed dues-MSME & others	-	-	-	-	-
Total	7,069.00	6.89	5.08	3.82	7,084.79

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
23 Other Financial Liabilities		
Current		
Creditors for Expenses	523.90	570.47
Capital Creditors	85.89	276.17
Interest Accrued but not due	40.48	10.81
Interest on Unsecured Loan	6.71	10.44
Unspent CSR Expenditure	-	15.50
Unclaimed Dividend	0.82	0.56
Total	657.80	883.95
24 Other Current Liabilities		
Statutory dues Payable	63.21	60.31
Advance from Customers	767.21	286.99
Employee Benefits Payable	15.41	16.25
Total	845.83	363.55
25 Current Tax Liabilities (Net)	(34.42)	129.13
25.1 Movement in Current Tax Assets/(Liabilities)		
Provision for Income Tax	350.00	850.00
Less: Advance Tax	350.00	700.00
Less: TDS & TCS Receivable	34.42	20.87
Sub Total	(34.42)	129.13

Notes to the Standalone Financial Statements

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

Note No.	Particulars	Current Year 2022-23	Previous Year 2021-22
26	Revenue from Operations		
	(a) Sale of Products	34,948.22	37,585.04
	Less: Goods and Service Tax	3,645.86	3,340.30
	Net Revenue from Sales	31,302.36	34,244.74
	(b) Sale of Services		
	(i) Conversion Charges	145.23	82.67
	Less: Goods and Service Tax	17.49	8.86
	Net Revenue from Services	127.74	73.81
	(c) Other Operating Income		
	Export Incentives	94.09	244.26
	Other Operating Revenue	-	-
		94.09	244.26
	Total Net Income from Operations (a+b+c)	31,524.18	34,562.81
27	Other Income		
	(a) Interest Income	21.49	17.20
	(b) Profit on Sale of Assets	-	9.07
	(c) Net Gain on Foreign Exchange Fluctuations	32.07	101.81
	(d) Miscellaneous Income (Net of GST)	234.61	25.47
	Total	288.17	153.55
27.1	Profit on sale of assets represents profit on sale of redundant Assets in the normal course of business.		
28	Cost of Materials Consumed		
	Raw Materials & Packing Materials		
	Stock at the Beginning of the Year	3,971.16	2,482.42
	Add: Purchases	18,906.23	23,105.18
	Less: Stock at the End of the Year	3,881.91	3,971.16
	Total Materials Consumed	18,995.48	21,616.44
29	Changes in Inventories		
	(a) Opening Stock of Inventory:		
	Finished Goods	2,799.57	2,169.04
	Stock in Process	1,355.01	1,206.82
	Sub Total (a)	4,154.58	3,375.86
	(b) Closing Stock of Inventory		
	Finished Goods	2,422.98	2,799.57
	Stock in Process	1,701.50	1,355.01
	Sub Total (b)	4,124.48	4,154.58
	(Increase)/Decrease in Stocks (a) - (b)	30.10	(778.72)

Notes to the Standalone Financial Statements

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

Note No.	Particulars	Current Year 2022-23	Previous Year 2021-22
30	Manufacturing Expenses		
	Power and Fuel	2,414.07	2,459.87
	Consumable Stores	224.31	238.85
	Testing Charges	65.79	73.20
	Water Charges	151.74	172.32
	Conversion Charges	1,320.73	1,916.09
	Effluent Treatment Charges	186.71	324.41
	Repairs and Maintenance	-	
	to Plant & Machinery	475.93	519.55
	to Buildings	34.08	40.67
	Factory Maintenance	84.72	87.04
	Total	4,958.08	5,832.00
31	Employee Benefits Expense		
	Salaries, Wages and Bonus	3,057.75	2,842.36
	Contribution to Provident Fund	206.38	183.32
	Contribution to ESI	9.37	11.20
	Staff Welfare Expenses	198.85	214.47
	Total	3,472.35	3,251.35
32	Finance Cost		
	Interest on Non Current Borrowings	187.81	197.71
	Interest on Current Borrowings	251.95	202.05
	Interest on Others	27.73	14.85
	Bank Charges	41.95	47.89
	Total	509.44	462.50
33	Depreciation and Amortisation Expense		
	Depreciation on Property, Plant and Equipment	753.29	750.51
	Right of use of Assets	60.17	44.88
	Amortisation of Intangible Assets	3.84	3.65
	Total	817.30	799.04

Notes to the Standalone Financial Statements

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

Note No.	Particulars	Current Year 2022-23	Previous Year 2021-22
34	Other Expenses		
	Rent	3.28	7.86
	Rates and Taxes	37.02	51.81
	Repairs & Maintenance to other Assets	15.40	5.70
	Insurance	94.33	95.81
	Directors Remuneration	298.58	285.52
	Travelling and Conveyance	30.58	12.54
	Communication Expenses	11.67	10.72
	Printing and Stationery	57.31	41.97
	Payment to Auditors (note 34.1)	12.00	12.00
	Vehicle Maintenance	64.18	59.08
	Interest on Indirect Taxes	7.00	5.24
	Loss on Sale of Assets	0.12	0.41
	General Expenses	155.82	115.39
	Business Promotion Expenses	51.89	7.90
	Sales Commission	169.35	225.07
	FDA Registration & Filing Fee	43.35	51.75
	Carriage Outward	295.12	458.08
	Provision for Doubtful Debts	51.29	21.32
	Corporate Social Responsibility	29.23	37.10
	Total	1,427.52	1,505.27

34.1 Details of payment to Auditors

	Statutory Audit Fee	9.00	9.00
	Tax Audit Fee	3.00	3.00
	Total	12.00	12.00

Notes to the Standalone Financial Statements

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

34.2 Corporate Social Responsibility Expenditure

Note No.	Particulars	Current Year 2022-23	Previous Year 2021-22
	As per requirement of the Companies Act, 2013, gross amount required to be spent by the Company during the year is Rs.35.20 Lakhs (31 st March, 2022 Rs.37.63 Lakhs).		
(i)	Construction / acquisition of Assets.	23.73	21.60
(ii)	Others	5.50	-
	Total Amount spent during the year	29.23	21.60
	Setoff from Previous Years	0.19	0.72
	Transfer to CSR Unspent A/c	17.27	15.50
	Total	46.69	37.82
	Amount required to be spent as per section 135 of the Companies Act, 2013	35.20	37.63
	Amount Carried forward to subsequent years	11.49	0.19

34.2.1 An amount of Rs. 17.27 lakhs was deposited in CSR unspent account for the year 2022-23 as per the budgeted expenditure for the said year

35 Exceptional Items

Profit on sale of Tangible Assets	235.16	777.25
Profit on sale of Investments.	-	491.97
Total	235.16	1,269.22

35.1 Rs 235.16 Lakhs represents profit on sale of Non Revenue generating Land and Building.

36 Income Tax Expense

Current Tax

Current Tax on Profits for the Year	350.00	850.00
Adjustments for Current Tax of Prior Years	(35.02)	(93.98)
Total Current Tax	314.98	756.02

Deferred Tax

Increase(Decrease) in Deferred Tax Liabilities	205.59	91.25
Decrease(increase) in Deferred Tax Assets	(3.04)	(89.77)
Acturial (Gain)/Loss	(2.05)	2.07
Total Deferred Tax Expense/(Benefits)	200.50	3.55
Total Tax Expenses	515.48	759.57

There are no unrecognised Deferred Tax Assets and Deferred Tax Liabilities as at 31st March, 2023 and 31st March, 2022

Notes to the Standalone Financial Statements

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

Particulars	Current Year 2022-23	Previous Year 2021-22
36.1 Income Tax Recognised in Statement of Profit and Loss		
(a) Profit Before Income Tax Expenses	1,837.24	3,297.70
Less: Exceptional Income	235.16	1,269.22
	1,602.08	2,028.48
(b) Enacted Tax Rate in India	29.12%	29.12%
(c) Expected Tax Expenses (a)x(b)	466.53	590.70
(d) Tax Effect of :		
Provision for tax on exceptional Items	12.00	250.00
Expenses not allowed under Tax Laws	96.12	34.31
Adjustment for allowable Expenses under Tax Laws	(24.15)	(21.46)
Tax expenses of Earlier Years	(35.02)	(93.98)
Total Adjustments	48.95	168.87
Curent Tax Expenses as per Profit & Loss	515.48	759.57
Effective Tax Rate	28.06%	23.03%
37 Other Comprehensive Income		
Actuarial Gain/(Loss) on Post Employment Benefit Expenses	6.65	(7.10)
Return on Plan Assets excluding net interest	0.39	-
	7.04	(7.10)
Deferred Taxes on above	(2.05)	2.07
Net Comprehensive Income	4.99	(5.03)
38 Earnings Per Share		
i Including Exceptional Income		
(a) Net Profit	1,321.76	2,538.13
(b) No. of Equity Shares	30,23,287	30,23,287
(c) Earnings Per Share	43.72	83.95
ii Excluding Exceptional Income		
(a) Net Profit	1,098.60	1,518.91
(b) No. of Equity Shares	30,23,287	30,23,287
(c) Earnings Per Share	36.34	50.24

Notes to the Standalone Financial Statements

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

39 Post Employment Benefits

39.1 Defined Contribution Plans

39.1.1 Employer's Contribution to Provident Fund: Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards PF Contribution is Rs.206.38 Lakhs (31st March, 2022 Rs. 183.32 Lakhs).

39.1.2 Employer's Contribution to State Insurance Scheme: Contributions are made to State Insurance Scheme in India for employees at the rate of 3.25%. The Contributions are made to Employee State Insurance Corporation(ESI) to the respective State Governments of the Company's location. This Corporation is administered by the Government and the obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards ESI Contribution is Rs.9.37 Lakhs (31st March, 2022 - Rs. 11.20 Lakhs).

39.2 Defined Benefit Plans

The Company has a defined benefit gratuity plan governed by Payment of Gratuity Act, 1972. Every Employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of Service. The Scheme is funded through a policy with Life Insurance Corporation of India (LIC).

The Company has a defined benefit Compensated Absence Plan governed by The Factories Act, 1948. Every Employee who has worked for a period of 240 days or more during a calendar year shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated as per Act.

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

Particulars	31 st March, 2023		31 st March, 2022	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
39.2.1 Net Employee Benefit Expense				
(recognised in Employee Benefit Expenses)				
Current Service Cost	40.90	28.75	35.94	16.26
Adjustment to Opening Balance	3.38	-	(1.65)	
Interest Cost	22.57	5.62	19.08	4.15
Contribution Paid	(3.17)	(2.23)	(32.08)	(1.93)
Actuarial Gain/(Loss) other than OCI	-	(21.03)	-	1.07
Net Employee Benefit Expenses	63.69	11.11	21.29	19.55

Notes to the Standalone Financial Statements

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

Particulars	31 st March, 2023		31 st March, 2022	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
39.2.2 Other Comprehensive Income				
Actuarial (Gain)/Loss	(6.65)	-	7.10	
Actual return on plan asset	(0.39)	-	(0.00)	-
Total Actuarial (Gain)/Loss recognized in (OCI)	(7.04)	-	7.10	-
39.2.3 Amount recognised in the Balance Sheet				
Defined Benefit Obligation	482.09	105.19	428.86	94.08
Fair Value of Plan Assets	(96.83)	-	(100.25)	-
	385.26	105.19	328.61	94.08
39.2.4 Change in the Present Value of the Defined Benefit Obligation				
Opening Defined Benefit Obligation	428.87	94.08	370.18	74.53
Current Service Cost	40.90	28.75	35.94	16.26
Interest Cost	29.33	5.62	23.31	4.15
Benefits Paid	(10.36)	(2.23)	(7.67)	(1.93)
Net Actuarial (gain)/losses on Obligation for the year recognised under OCI	(6.65)	(21.03)	7.10	1.07
Closing Defined Benefit Obligation	482.09	105.19	428.86	94.08
39.2.5 Change in the Fair Value of Plan Assets				
Opening Fair Value of Plan Assets	100.25	-	69.96	-
Adjustment to Opening Fair Value of Plan Asset	(3.38)	-	1.65	-
Return on Plan Assets Excluding Interest Income	0.39	-	-	-
Interest Income	6.76	-	4.23	-
Contributions	3.17	-	32.08	-
Benefits Paid	(10.36)	-	(7.67)	-
Closing Fair Value of Plan Assets	96.83	-	100.25	-

Notes to the Standalone Financial Statements

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

Particulars	31 st March, 2023		31 st March, 2022	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
39.2.6 Acturial (Gain)/Loss on Obligation				
Due to Demographic Assumption	-		-	
Due to Financial Assumption	(29.91)		(18.54)	
Due to Experience	23.26		25.64	
Total Acturial (Gain)/Loss	(6.65)	-	7.10	-

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

Particulars	31 st March, 2023	31 st March, 2022
*Fund managed by Life Insurance Corporation of India (Unquoted)	100%	100%

*Fund is managed by LIC as per IRDA guidelines, category-wise composition of the plan assets is not available. Expected Return on Assets is based on rate of return declared by fund managers.

39.2.8 Acturial Assumptions for estimating Company's Defined Benefit Obligation:

Particulars	31 st March, 2023	31 st March, 2022
Discount rate	7.23%	7.37%
Attrition Rate	PS : 0 to 40 : 2%	PS : 0 to 40 : 2%
Expected rate of increase in Salary	2.00%	3.00%
Mortality Table	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Expected average remaining Service (Yrs)	17.23	17.64

- (a) Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.
- (b) Plan assets does not comprise any of the Company's own financial instruments or any assets used by the Company. The Company has the plan covered under a policy with the Life Insurance Corporation of India.
- (c) The Significant acturial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. However, the impact of these changes is not ascertained to be material by the management.

Notes to the Standalone Financial Statements

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

39.2.9 Sensitivity analysis

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

Particulars	31 st March, 2023	31 st March, 2022
Defined Benefit Obligation	385.26	328.61
Effect of 1% change in assumed discount rate on defined benefit obligation		
Increase : +1%	451.32	399.61
Decrease: -1%	517.23	462.40
Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
Increase : +1%	517.16	462.06
Decrease: -1%	450.96	399.49

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

39.2.10 Other Information

(i) Expected rate of return basis

EROA is the discount rate as at previous valuation date as per the accounting standard

(ii) Description of Plan Assets and Reimbursement Conditions

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

(iii) Discount Rate

The discount rate has decreased from 7.37% to 7.23% and hence there is an increase in liability leading to to actuarial gain due to change in discount rate.

Notes to the Standalone Financial Statements

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

(iv) Present Value of Defined Benefit Obligation:

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

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

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

(vi) Current and Non Current Liability:

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

(vii) Defined Benefit Liability and Employer Contributions

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

The Weighted Average duration of the defined benefit obligation is 7.93 years (31st March, 2022 8.36 years). The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	31 March 2023	31 March 2022
1st Year	89.06	61.73
2nd Year	49.11	33.98
3rd Year	19.69	51.16
4th Year	29.44	17.23
5th Year	36.33	24.92
beyond 5th Year	204.97	183.04

Notes to the Standalone Financial Statements

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

39.2.11 Risk exposure

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

(a) Investment / Interest Risk:

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

(b) Longevity Risk:

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

(c) Risk of Salary Increase

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

40 Assets Pledged as Security

For Non Current Borrowings

Term Loans are Secured by First Charge on Property, Plant and Equipment and Second Charge on Current Assets.

Long Term Working Capital Term Loans are secured by Second charge on Property, Plant and Equipment and Current Assets.

For Current Borrowings

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

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings of an amount of Rs.8194.94 Lakhs (Previous year Rs.5,489.94 Lakhs) are as follows:

Particulars	31 st March, 2023	31 st March, 2022
Property, Plant and Equipment	13,783.36	9,630.36
Current Assets	16,759.29	16,231.59
Total Assets Pledged as Security	30,542.65	25,861.95

Notes to the Standalone Financial Statements

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

41 Research and Development

41.1 Details of Revenue Expenditure:

Particulars	31 st March, 2023	31 st March, 2022
Salaries & Wages	214.72	183.67
Materials Consumed	55.07	50.33
Repairs and Maintenance	43.92	29.05
Power and Fuel	13.19	10.74
Testing and analysis charges	10.50	5.17
Rates and Taxes	2.72	2.47
General Expenses	7.73	6.06
Total	347.85	287.49

41.1.1 The above expenditure were included in the respective heads of the total expenditure of the company.

41.2 Details of Property, Plant and Equipment:

	Particulars (1)	Buildings (2)	Plant and Equipment (3)	Furniture and Fixtures (4)	Computers (5)	Vehicles (6)	Total (8)
1	Gross Carrying Value						
2	As at 31 March, 2021	21.52	221.19	5.41	14.69	0.71	263.52
3	Additions	-	10.88	5.96	0.82	-	17.66
4	As at 31 March, 2022 (1+2)	21.52	232.07	11.37	15.51	0.71	281.18
5	Additions		98.47	0.57	6.83	-	105.87
6	As at 31 March, 2023 (3+4)	21.52	330.54	11.94	22.34	0.71	387.05
7	Depreciation						
8	As at 31 March, 2021	5.19	19.86	0.55	1.64	0.05	27.29
9	Charge for the Year	1.07	20.04	0.65	4.67	0.08	26.51
10	As at 31 March, 2022 (6+7)	6.26	39.90	1.20	6.31	0.13	53.80
11	Charge for the Year	1.07	20.73	1.08	4.49	0.08	27.45
12	As at 31 March, 2023 (8+9)	7.33	60.63	2.28	10.80	0.21	81.25
13	Net Carrying Value						
14	As at 31 March, 2021 (1-6)	16.33	201.33	4.86	13.05	0.66	236.23
15	As at 31 March, 2022 (3-8)	15.26	192.17	10.17	9.20	0.58	227.38
16	As at 31 March, 2023(5-10)	14.19	269.91	9.66	11.54	0.50	305.80

41.2.1 The above amounts were included in the respective heads of the Property Plant & Equipment of the company.

Notes to the Standalone Financial Statements

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

Financial Instruments and Risk Management

42 Categories of Financial Instruments

Particulars	Notes	Level	as at		as at		
			31 st March, 2023		31 st March, 2022		
			Carrying Value	Fair Value	Carrying Value	Fair Value	
A. Financial Assets							
a) Measured at amortised							
(i) Non Current							
(a) Investment in Equity Instruments	7	3	2,323.17	2,323.17	2,323.67	2,323.67	
(b) Other Financial Assets	8	3	261.67	261.67	228.28	228.28	
Sub - Total			2,584.84	2,584.84	2,551.95	2,551.95	
(ii) Current							
(a) Trade Receivables	11		4,551.88	4,551.88	3,377.41	3,377.41	
(b) Cash and Cash Equivalents	12	refer note	15.14	15.14	94.64	94.64	
(c) Other Bank Balances	13	43.2	80.29	80.29	119.12	119.12	
Sub - Total			4,647.31	4,647.31	3,591.17	3,591.17	
Total Financial Assets			7,232.15	7,232.15	6,143.12	6,143.12	
B. Financial Liabilities							
a) Measured at amortised cost							
(i) Non Current							
(a) Borrowings	18	3	4,597.02	4,597.02	2,684.67	2,684.67	
(ii) Current							
(a) Borrowings	21	refer note	3,917.44	3,917.44	3,289.46	3,289.46	
(b) Trade Payables	22	42.2	5,452.54	5,452.54	7,084.80	7,084.80	
(c) Other Financial Liabilities	23		657.80	657.80	883.95	883.95	
Sub - Total			10,027.78	10,027.78	11,258.21	11,258.21	
Total Financial Liabilities			14,624.80	14,624.80	13,942.88	13,942.88	

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

42.2 The Carrying Amounts of Trade Payables, Other Financial Liabilities, Cash and Cash equivalents, Other Bank Balances, Trade Receivables and Other Financial Assets are considered to be the same at their fair values due to their short term nature.

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

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

Notes to the Standalone Financial Statements

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

43 Fair Value Measurements

43.1 Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observables market data rely as little as possible on entry specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation technique used to determine fair value:

Specific Valuation techniques used to value financial instruments include:

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

Valuation Process:

The Finance and accounts department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes, and report to the Board of Directors. The main Level 3 inputs are derived using the discounted cash flow analysis, Market Approach, Net Assets Value Method as applicable.

44 Financial Risk Management Objectives and Policies

Financial Risk Management Framework

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

44.1 Credit Risk:

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

(i) Financial Instruments and Cash Deposits

For banks and financial institutions, only high rated banks/ institutions are accepted. Other Financial assets (excluding Bank deposits) majorly constitute deposits given to State electricity department for supply of power, which the company considers to have negligible credit exposure. Counterparty credit limits are reviewed by the Management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Notes to the Standalone Financial Statements

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

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

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

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

Particulars	31 st March, 2023	31 st March, 2022
Gross Carrying Amount	4,708.79	3,483.03
Expected Credit Losses (Loss allowance Provision)	(156.91)	(105.62)
Net Carrying Amount of Trade Receivables	4,551.88	3,377.41

Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	Outstanding			Total
	for < 90 days	> 90 days & < 180 days	for > 180 days	
Gross Carrying Amount of Trade Receivables	4,014.00	157.65	537.14	4,708.79
Expected Loss Rate	3.33%	3.33%	3.33%	3.33%
Expected Credit Losses (Loss Allowance Provision)	133.76	5.25	17.90	156.91
Net Carrying Amount of Trade Receivables	3,880.24	152.40	519.24	4,551.88

44.2 Liquidity Risk:

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

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

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
31st March, 2023					
Non Current Borrowings (including Current Maturities)	906.04	2,545.65	1,414.72	636.65	5,503.06
Current Borrowings	3,011.40				3,011.40
Trade Payables	5,452.54				5,452.54
Other Financial Liabilities	657.81				657.81
Total	10,027.79	2,545.65	1,414.72	636.65	14,624.81

Notes to the Standalone Financial Statements

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

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
31st March, 2022					
Non Current Borrowings (including Current Maturities)	575.68	1,462.49	1,222.18	-	3,260.35
Current Borrowings	2,713.78				2,713.78
Trade Payables	7,084.80				7,084.80
Other Financial Liabilities	883.95				883.95
Total	11,258.21	1,462.49	1,222.18	-	13,942.88

44.3 Market Risk:

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

(i) Interest Rate Risk

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

Particulars	Change in basis points		Effect on Profit before Tax	
	Increase	Decrease	Decrease	Increase
31 st March, 2023	0.50%	0.50%	(40.77)	40.77
31 st March, 2022	0.50%	0.50%	(27.40)	27.40

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

(ii) Foreign Currency Exchange Rate Risk:

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

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

Notes to the Standalone Financial Statements

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

(a) Details of Unhedged Foreign Currency Exposure:

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

Particulars	Currency	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
31st March, 2023				
Trade Receivables	USD	12.46	1,020.92	81.95
Trade Receivables	EURO	6.25	538.67	86.20
Trade Advances	USD	1.79	146.72	81.95
Trade Payables	USD	23.04	1,928.14	83.70
31st March, 2022				
Trade Receivables	USD	12.54	943.36	75.20
Trade Receivables	EURO	5.09	419.63	85.00
Trade Payables	USD	34.55	2,656.82	76.90

(b) Foreign Currency Sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives.

The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Effect on Profit before Tax	
	31st March, 2023	31st March, 2022
USD Sensitivity		
Rs/USD - Increases by 1%	(4.75)	(12.48)
Rs/USD - Decreases by 1%	4.75	12.48

(iii) Other Price Risk:

Other price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

45 Capital Management

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

Notes to the Standalone Financial Statements

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

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Company intends to keep the gearing ratio less than 1.

Particulars	31 st March, 2023	31 st March, 2022
Borrowings including Interest Accrued	8,561.65	5,995.38
Less: Cash and Short Term Deposits	15.14	94.64
Net Debt	8,546.51	5,900.74
Equity	302.33	302.33
Other Equity	16,100.47	14,819.07
Total Equity	16,402.80	15,121.40
Total Capital Employed	24,949.31	21,022.14
Gearing Ratio (Net Debt/((Net Debt +Total Equity))	0.34	0.28

46 Related Party Transactions

(a) Key Management Personnel(KMP)

Name	Relationship
(i) Executive Directors	
Sri TVVSN Murthy	Managing Director
Sri. T V Praveen	Executive Director
Smt .G.Sudeepthi	Whole-time Director
(ii) Non Executive Directors	
Sri.P Sarath Kumar	Independent Director
Sri.Venkatasubbarao Potluri	Independent Director (Up to 10th February, 2023)
Sri.Mannam Malakondaiah	Independent Director
Sri.Srinivas Samavedam	Independent Director
(iii) Others	
Sri N Rajendra Prasad	Chief Financial Officer
Mr. Trupti Ranjan Mohanty	Company Secretary
(b) Relatives of KMP	
Sri. G.V. Chaitanya	Relative of Whole-time Directors
(c) Subsidiary Company:	
Mahi Drugs Private Limited	
(d) Enterprises overwhch KMP are able to Exercise Significant Influence:	
Rchem (Somanahalli) Private Limited	
(e) Other Related parties with whom trasancations have taken place during the current year and / or previous year:	
SMS Pharmaceutials Limited	
Chemwerth INC	

Notes to the Standalone Financial Statements

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

(f) Transactions with Related Parties:

Name of the Company	31 st March, 2023	31 st March, 2022
	Amount	Amount
Key Management Personnel		
Remuneration (Short Term Employee Benefits)	326.36	318.12
Interest on Unsecured Loan	37.73	42.83
Directors Sitting Fees	11.80	18.75
Subsidiary Company		
Mahi Drugs Private Limited		
Purchase of Goods	2,627.08	2,702.05
Sale of Goods	917.69	793.49
Sale of Services	12.00	-
Rent received	5.40	-
Investment made/(disposed) in Subsidiary		
Mahi Drugs Private Limited	-	(257.73)
Enterprise with Significant Influence		
R-Chem (Somanahalli) Private Limited		
Purchase of Goods	368.55	277.43
Purchase of Services	1,245.92	1,784.13
Sale of Goods	75.85	212.08
Sale of Services	12.00	-
Rent received	3.60	-
Other Related party		
SMS Pharmaceuticals Limited		
Sale of Goods	858.01	705.77
Chemwerth INC		
Sale of Goods	518.30	96.39
Sale of Services	-	3.87
Balance (Payable)/Receivable at the year end		
Key Management Personnel		
Remuneration Payable	15.31	13.65
Interest payable	6.71	10.44
Unsecured Loan Payable	360.00	495.00
Subsidiary Company		
Mahi Drugs Private Limited	2,325.78	1,760.76
Corporate Gurantee Given (to the extent of Loan Outstanding)	1,258.94	1,597.74
Enterprise with Significant Influence		
R-Chem (Somanahalli) Private Limited	(50.45)	118.36
Other Related party		
SMS Pharmaceuticals Limited	540.99	46.02
Chemwerth INC	(97.87)	(184.72)

- Note:** i) The above transactions are in the ordinary course of business and are at arm's length price.
ii) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Managerial Personnel and their relatives is not ascertainable and, therefore, not included above. Contribution to Provident Fund was also not included.

Notes to the Standalone Financial Statements

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

47 Contingent Liabilities

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Guarantees issued by the Banks	66.69	66.69
Letter of credit opened in favor of suppliers for which goods are yet to be received	78.23	257.85
Disputed Income Tax Demands	22.62	22.62
Interest dues in respect of disputed demands of Income Tax and Central Excise	165.29	156.28
Non Agricultural land Tax	22.50	22.50
Claims not acknowledged as debt	10.40	10.40
Penal Interest on Provident Fund	7.52	7.52
Corporate Gurantee given to Subsidiary#	1,258.94	1,597.74

#Represents Loan outstanding as on the date of Balance Sheet out of total Gurantee given of Rs. 3,000.00 Lakhs.

IGST Exemption availed on Imports

The Company has received a Show Cause Notice from DRI, Kolkata for an amount of Rs.10.03 Crores IGST payable on imports saying that the company has violated the pre import condition while availing the IGST exemption on imports made against advance authorisations. The company has filed writ petition with Honourable High Court of Telangana and the said High Court has granted stay. Considering the facts of the case and based on the legal advice no contingent liability was recognised in this regard.

48 Commitments

	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
48.1	Capital Commitments	585.17	1,321.44
48.2	Export Obligations	3,921.10	4,648.55

49 Segment Information

A Basis for segmentation

The operations of the Company are limited to one segment viz. Pharmaceutical products including ingredients and intermediaries. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only. The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on aggregation of financial information of the Company on a periodic basis, for the purpose of allocation of resources and evaluation of performance. Accordingly, management has identified pharmaceutical segment as the only operating segment for the Company.

Notes to the Standalone Financial Statements

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

B Segment information for secondary segment reporting (by geographical segment)

The Company is engaged in the manufacture of Pharmaceuticals, which in the context of Ind AS 108 is considered only business segment.

The Company has reportable geographical segments based on location of its customers:

- (i) Revenue from customers outside India – Exports
- (ii) Revenue from customers (EOU)
- (iii) Revenue from customers within India – Domestic
- (iv) Revenue from Export Incentives

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

Particulars	Current Year 2022-23		Previous Year 2021-22	
	Revenue	%	Revenue	%
Exports	10,138.48	32.16%	13,109.71	37.93%
Deemed Exports	2,349.39	7.45%	3,104.45	8.98%
Domestic	18,942.22	60.09%	18,104.39	52.38%
Export Incentive	94.09	0.30%	244.26	0.71%
Total	31,524.18	100.00%	34,562.81	100.00%

50 Payables to Micro and Small Enterprises

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

Particulars	As at 31st March, 2023	As at 31st March, 2022
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	26.03	81.70
(ii) Interest on payments beyond the appointed day paid to the suppliers during the year	-	-
(iii) Interest due and payable for the delay in making payment to suppliers during the year	3.50	2.43
(iv) Amount of interest accrued and remaining unpaid to suppliers at the end of the year		
(v) Amount of further interest remaining due and payable to suppliers in succeeding years	-	-

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

Notes to the Standalone Financial Statements

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

51 Ratios

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022

Particulars	Numerator	Denominator	31 st March, 2023	31 st March, 2022	Vari- ance	Reasons for Variance
Current Ratio	Current Assets	Current Liabilities	1.52	1.36	11%	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.52	0.40	(32%)	Variance is due to increase in debt
Debt Service Coverage Ratio	Earnings available for debt service	Debt service	2.13	4.57	(53%)	Variance is due to Exceptional Income
Return on Equity (ROE)	Net profit after taxes	Average Shareholder's Equity	8.39%	18.29%	(54%)	Variance is due to Exceptional Income
Inventory Turnover Ratio	Revenue from Operations	Average Inventory	3.90	4.93	(21%)	Variance is due to increase in average inventory
Trade Receivables Turnover Ratio	Revenue from Operations	Average Receivables.	7.95	10.84	(27%)	Variance is due to increase in average receivables
Trade Payables Turnover Ratio	Purchases	Average Trade Payables	3.02	3.63	(17%)	
Net Capital Turnover Ratio	Revenue from Operations	Working Capital	5.53	7.97	(31%)	Variance is due to Increase in net working capital
Net Profit Ratio	Net Profit	Revenue from Operations	4.2%	7.3%	(43%)	Variance is due to Exceptional income and increase in tax expenses
Return on Capital Employed (ROCE)	Earnings Before Interest and Taxes (EBIT)	Capital Employed	9.0%	17.0%	(47%)	Variance is due to Exceptional income
Return on Investment	Income generated from investments	Investment	-	-	-	

52 Other statutory information

- i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- ii) The Company does not have any transactions with companies struck off.
- iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

Notes to the Standalone Financial Statements

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

- iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- v) The Company has not defaulted and has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- viii) The Company has not any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- ix) Title deeds of all Immovable properties were held in the name of the company.

53 Figures have been rounded of to the nearest rupees in Lakhs

54 Previous year figure have been regrouped and reclassified wherever considered necessary to confirm to this year's classifications.

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

Chartered Accountants
FRN 002976S

GVL PRASAD

Partner
M.No.026548

Place : Hyderabad
Date : 29-05-2023

for and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

T V PRAVEEN
Executive Director
DIN: 08772030

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

INDEPENDENT AUDITOR’S REPORT

To
The Board of Directors of
SMS Lifesciences India Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the Consolidated Financial statements of **SMS Lifesciences India Limited** (herein after referred to as “the holding Company”) and its Subsidiary (Holding Company and its Subsidiary together referred to as “the Group”) which comprise the Consolidated Balance Sheet as at 31st March, 2023 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, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at 31 March 2023, of its Consolidated Profit includes other comprehensive income, Consolidated changes in equity and Consolidated Cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters (‘KAM’) are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

Sr. No.	Key Audit Matter	Auditor's Response
		<ul style="list-style-type: none"> • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls. • Selected a sample of continuing and new contracts and performed the following procedures: <ol style="list-style-type: none"> 1. Read, analysed and identified the distinct performance obligations in these contracts. 2. Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.

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

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditor's report thereon.

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

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

Management's Responsibilities for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these Consolidated Financial Statements that give a true and fair view of the Consolidated Financial position, Consolidated Financial performance including other comprehensive income, Consolidated changes in equity and Consolidated Cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate Internal Financial Controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Board of Holding Company's Directors, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

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

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning

the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance of the Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matter

- (a) The accompanying Consolidated Financial Statements include the Financial Statements and other Financial information in respect of one subsidiary which reflect total assets of Rs.10558.11 lakhs as at March 31, 2023, and total revenues of Rs.3546.64 lakhs and net cash inflows of Rs.108.68 lakhs for the year ended on that date it has been audited by us.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial statements.
 - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its Subsidiary Company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal Financial controls over financial reporting and the operating effectiveness of such controls; refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Company and its Subsidiary Company incorporated in India. Our report expresses

an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 read the Schedule V of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i) The Consolidated Financial Statements disclose the impact of pending litigations on the Consolidated Financial position of the Group.
- ii) Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii) There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2023.
- iv)
 - (a) The respective Managements of the Holding Company and its Subsidiary which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such Subsidiary to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such Subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The respective Managements of the Company and its Subsidiary which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such Subsidiary from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such Subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its Subsidiary which are companies incorporated in India whose Financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v) The dividend paid by the holding company during the year is in respect of the same declared for the previous year is in accordance with Sec 123 of Companies Act, 2013 to the extent it applies to payment of dividend.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its Subsidiary included in the Consolidated Financial Statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

Place: Hyderabad
Date: 29.05.2023

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

UDIN: **23026548BGTYQH6388**

GVL Prasad
Partner
M.No.026548

Annexure “A” to the Independent Auditor’s Report

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

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

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2023, we have audited the Internal Financial Controls over Financial reporting of SMS Lifesciences India Limited (hereinafter referred to as the “Company”) and its Subsidiary company, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its Subsidiary Company, which are companies incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial controls over Financial reporting is a process designed to provide reasonable assurance regarding their liability of Financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company’s internal Financial control over Financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its Subsidiary company, which are companies incorporated in India, have in all material respects, an adequate Internal Financial Controls system over Financial reporting and such Internal Financial Controls over Financial reporting were operating effectively as at March 31, 2023 based on the criteria for internal Financial control over Financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Place: Hyderabad
Date: 29.05.2023

UDIN: **23026548BGTYQH6388**

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

GVL Prasad
Partner
M.No.026548

Consolidated Balance Sheet as at 31st March, 2023

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

Sl. No.	Particulars	Note	As at 31 st March, 2023	As at 31 st March, 2022
I	ASSETS			
1	Non-Current Assets			
(a)	Property, Plant and Equipment	4	22,657.68	13,960.67
(b)	Right-of-use Assets	5A	170.49	230.66
(c)	Capital Work-in-Progress	4	85.45	5,118.04
(d)	Other Intangible Assets	6	7.54	11.38
(f)	Financial Assets			
(i)	Investments	7	3.61	4.11
(ii)	Other Financial Assets	8	304.66	271.27
(g)	Other Non-Current Assets	9	347.98	477.09
	Total		23,577.41	20,073.22
2	Current Assets			
(a)	Inventories	10	8,623.49	8,481.11
(b)	Financial Assets			
(i)	Trade Receivables	11	4,606.11	3,383.16
(ii)	Cash and Cash Equivalents	12	127.78	98.60
(iii)	Bank Balances other than (ii) above	13	313.50	340.60
(c)	Other Current Assets	14	2,188.97	3,298.09
(c)	Current Tax Assets	15	51.80	-
	Total		15,911.65	15,601.56
	Total Assets		39,489.06	35,674.78
II	EQUITY AND LIABILITIES			
1	EQUITY:			
(a)	Equity Share Capital	16	302.33	302.33
(b)	Other Equity	17	16,558.90	14,920.90
	Total Equity Attributable to Equity Share Holders of the Parent company		16,861.23	15,223.23
	Non Controlling Interests		1,960.44	1,269.70
	Total		18,821.67	16,492.93

(Contd.)

Consolidated Balance Sheet as at 31st March, 2023 (Contd.)

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

Sl. No.	Particulars	Note	As at 31 st March, 2023	As at 31 st March, 2022
2	LIABILITIES			
A	Non-Current Liabilities			
(a)	Financial liabilities			
(i)	Borrowings	18	5,494.18	4,033.20
(ii)	Lease Liabilities	5B	130.49	185.33
(b)	Provisions	19	410.15	350.84
(c)	Deferred Tax Liabilities (Net)	20	1,276.14	1,068.43
	Total		7,310.96	5,637.80
B	Current Liabilities			
(a)	Financial Liabilities			
(i)	Borrowings	21	4,369.88	3,693.33
(ii)	Lease Liabilities	5B	54.84	47.89
(iii)	Trade Payables			
	a. Dues to Micro and Small Enterprises	22	31.47	89.36
	b. Dues to otherthan Micro and Small Enterprises	22	5,935.29	7,699.79
(iv)	Other Financial Liabilities	23	1,401.59	1,262.39
(b)	Provisions	19	129.93	98.45
(c)	Other Current Liabilities	24	1,433.43	565.10
(d)	Current Tax Liabilities (Net)	25	-	87.74
	Total		13,356.43	13,544.05
	Total Liabilities		20,667.39	19,181.85
	Total Equity and Liabilities		39,489.06	35,674.78
	Significant Accounting Policies	3		

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

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

Chartered Accountants
FRN 002976S

G.V.L. PRASAD
Partner
M.No.026548

Place : Hyderabad
Date : 29-05-2023

for and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

T V PRAVEEN
Executive Director
DIN: 08772030

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

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

Consolidated Statement of Profit and Loss for the Year Ended 31st March, 2023

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

Sl. No.	Particulars	Note	Current Year 2022-23	Previous Year 2021-22
1	Income			
	Revenue from Operations	26	31,556.03	35,007.12
	Other Income	27	307.24	173.98
	Total Income		31,863.27	35,181.10
2	Expenses			
	Cost of Materials Consumed	28	17,132.70	20,447.12
	Changes in Inventories	29	7.52	(978.55)
	Manufacturing Expenses	30	5,660.07	6,507.39
	Employee Benefits Expense	31	4,342.88	3,990.21
	Finance Costs	32	679.49	617.39
	Depreciation and Amortization Expense	33	1,078.86	1,000.60
	Other Expenses	34	1,537.62	1,593.07
	Total Expenses		30,439.14	33,177.23
3	Profit Before Exceptional and Extraordinary Items and Tax (1-2)		1,424.13	2,003.87
4	Exceptional / Extraordinary Items	35	235.16	1,269.22
5	Profit Before Tax (3+4)		1,659.29	3,273.09
6	Tax Expense	36		
	(a) Current Tax			
	(i) relating to Current Year		350.00	850.00
	(ii) relating to Earlier Year		(35.01)	(94.13)
	(b) Deferred Tax		206.56	(12.76)
	Total Tax Expense		521.55	743.11
7	Profit for the Year (5-6)		1,137.74	2,529.98

(Contd.)

Consolidated Statement of Profit and Loss (Contd.)

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

Sl. No.	Particulars	Note	Current Year 2022-23	Previous Year 2021-22
	Other Comprehensive Income/(Loss)			
	Items that will not be reclassified to Profit/(Loss)			
8	Remeasurement Gain/(Loss) of the defined benefit plans	37	3.58	(5.09)
9	Income Tax effect on the above		1.15	(1.51)
10	Other Comprehensive Income after tax for the Year (8-9)		2.43	(3.58)
11	Total Comprehensive Income for the Year (7+10)		1,140.17	2,526.40
	Profit for the year attributable to:			
	Equity holders of the parent		1,146.28	2,532.21
	Non-controlling interests		(8.54)	(2.23)
	Total comprehensive income for the year attributable to:			
	Equity holders of the parent		1,149.74	2,528.63
	Non-controlling interests		(9.57)	(2.23)
12	Earnings per Share (Face Value of Rs.10/- each)	38		
	Basic / Diluted			
	(i) Including Exceptional Income		37.92	83.76
	(ii) Excluding Exceptional Income		30.53	50.04
	Significant Accounting Policies	3		

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

as per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

G.V.L. PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 29-05-2023

for and on behalf of the Board

SMS Lifesciences India Limited

TVSN MURTHY

Managing Director

DIN: 00465198

TRUPTI R MOHANTY

Company Secretary

M.No. 60358

T V PRAVEEN

Executive Director

DIN: 08772030

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Consolidated Statement of Changes in Equity for the Year Ended 31st March, 2023

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

a. Equity Share Capital

Particulars	As at 31 st March, 2023		As at 31 st March, 2022	
	Number of Shares	Amount	Number of Shares	Amount
At the Beginning of the Year	30,23,287	302.33	30,23,287	302.33
Changes in Equity Share Capital	-	-	-	-
At the End of the Year	30,23,287	302.33	30,23,287	302.33

b. Other Equity

	Capital Reserve	General Reserve	Retained Earnings	Non Controlling Interests	Total Other Equity
Balance as at 01st April, 2021	1.00	6,616.02	6,002.27	-	12,619.29
Profit for the Year			2,532.21	(2.23)	2,529.98
Issuance of additional Equity in Subsidiary				1,271.93	1,271.93
Effect of dilution of Equity in Subsidiary			(397.81)		(397.81)
Addition on account of dilution of Equity in Subsidiary	216.13				216.13
Dividend Paid			(45.35)		(45.35)
Other Comprehensive Income for the Year, net of Income Tax			(3.58)		(3.58)
Transferred to General Reserve		200.00			200.00
Transferred from Retained Earnings			(200.00)		(200.00)
Total Comprehensive Income for the Year	216.13	200.00	1,885.48	1,269.70	3,571.31
Balance as at 31st March, 2022	217.13	6,816.02	7,887.75	1,269.70	16,190.60
Balance as at 01st April, 2022	217.13	6,816.02	7,887.75	1,269.70	16,190.60
Profit for the Year			1,146.28	(8.54)	1,137.74
Issuance of additional Equity in Subsidiary				699.28	699.28
Effect of dilution of Equity in Subsidiary			129.68		129.68
Addition on account of dilution of Equity in Subsidiary	404.96				404.96
Dividend Paid			(45.35)		(45.35)
Other Comprehensive Income for the Year, net of Income Tax			2.43		2.43
Transferred to General Reserve		200.00			200.00
Transferred from Retained Earnings			(200.00)		(200.00)
Total Comprehensive Income for the Year	404.96	200.00	1,033.04	690.74	2,328.74
Balance as at 31st March, 2023	622.09	7,016.02	8,920.79	1,960.44	18,519.34

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

as per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

G.V.L. PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 29-05-2023

for and on behalf of the Board

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

TRUPTI R MOHANTY

Company Secretary

M.No. 60358

T V PRAVEEN

Executive Director

DIN: 08772030

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Consolidated Statement of Cash Flow for the Year Ended 31st March, 2023

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

Particulars	For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
A. Cash Flow from Operating Activities		
Profit Before Income Tax	1,424.13	2,003.87
Adjustments for:		
Depreciation and amortisation expense	1,078.86	1,000.60
Interest Income classified as Investing Cash Flows	(19.29)	(21.16)
Allowance for Doubtful Debts	51.29	21.32
Interest on Non Current Borrowings	316.66	303.85
Interest on Unsecured Loans	37.73	42.83
Provision for Employee Benefits	94.37	58.03
Term Loan Processing Fee	2.89	1.54
Profit on Sale of Assets	-	(9.07)
Loss on Sale of Assets	0.12	0.41
Interest on Leased Premises	24.11	6.79
	3,010.87	3,409.02
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Trade Receivables	(1,274.23)	10.53
(Increase)/Decrease in Inventories	(28.08)	(2,419.50)
Increase/(Decrease) in Trade Payables	(1,811.62)	1,735.71
(Increase)/Decrease in Other Non Current Financial Assets	(33.38)	(24.32)
(Increase)/Decrease in Other Non Current Asset	129.60	(33.13)
(Increase)/Decrease in Other Current Financial Assets	-	(28.25)
(Increase)/Decrease in Other Current Asset	(1,781.69)	(2,793.63)
(Increase) Decrease in Prepaid Taxes	(128.53)	44.45
Increase/(Decrease) in Other Non Current Liabilities	-	(600.00)
Increase/(Decrease) in Other Current Financial Liabilities	(46.57)	15.67
Increase/(Decrease) in Other Current Liabilities	3,759.12	330.12
	(1,215.38)	(3,762.35)
Cash generated from Operations	1,795.49	(353.33)
Income Tax Paid	(325.99)	(770.77)
Net Cash Inflow/(Outflow) from Operating Activities "A"	1,469.50	(1,124.10)

(Contd.)

Consolidated Statement of Cash Flow (Contd.)

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

Particulars	For the year ended 31 st March, 2023	For the year ended 31 st March, 2022
B. Cash flows from Investing Activities		
Purchase for Property, Plant and Equipment	(4,855.08)	(5,115.31)
Proceeds from sale of Property, Plant and Equipment	575.16	963.58
Proceeds from sale of Investments	1,119.62	3,378.59
Margin Money Deposits	23.06	37.68
Fixed Deposits Made	(11.72)	0.01
Interest Received on Margin Money Deposit	19.82	21.17
Net Cash Inflow/(Outflow) from Investing Activities "B"	(3,129.16)	(714.28)
C. Cash flows from Financing Activities		
Proceeds from Long Term Borrowings	2,980.71	1,169.46
Repayment of Long Term Borrowings	(1,008.69)	(731.49)
Proceeds from Short Term Borrowings	297.63	866.22
Repayment of Lease Liability	(47.89)	178.66
Interest paid	(352.57)	(354.15)
Repayment of Unsecured Loan	(135.00)	-
Dividends paid to company's shareholders	(45.35)	(45.35)
Net Cash Inflow/(Outflow) from Financing Activities - "C"	1,688.84	1,083.35
Net Increase (Decrease) in Cash and Cash Equivalents - (A+B+C)	29.18	(755.03)
Cash and Cash Equivalents at the beginning of the Financial Year	98.60	853.63
Cash and Cash Equivalents at End of the Year (Refer Note: 12)	127.78	98.60

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

The Cash Flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash Flows.

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

G.V.L. PRASAD
Partner
M.No.026548

Place : Hyderabad
Date : 29-05-2023

for and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

T V PRAVEEN
Executive Director
DIN: 08772030

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

Notes to the Consolidated Financial Statements

1. Corporate Information:

SMS Lifesciences India Limited (SMS Life), (the 'Company') is a Company limited by Shares domiciled in India incorporated under the Companies Act, 1956. The registered office of the Company is at Plot No.19-III, Road No. 71, Jubilee Hills, Hyderabad-500 096, Telangana, India. The Equity Shares of the Company are listed in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is engaged in the business of manufacturing of Active Pharma Ingredients and their intermediates. The Company is having manufacturing facilities at Kazipally and Jeedimetla and its Research and Development centre at Sanathnagar in Hyderabad.

2. Basis of preparation of Consolidated Financial Statements

2.1 Statement of Compliance

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

These consolidated financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, 31st March, 2023. These Financial Statements were authorized and approved for issue by the Board of Directors on 29th May, 2023.

2.2 Basis of Consolidation

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

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

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Changes in ownership interests

Acquisition of some or all of the NCI is accounted for as a transaction with equity holders in their capacity as equity holders. Consequently, the difference arising between the fair value of the purchase consideration paid and the carrying value of the NCI is recorded as an adjustment to retained earnings that is attributable to the parent company. The associated cash flows are classified as financing activities. No goodwill is recognized as a result of such transactions.

2.3 Basis of Measurement:

The consolidated financial statements have been prepared on a historical cost and on accrual basis, except for the following items in the balance sheet:

- Certain financial assets are measured either at fair value or at amortised cost depending on the classification.
- Employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation.
- Right-of use the assets are recognized at the present value of lease payments that are not paid at that date.
- Assets held for sale are measured at fair value less cost to sell.

2.4 Current and Non-Current Classification:

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

- (a) An asset is treated as current when it satisfies the below mentioned criteria:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
 - Held primarily for the purpose of trading;
 - Expected to be realized within twelve months after the reporting period, or
 - Cash or Cash Equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- (b) All Other Assets are classified as non-current.
- (c) A liability is classified as current when it satisfies the below mentioned criteria:
- Expected to settle the liability in normal operating cycle;

- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

(d) All Other liabilities are classified as non-current.

(e) Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.

(f) The Operating Cycle is the time between the acquisition of assets for processing and their realization in Cash and Cash Equivalents. The Group has identified Twelve months as its Operating Cycle.

3. Summary of Significant Accounting Policies:

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

3.1 Revenue Recognition:

Revenue is recognized upon transfer of control of promised products or services to customers for an amount that reflects the consideration the Group expects to receive in exchange for those products or services. To recognize revenues, the Group applies the following five step approach:

- (1) identify the contract with a customer,
- (2) identify the performance obligations in the contract,
- (3) determine the transaction price,
- (4) allocate the transaction price to the performance obligations in the contract, and
- (5) recognize revenues when a performance obligation is satisfied.

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

The Group revenue is derived from sale of goods, sale of services. Most of such revenue is generated from the sale of goods. The Company has generally concluded that it is the principal in its revenue arrangements.

(i) Revenue from Sale of Goods:

Revenue from sale of goods is recognized when a promise in a customer contract (performance obligation) has been satisfied by transferring the control over the promised goods to the customer. Control is usually transferred upon shipment, delivery to, upon receipt of the goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized is based on the consideration expected to be received in exchange of goods, excluding applicable discounts sales returns and any taxes or duties collected on behalf of the government such as GST where ever applicable.

Presented below are the points of recognition of revenue with respect to the Company's sale of goods:

Particulars	Point of recognition of revenue
Domestic Sales	Upon delivery of products to customers (generally formulation manufacturers), from the factories of the Company.
Export Sales	Upon delivery of the products to the customers unless the terms of the applicable contract provide for specific revenue generating activities to be completed, in which case revenue is recognised once all such activities are completed.

(ii) Revenue from Sale of Services:

Revenue from Sale of services is recognised as per the terms of the contracts with customers

when the related services are performed or the agreed milestones are achieved.

(iii) Export incentives:

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(iv) Dividend Income:

Dividends are received from financial assets at fair value through profit or loss and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of the investment.

(v) Interest Income:

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

3.2 Foreign Currency Transactions:

(i) Functional and Presentation Currency:

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

(ii) Initial Recognition:

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(iii) Conversion on Reporting Date:

Transactions in foreign currencies are initially recorded by the Group at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

(iv) Exchange Differences:

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

3.3 Property, Plant and Equipment:

(a) Recognition and Initial Measurement

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

Cost includes non-refundable taxes, duties, freight, borrowing costs and other incidental expenses related to the acquisition and installation of the respective assets.

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress. Advances paid towards acquisition of assets are shown as Capital Advances.

Borrowing Cost relating to acquisition of Property, Plant and Equipment which takes substantial period of time to get ready for its

intended use are also included to the extent they relate to the period till such assets are ready to put to use.

Subsequent Costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

(b) Subsequent Measurement (Depreciation and Useful Lives)

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

Depreciation on addition to/deletion from fixed assets made during the year is provided on pro-rata basis from/up to the date of such addition/deletion as the case may be. In case of assets costing less than Rs.5,000/- purchased during the year also depreciation has been provided at normal rates on pro-rata basis from the date of purchase.

Cost of the leasehold land is amortized on a straight-line basis over the term of the lease. Depreciation on landscape is being provided @10% under straight line method.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(c) De-recognition

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

(d) Capital advances

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

(e) Capital work-in-progress

Capital work-in-progress includes cost of property, plant and equipment under installation/development as at the balance sheet date.

3.4. Intangible Assets:

Intangible assets consist of goodwill, other intangibles, and product development costs.

3.4. A. Goodwill:

Goodwill represents the excess of purchase consideration over the net book value of assets acquired of the subsidiary companies as on the date of investment. Goodwill is not amortised but is tested for impairment on a periodic basis and impairment losses are recognised wherever applicable.

3.4 B. Other Intangible Assets:

(a) Recognition and Initial Measurement

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

(b) Subsequent measurement (amortization):

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

3.5 Leases:

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for

a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves use of an identified asset, whether specified explicitly or implicitly;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- The Company has right to direct the use of the asset by either having right to operate the asset or the Company having designed the asset in a way that predetermines how and for what purpose it will be used.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease Liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is premeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of asset (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Lease liability and ROU asset have been separately presented in the Balance Sheet

and lease payments have been classified as financing activity in cash flow statement.

3.6 Inventories:

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

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

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

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

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

3.7 Cash and Cash Equivalents:

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

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

3.8 Trade Receivables:

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

3.9 Financial Instruments

(a) Financial Assets

(i) Initial recognition and measurement

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

(ii) Subsequent measurement

a) Debt instruments –

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the

effective interest rate (EIR) method.

b) Equity investments –

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

Investment in Associates, Subsidiaries and Joint Venture:

Investments in Subsidiaries, Associates and Joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

(iii) De-recognition of financial assets

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

(b) Financial liabilities

(i) Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and transaction

cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortized cost.

(ii) Subsequent Measurement

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

(iii) De-recognition of Financial Liabilities

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

(c) Financial Guarantee Contracts

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

(d) Offsetting of Financial Instruments

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

(e) Impairment of Financial Assets

In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

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

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

(f) Other Financial Assets

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

3.10 Impairment of Non-Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an

asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3.11 Income Taxes:

Current Income Tax

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

Deferred Income Tax

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where a component has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The Carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment or expense in the period that includes the enactment or substantive enactment date.

Minimum alternate tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

3.12 Non-current assets held for sale

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented separately in the Balance Sheet as "Assets Classified as held of Sale". Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

3.13 Segment Reporting:

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

3.14 Government Grants:

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

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

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

Government grants relating to loans or similar assistance with an interest rate below the current applicable market rate are initially recognized and measured at fair value. The effect of this favorable interest is regarded as a government grant and is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

3.15 Borrowings:

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not

classify the liability as current, if the lender agreed, after the reporting period and before the approval of financial statements for issue, not to demand payment as consequence of the breach.

3.16 Borrowing Cost

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

3.17 Provisions

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

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

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

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

3.18 Trade Payables:

These amounts represent liabilities for goods supplied to the Group prior to the end of financial year which are unpaid. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

3.19 Dividends

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors. The Company is required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

3.20 Equity:

Ordinary Shares are classified as Equity share Capital. Incremental costs directly attributable to the issue of new ordinary shares or share options and buy back are recognized as a deduction from equity, net of tax effects, if any.

3.21 Research and Development:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Development expenditure on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset

- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliability the expenditure during development.

The expenditure to be capitalized includes the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in the statement of profit and loss as and when incurred. As at 31st March, 2023, none of the development expenditure amounts has met the aforesaid recognition criteria.

3.22 Post Employee Benefits:

(a) Defined Contribution Plans:

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

(b) Defined Benefit Plans:

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

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

are determined by an actuarial valuation, based upon which the Group makes contributions to the Gratuity Fund.

(c) Compensated Absence Policy:

The employees of Group are entitled to compensated absences the employees can carry forward a portion of the unutilised accumulated compensated absences and utilize in future periods or encash the leaves at the time of retirement or termination of employment. The Group records an obligation in the period in which the employee render the services that increases this entitlement. The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Group recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method as on the reporting date as per the requirements of Ind AS "Employee Benefits". Non accumulating compensated absences are recognised in the period in which the absences occur. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise.

(c) Short-Term Employee Benefits

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

3.23 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable

to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

3.24 Contingent Liabilities and Commitments:

Where it is not probable that an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of balance sheet and is disclosed as a contingent liability.

Possible outcomes on obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities.

Contingent Assets are neither recognized nor disclosed. However, when realization of Income is virtually certain, related asset is recognized.

3.25 Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. These are material items of income or expense that have to be shown separately due to the significance of their nature or amount.

3.26 Fair Value Measurement

The Group measures Financial Instruments at fair value at each Balance Sheet Date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for such asset or liability, or in the absence of a principal market, in the most advantageous market which is accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted market prices) in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.27 Estimates and Assumptions

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

(i) Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets

can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

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

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

(iii) Evaluation of Indicators for Impairment of Assets:

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

(iv) Recoverability of Advances/Receivables:

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

(v) Useful lives of Depreciable/Amortizable Assets:

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

(vi) Defined Benefit Obligation (DBO):

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

(vii) Fair Value Measurements:

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

(viii) Provisions:

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

3.28 Recent Accounting Pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31st March 2023, MCA amended the Companies (Indian Accounting Standards) Rules 2015 by issuing the companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 1st April, 2023. The amendments are not expected to have a material impact on the consolidated financial statements of the Group.

3.29 Rounding of Amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs, as per the requirement of Schedule III of the Companies Act, 2013 unless otherwise stated.

Notes to the Consolidated Financial Statements

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

Note No. 4: Property, Plant and Equipment

Particulars	Land	Buildings	Plant & Machinery	Data Processing Equipment	Furniture & Fixtures	Office Equip-ment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
I. Year ended 31st March, 2022										
Gross Carrying Amount										
1 Opening Gross Carrying Amount	539.08	3,005.09	10,691.98	89.80	105.09	23.86	175.15	14.06	14,644.11	3,831.19
2 Additions	221.16	1,048.60	2,450.45	47.23	81.38	1.65	11.48	-	3,861.95	5,148.82
3 Disposals / Transfers	(17.63)	(174.85)	(816.18)	(0.28)	(12.28)	(6.68)	(10.75)	-	(1,038.65)	(3,861.97)
4 Closing Gross Carrying Amount as at 31st March, 2022 (1+2+3)	742.61	3,878.84	12,326.25	136.75	174.19	18.83	175.88	14.06	17,467.41	5,118.04
Accumulated Depreciation and Impairment										
5 Opening Accumulated Depreciation	-	462.47	2,774.47	52.86	34.37	8.27	76.18	7.03	3,415.65	-
6 Depreciation Charge during the Year	-	136.49	750.98	18.27	14.38	4.15	24.26	3.52	952.05	-
7 Disposals / Transfers	-	(126.72)	(705.95)	(0.28)	(12.28)	(6.68)	(9.05)	-	(860.96)	-
8 Closing Accumulated Depreciation and Impairment as at 31 st March, 2022 (5+6+7)	-	472.24	2,819.50	70.85	36.47	5.74	91.39	10.55	3,506.74	-
9. Net Carrying Amount as at 31st March, 2022 (4-8)	742.61	3,406.60	9,506.75	65.90	137.72	13.09	84.49	3.51	13,960.67	5,118.04

Notes to the Consolidated Financial Statements

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

Note No. 4: Property, Plant and Equipment (Contd.)

Particulars	Land	Buildings	Plant & Machinery	Data Processing Equipment	Furniture & Fixtures	Office Equip-ment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
I. Year ended 31st March, 2023										
Gross Carrying Amount										
1 Opening Gross Carrying Amount	742.61	3,878.84	12,326.25	136.75	174.19	18.83	175.88	14.06	17,467.41	5,118.04
2 Additions	-	3,112.97	6,779.09	18.58	21.63	4.80	39.84	-	9,976.91	4,938.19
3 Disposals / Transfers	(241.16)	(7.32)	(90.34)	(0.12)	(0.17)	(0.04)	(0.97)	-	(340.12)	(9,970.78)
4 Closing Gross Carrying Amount as at 31 st March, 2023 (1+2+3)	501.45	6,984.49	19,015.00	155.21	195.65	23.59	214.75	14.06	27,104.20	85.45
Accumulated Depreciation and Impairment										
5 Opening Accumulated Depreciation	-	472.24	2,819.50	70.85	36.47	5.74	91.39	10.55	3,506.74	-
6 Depreciation Charge during the Period	-	152.88	787.38	27.44	18.40	3.85	21.39	3.51	1,014.85	-
7 Disposals / Transfers	-	(3.16)	(71.69)	(0.11)	(0.07)	(0.04)	-	-	(75.07)	-
8 Closing Accumulated Depreciation and Impairment as at 31 st March, 2023 (5+6+7)	-	621.96	3,535.19	98.18	54.80	9.55	112.78	14.06	4,446.52	-
9. Net Carrying Amount as at 31 st March, 2023 (4-8)	501.45	6,362.53	15,479.81	57.03	140.85	14.04	101.97	-	22,657.68	85.45

4.1 Property, Plant and Equipment includes assets relating to Research and Development activities Refer Note 4.1.2

4.2 Refer Note 40 for information on Property, Plant and Equipment pledged as security by the Company

4.3 Refer Note 48.1 for disclosure of contractual commitments for the acquisition of property, plant and equipment

Notes to the Consolidated Financial Statements

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

4.4 Capital Work -in-Progress (CWIP) ageing Schedule

For the year ended 31st March, 2023

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in Progress	85.45				85.45
Projects temporarily suspended	-	-	-	-	-

For the year ended 31st March, 2022

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Project in Progress	4,550.61	557.07	10.36	-	5,118.04
Projects temporarily suspended	-	-	-	-	-

Note No. 5: Right of Use Assets and Lease Liabilities

5.A Right of Use Assets

Following are the changes in the carrying value of Right Of Use Assets for the year ended 31st March, 2023 and 31st March, 2022.

Particulars	31 st March, 2023	31 st March, 2022
Opening Balance	230.66	39.89
Additions	-	235.65
Depreciation	60.17	44.88
Closing Balance	170.49	230.66

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

Notes to the Consolidated Financial Statements

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

5.B Lease Liabilities

The following is the movement in lease liabilities during the year ended 31st March , 2023

Particulars	31 st March, 2023	31 st March, 2022
Opening Balance	233.22	47.77
Additions		240.69
Finance cost accrued during the year	24.11	6.79
Payment of lease liabilities	72.00	62.02
Closing Balance	185.33	233.22
Closing balance of Liability		
Current Liability	54.84	47.89
Non Current Liability	130.49	185.33
Total	185.33	233.22

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2023 and 31st March 2022 on discounted basis

Particulars	31 st March, 2023	31 st March, 2022
Within one year	54.84	47.89
After One year up to five years	130.49	185.33
More than five years	-	-
Total	185.33	233.22

The following are the amounts recognised in the statement of Profit and Loss.

Particulars	31 st March, 2023	31 st March, 2022
Depreciation expense on Right -of- use assets	60.17	44.88
Interest Expense on lease Liabilities	24.11	6.79
Expense relating to short term leases and low value assets (included in Other expences)	0.97	0.17
Total	85.25	51.84

Lease agreement of office premisis initially entered for three years in 2019, further extended for another Four years and it expires by 31st January 2026.

The Group does not face any significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

5.1 Operating Lease Commitments - Group as Lessor : The Group has not given any of its assets on lease basis.

Notes to the Consolidated Financial Statements

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

Note No. 6 : Intangible Assets

Particulars	Computer Software
(1)	(2)
I Year ended 31st March, 2022	
Gross Carrying Amount	
1 Opening Gross Carrying Amount	22.39
2 Additions	0.57
3 Disposals	-
4 Closing Gross Carrying Amount as at 31st March, 2022 (1+2+3)	22.96
Accumulated Amortisation and Impairment	
5 Opening Accumulated Amortisation	7.93
6 Amortisation Charge during the period	3.65
7 Disposals	-
8 Closing Accumulated Amortisation and Impairment as at 31st March, 2022 (5+6+7)	11.58
9. Closing Net Carrying Amount as at 31st March, 2022 (4-8)	11.38
II Year ended 31st March, 2023	
Gross Carrying Amount	
1 Opening Gross Carrying Amount	22.96
2 Additions	-
3 Disposals	-
4 Closing Gross Carrying Amount as at 31st March, 2023 (1+2+3)	22.96
Accumulated Amortisation and Impairment	
5 Opening Accumulated Amortisation	11.58
6 Amortisation Charge during the period	3.84
7 Disposals	-
8 Closing Accumulated Amortisation and Impairment as at 31st March, 2023 (5+6+7)	15.42
9. Closing Net Carrying Amount as at 31st March, 2023 (4-8)	7.54

Notes to the Consolidated Financial Statements

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

Non Current Financial Assets - Unsecured, Considered Good

Note No.	Particulars	As at 31 st March, 2023		As at 31 st March, 2022	
		Shares	Amount	Shares	Amount
7	Non-Current Investments				
	(Un quoted, fully paid up carried at cost)				
	Investment in other Companies				
	Equity Shares of Rs.100/- each in				
	M/s. Jeedimetla Effluent Treatment Ltd	1,753	1.75	2,253	2.25
	Equity Shares of Rs.10/- each in				
	M/s. Patancheru Envirotech Ltd	17,538	1.76	17,538	1.76
	M/s Sireen Drugs Private Ltd	1,000	0.10	1,000	0.10
	Total		3.61		4.11
	Aggregate amount of unquoted investments		3.61		4.11
	Aggregate amount of quoted investments and market value thereof		-		-
	Aggregate amount of impairment in the value of investments		-		-

Note No.	Particulars	As at	
		31 st March, 2023	31 st March, 2022
8	Other Non-Current Financial Assets		
	Deposits Recoverable	304.66	271.27
	Total	304.66	271.27
9	Other Non-Current Assets		
	Capital Advances	347.98	477.09
	Total	347.98	477.09

- 9.1** An amount of Rs.2,61.88 Lakhs (Previous Year Rs. 261.88 Lakhs,) was included in the Capital Advances paid on account of land admeasuring AC 19.00 in JNPC, Parwada, Visakhapatnam District, consisting of 100% land cost paid to APIIC and about 80% of development cost to Ramky Pharmacy the developer. Due to disputes arose between the parties, the developer has cancelled the said allotment and proposed to allot the same to a third party. The company has filed a writ petition before the Hon'ble High Court of Telangana, and the Court has granted stay and the case is pending.

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
10	Inventories		
	(Cost or Net Realisable Value, whichever is lower and as valued and certified by the Management)		
	(a) Raw Materials (including packing materials)	3,907.06	4,069.72
	(b) Stock in Process	2,185.95	1,699.55
	(c) Finished Goods	2,482.68	2,699.63
	(d) Coal & Fuel	47.80	12.21
	Total	8,623.49	8,481.11

10.1 Rawmaterials includes Port Stock of Rs. 122.84 Lakhs (31st March, 2022 Rs. 584.51 Lakhs) and Stock in Transit of Rs.1.12 Lakhs (31st March, 2022 Rs. 61.33 Lakhs).

10.2 Finished Goods includes stock in transit of Rs.703.69 Lakhs (31st March, 2022 Rs.1,220.91 Lakhs).

11 Trade Receivables

Unsecured

Considered good	4,065.12	3,329.78
Receivable from related parties (Refer Note:11.e)	540.99	53.38
Credit impaired	156.91	105.62
	4,763.02	3,488.78
Less: Allowance for Doubtful Debts	(156.91)	(105.62)
Total	4,606.11	3,383.16

- a) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.
- b) Trade receivables are non-interest bearing and are generally with payment terms up to 180 days.
- c) Of the trade receivables balance of Rs. 2,789.56 Lakhs in aggregate (31st March, 2022 Rs.2,217.28 Lakhs) is due from the Company's customers individually representing more than 5% of the total trade receivables.
- d) The Group has used practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience in calculating expected credit loss.
- e) Trade Receivables includes due from SMS Pharmaceuticals Limited of Rs.540.99 Lakhs (Previous year Rs.46.02 Lakhs) and due from R Chem (Somanahalli) Private Limited of Rs. Nil (Previous year Rs.7.36 Lakhs) both are related parties.

Notes to the Consolidated Financial Statements

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

Movement in the expected credit loss allowance

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Balance at the beginning of the year	105.62	84.30
Movement in expected credit loss allowance on trade receivables	51.29	21.32
Balance at the end of the year	156.91	105.62

Trade Receivables ageing schedule for the year ended 31st March, 2023

Particulars	Outstanding from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade Receivables - Considered good	4,086.87	4.29	513.32	-	1.63	4,606.11
ii) Undisputed Trade Receivables - Which have significant increase in Credit Risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit impaired	139.01	0.15	17.70	-	0.06	156.91
iv) Disputed Trade receivables	-	-	-	-	-	-
Total	4,225.88	4.44	531.02	-	1.69	4,763.02

Trade Receivables ageing schedule for the year ended 31st March, 2022

Particulars	Outstanding from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade Receivables - Considered good	3,277.66	102.59	0	-	2.91	3,383.16
ii) Undisputed Trade Receivables - Which have significant increase in Credit Risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit impaired	102.49	3.04	-	-	0.09	105.62
iv) Disputed Trade receivables	-	-	-	-	-	-
Total	3,380.15	105.63	-	-	3.00	3,488.78

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
12	Cash and Cash Equivalents		
	(a) Balances with Banks		
	- in Current Accounts	121.22	18.88
	- in EEFC account	0.91	75.21
	(b) Cash in Hand	5.65	4.51
	Total	127.78	98.60
13	Bank Balances other than Cash and Cash Equivalents		
	Margin Money Deposits	79.47	103.06
	Fixed Deposits	233.21	221.48
	Unclaimed Dividend	0.82	0.56
	Unspent CSR Expenditure Account	-	15.50
	Total	313.50	340.60
13.1	Margin Money deposits having maturity less than 12 months are subject to the first charge against Bank Gurantee and / or letter of credits.		
14	Other Current Assets		
	(Unsecured Considered Good)		
	GST Credit Receivable	1,289.44	2,155.71
	Advance to Suppliers	573.70	704.00
	Export Benefits Receivable	-	73.01
	Income Tax Refund Receivable	29.13	52.23
	Prepaid Expenses	242.51	217.76
	Interest Receivable	13.35	7.87
	Other Advances and Receivables	40.84	87.51
	Total	2,188.97	3,298.09
14.1	Advance to Suppliers includes an amount of Rs.NIL (31 st March, 2021 Rs. 111.00 Lakhs) to M/s. R Chem (Somanahalli) Pvt Ltd, a related Party.		
14.2	Prepaid Expenses Includes an amount of Rs. 174.24 Lakhs Paid to Pollution Control Board in connection with expanding capacities of the parent Company at its Kazipalli facility and to be amortised in eight quarters starting from 2023-24.		
15	Current Tax Assets (Net)	51.80	(87.74)
15.1	Movement in Current Tax Assets/(Liabilities)		
	Advance Tax	350.00	720.00
	TDS & TCS Receivable	51.80	42.26
	Less: Provision for Income Tax	350.00	850.00
	Total	51.80	(87.74)

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31 st March, 2023		As at 31 st March, 2022	
		Number of shares	Amount	Number of shares	Amount
16	Equity Share Capital				
	Authorised Share Capital				
	Equity Shares of Rs. 10/- each	35,00,000	350.00	35,00,000	350.00
	Issued, Subscribed and fully Paid Up				
	Equity Shares of Rs. 10/- each	30,23,287	302.33	30,23,287	302.33
	Total	30,23,287	302.33	30,23,287	302.33

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

Particulars	As at 31 st March, 2023		As at 31 st March, 2022	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
At the beginning of the Year	30,23,287	302.33	30,23,287	302.33
Issued/(Reduced) during the Year	-	-	-	-
At the end of the Year	30,23,287	302.33	30,23,287	302.33

16.2 Rights attached to Equity Shares

The Holding Company has only one class of equity shares having face value of Rs.10/- per share. The Company declares and pays dividends in Indian rupees. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

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

Particulars	As at 31 st March, 2023		As at 31 st March, 2022	
	Number of shares	% Holding	Number of shares	% Holding
Talluri Annapurna	7,42,436	24.56	7,42,436	24.56
TVVSN Murthy**	7,21,224	23.86	7,07,224	23.39
Ramesh Babu Potluri	2,40,190	7.94	2,40,190	7.94

**including 2,27,190 Shares (2,27,190 Shares as at 31.03.2021) held in the capacity of Karta of HUF

Notes to the Consolidated Financial Statements

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

16.4 Details of shares held by the promoters of the Company

Equity shares held by the promoters as at 31st March 2023 and 31st March 2022

Particulars	As at 31 st March, 2023			As at 31 st March, 2022		
	Number of shares	% holding	% Changes during the year	Number of shares	% holding	% Changes during the year
TVVSN Murthy	4,80,034	15.88%	0.47%	4,80,034	15.88%	-
TVVSN Murthy – HUF	2,41,190	7.98%	-	2,27,190	7.51%	-
Ramesh Babu Potluri	2,40,190	7.94%	-	2,40,190	7.94%	-
Hima Bindu Potluri	83,333	2.76%	-	83,333	2.76%	-
Annapurna Talluri	7,42,436	24.56%	-	7,42,436	24.56%	0.23%
Rajeswara Rao Gopineedi	100	0.00%	-	100	0.00%	-
Venkata Praveen Talluri	91,279	3.02%	0.77%	67,988	2.25%	0.72%
Sudeepthi Gopineedi	87,018	2.88%	0.49%	72,114	2.39%	0.32%
Venkata Chaitanya Gopineedi	361	0.01%	0.01%	105	0.00%	-
Sukumari Koneru	714	0.02%	-	714	0.02%	-
Vamsi Krishna Potluri	73,234	2.42%	-	73,234	2.42%	-
Trilok Potluri	78,141	2.58%	-	78,141	2.58%	-
Potluri Infra Projects LLP	8,000	0.26%	-	8,000	0.26%	-
Pixelot Labs Private Limited	-	0.00%	-	-	0.00%	-0.25%

Note No.	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
17	Other Equity		
	Reserves and Surplus		
	Capital Reserve	622.09	217.13
	General Reserve	7,016.02	6,816.02
	Retained Earnings	8,920.79	7,887.75
	Total	16,558.90	14,920.90
17.1	Capital Reserve		
	Opening Balance	217.13	1.00
	Adjustments	404.96	216.13
	Closing Balance	622.09	217.13

17.1.1 Capital Reserve was created during the earlier year due to cancellation of Equity Share Capital held by Holding Company before issue of equity shares in pursuance of demerger scheme.

17.1.2 Additions to the Capital Reserve during the year and previous year araised on account of dilution of Equity in Subsidiary.

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
17.2	General Reserve		
	Opening Balance	6,816.02	6,616.02
	Adjustments	-	-
	Transfer from Retained Earnings	200.00	200.00
	Closing Balance	7,016.02	6,816.02
17.3	Retained Earnings		
	Opening Balance	7,887.75	6,002.27
	Net profit for the year	1,146.28	2,532.21
	Effect of dilution of Equity in Subsidiary	129.68	(397.80)
	Transfer to General Reserve	(200.00)	(200.00)
	Dividend	(45.35)	(45.35)
	Items of Other Comprehensive Income		
	Remeasurement Gain/(Loss) of the Defined Benefit Plans, net of tax	2.43	(3.58)
	Closing balance	8,920.79	7,887.75
17.4	Non Controlling Interest		
	Opening balance	1,269.70	-
	Adjustments	690.74	1,269.70
	Closing Balance	1,960.44	1,269.70

17.5 Nature and Purpose of Reserves

(i) Capital Reserve

Capital Reserve was created on cancellation of share capital existing as on the date of issue of share capital in pursuance of Demerger Scheme. Additions to the Capital Reserve raised on account of dilution of Equity in Subsidiary. The Group uses this reserve for transactions in accordance with the provisions of the Companies Act, 2013.

(ii) General Reserve:

The Company generally appropriates a portion of its earnings to the general reserve to be used for contingencies. This reserve is freely available for use by the Company.

(iii) Retained Earnings:

These are the accumulated earnings after appropriation of total comprehensive income and related transfers. The company uses retained earnings in accordance with the provisions of the Companies Act, 2013.

(iv) Analysis of items of OCI, net of tax

Re-measurements of defined benefit plans (Refer Note 38)

Re-measurements of defined plans comprises actuarial gains and losses and return on plan assets.

Notes to the Consolidated Financial Statements

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

Financial Liabilities

Note No.	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
18	Non - Current Borrowings		
18.1	Secured		
	(i) Rupee Term Loans from Banks		
	(a) Export Import Bank of India Term Loan	895.89	1,344.34
	(b) Export Import Bank of India GECL Loan	344.00	344.00
	(c) Term Loan GECL RBL Bank	298.24	592.03
	(d) HDFC Bank Term Loan	2725.59	-
	(ii) Foreign Currency Term Loans from Banks		
	RBL Bank Loan	870.46	1,257.83
	Sub Total	5,134.18	3,538.20
18.2	Unsecured		
	From Directors	360.00	495.00
	Sub Total	360.00	495.00
	Total	5,494.18	4,033.20
18.3	Current Maturities of Non Current Borrowings		
	Secured		
	(i) Rupee Term Loans from Banks		
	(a) Export Import Bank of India Term Loan	400.00	325.00
	(b) GECL RBL Bank Limited Term Loan	314.64	314.64
	(c) HDFC Bank Term Loan	255.36	-
	(ii) Foreign Currency Term Loans from Banks		
	RBL Bank Limited	388.48	339.91
	Unsecured	-	-
	Total	1,358.48	979.55
	Amount disclosed under the head "Other Current Financial Liabilities"	(1,358.48)	(979.55)
	Total	-	-
18.1.1	Security Terms		
	(i) Rupee Term Loans from Banks		
	(a) Term Loan availed from Export-Import Bank of India is secured by first charge of all movable and immovable fixed assets both present and future and second charge of all current assets both present and future and guaranteed by Sri TVVSN Murthy, Managing Director and T.V.Praveen, Executive Director of the Holding Company in their personal capacity.		
	(b) Long Term Working Capital Loan GECL (Gauranteed Emergency Credit Line) availed from Export-Import Bank of India and RBL Bank are Gauranteed by National Credit Gaurantee Trustee, secured by second charge of all movable and immovable fixed assets both present and future and also second charge of all current assets both present and future and guaranteed by Sri TVVSN Murthy, Managing Director and T.V.Praveen, Executive Director of the Holding Company in their personal capacity.		

Notes to the Consolidated Financial Statements

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

- (c) Term Loan availed from HDFC Bank Ltd secured by first charge of all movable and immovable fixed assets both present and future and second charge of all current assets both present and future on pari passu basis and guaranteed by Sri TVVSN Murthy, Managing Director and T.V.Praveen, Executive Director of the Company in their personal capacity.

(ii) Foreign Currency Term Loans from Banks

- (a) Term Loan availed from RBL Bank is secured by Exclusive charge of all movable and immovable fixed assets both present and future and all current assets both present and future of Mahi Drugs private limited a subsidiary and guaranteed by Sri TVVSN Murthy, and Sri T.V.Praveen, as Directors of the Subsidiary company, in their personal capacity..
- (b) Corporate Gaurantee of the SMS Lifesciences India Limited, Holding Company.
- (iii) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 41.

18.1.2 Rate of Interest:

(i) Rupee Term Loan

- (a) Exim Bank said Term Loan carries an interest rate @ 8.75% p.a (LTMLR+115 bps p.a.)
- (b) GECL Loan from EXIM Bank carries an interest rate @ 8.05% p.a (LTMLR p.a.)
- (c) GECL Loan from RBL Bank carries an interest rate @ 7.85% p.a.
- (d) HDFC Bank Term loan carries an interest rate @ 8.35 % p.a.

(ii) Foreign Currency Term Loan

RBL Bank Term Loan carries an interest rate @ 10.40% p.a . This loan is fully hedged by the bank through out the tenor of the loan. Hence there is no foreign exchange fluctuation risk for this loan.

18.1.3 Terms of Repayment

(i) Rupee Term Loan

Term Loan availed from Export Import Bank of India amounting to Rs. 2,000.00 Lakhs for funding the Expansion Project of Kazipally unit. The said loan is repayable in 24 Quarterly Installments commencing from February, 2020, as mentioed below

First 4 Quarters	Rs. 25.00 Lakhs Each
Next 4 Quarters	Rs. 75.00 Lakhs Each
Next 16 Quarters	Rs. 100.00 Lakhs Each

GECL Term Loan availed from Export Import Bank of India amounting to Rs. 344.00 lakhs for Long term working capital. The said loan is repayable in 36 Monthly Installments commencing from April 2024.

GECL Term Loan availed from RBL Bank Limited amounting to Rs. 752.00 lakhs for Long term working capital. The said loan is repayable in 36 Monthly Installments commencing from April 2022.

Term Loan availed from HDFC Bank amounting to Rs. 3,000.00 Lakhs for funding the Expansion Project of Kazipally unit. The said loan is repayable in 20 Quarterly Installments commencing from November, 2023 of Rs. 150 Lakhs each

Notes to the Consolidated Financial Statements

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

(ii) Foreign Currency Term Loan

The Group has availed Term Loan from RBL Bank Limited amounting to Rs.1,942.36 Lakhs for funding the Expansion Project of Mahi Drugs Private Limited unit situated at JN Pharmacy, Parawada, Visakhapatnam. The said loan is repayable in 24 Quarterly Installments commencing from September 2020, as mentioed below.

First 8 Quarters Rs. 48.56 Lakhs Each

Next 16 Quarters Rs. 97.12 Lakhs Each

18.1.4 The Group Company has not utilised short term funds for long term uses.

18.1.5 Loans obtained were utilised for the purpose for which they were obtained.

18.2.1 Un-Secured Loans

The Group has taken Unsecured Loan from Sri TVVSN Murthy, Managing Director for an amount of Rs. 495.00. The said loan is carrying interest rate of 8.40% p.a. Part loan was repayed during the current year and outstanding as on 31st March 2023, is Rs. 360.00 lakhs.

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

Particulars	As at	
	31 st March, 2023	31 st March, 2022
Opening Borrowings	4,033.20	3,914.11
Add: Opening Current Maturities	979.55	486.84
Add: Amortisation of Transaction Cost	2.89	2.64
Add: Received during the year	2,980.71	1,096.00
Less: Paid during the year	1,143.69	486.84
Closing Borrowings	6,852.66	5,012.75
Less: Closing Current Maturities	1,358.48	979.55
Non Current Borrowings as per Balance Sheet	5,494.18	4,033.20

19 Provisions

Employee Benefit Obligations

Non Current

Gratuity	323.38	280.13
Leave Encashment	86.77	70.71
Sub Total	410.15	350.84

Current

Gratuity	90.30	62.51
Leave Encashment	39.63	35.94
Sub Total	129.93	98.45

Total

Gratuity	413.68	342.64
Leave Encashment	126.40	106.65
Grand Total	540.08	449.29

19.1 For details of Post Employment Benefits. Refer Note 41.

Notes to the Consolidated Financial Statements

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

20 Deferred Tax Liabilities (net)

The balance comprises Temporary Differences attributable to:

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
(a) Deferred Tax Liability		
(i) Property, Plant and Equipment	1,976.92	1,563.73
(ii) Others	59.37	70.81
Total	2,036.29	1,634.54
(b) Deferred Tax Asset		
(i) Expenses allowable on Payment basis	168.08	142.49
(ii) Other Items giving raise to temporary differences	592.07	423.62
Total	760.15	566.11
Net Deferred Tax Liabilities (a)-(b)	1,276.14	1,068.43

(c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Other Items	Total
As at 01st April, 2021	1,373.71	17.63	1,391.34
Charged/(Credited)	190.02	53.18	243.20
As at 31st March, 2022	1,563.73	70.81	1,634.54
Charged/(Credited)	413.19	(11.44)	401.75
As at 31st March, 2023	1,976.92	59.37	2,036.29

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on Payment basis	Other Items	Total
As at 01st April, 2021	116.49	192.16	308.65
Charged/(Credited)	26.00	231.46	257.46
As at 31st March, 2022	142.49	423.62	566.11
Charged/(Credited)	25.59	168.45	194.04
As at 31st March, 2023	168.08	592.07	760.15

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
21	Current Borrowings		
	Secured		
	Working Capital Loans from Banks		
	- RBL Bank Ltd	2,400.00	2,713.78
	--- HDFC Bank	611.40	-
	Current Maturities of Long term Debt	1,358.48	979.55
	Total	4,369.88	3,693.33

22.1.1 Security Terms

- Working capital facilities sanctioned by RBL Bank Limited of an amount of Rs. 3,000.00 Lakhs to the parent company is secured by first charge on pari-passu basis of all current assets both present and future. These facilities are further secured by way of second charge on pari-passu basis of all movable and immovable fixed assets of the parent company both present and future and also guaranteed by Sri TVVSN Murthy, Managing Director and Sri T V Praveen, Executive Director of the Company in their personal capacities.
- Working capital facility sanctioned by HDFC Bank Limited of an amount of Rs. 2,000.00 Lakhs to the parent company is secured by first charge on all current assets both present and future on pari-passu basis. These facilities are further secured by way of second charge on pari-passu basis of all movable and immovable fixed assets of the parent company both present and future and also guaranteed by Sri TVVSN Murthy, Managing Director and Sri T.V.Praveen, Executive Director of the Company in their personal capacity.
- The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 41.

21.1.2 Rate of Interest:

- RBL Bank Limited working capital loan carries an interest rate of 8.50% p.a
- HDFC Bank Limited working capital loan carries an interest rate of 8.15% p.a

21.1.3 Repayment Terms: The above working capital facilities are repayable on demand and subject to renewal every year.

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

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
Opening Balance	2,713.78	2,019.86
Add: Received during the year	611.40	693.92
Less: Paid during the year	(313.78)	-
Current Borrowings as per Balance Sheet	3,011.40	2,713.78

21.3 Maximum Utilisation of Working Capital loans during the year ended 31st March, 2023 is Rs. 3,316.00 Lakhs (Previous Year Rs. 2,714.00 Lakhs)

21.4 Average Utilisation of Working Capital Loans during the year ended 31st March, 2023 is Rs. 1,756.34 Lakhs (Previous Year Rs.1,980.79 Lakhs)

Notes to the Consolidated Financial Statements

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

Particulars	As at 31 st March, 2023	As at 31 st March, 2022
22 Trade Payables		
(a) Creditors for Supply of Materials		
(i) Due to Micro and Small Enterprises	31.47	89.36
(ii) Other than Micro and Small Enterprises	5,935.29	7,699.79
Total	5,966.76	7,789.15

Trade Payables

Particulars	31 st March, 2023	31 st March, 2022
Valued at amortised cost		
Total Outstanding dues to creditors other than Micro and Small Enterprises	5,935.29	7,699.79
Outstanding dues to related parties	-	-
Total	5,935.29	7,699.79
Total outstanding dues to Micro and Small Enterprises	31.47	89.36
Total	5,966.76	7,789.15

Terms and conditions of the above financial liabilities:

Trade Payables are non-interest bearing and normally settled on 30-120 day terms.

For explanations on the company's credit risk management processes, refer note no.44.

Trade payables ageing schedule for the year ended March 31,2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Micro and Small Enterprises	30.88	0.07	0.52	-	31.47
ii) Others	5,902.44	9.68	10.95	12.22	5,935.29
iii) Disputed dues-Micro and Small Enterprises & others	-	-	-	-	-
Total	5,933.32	9.75	11.47	12.22	5,966.76

Trade payables ageing schedule for the year ended March31, 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Micro and Small Enterprises	89.36	-	-	-	89.36
ii) Others	7,683.20	7.63	5.10	3.86	7,699.79
iii) Disputed dues-Micro and Small Enterprises & others	-	-	-	-	-
Total	7,772.56	7.63	5.10	3.86	7,789.15

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31 st March, 2023	As at 31 st March, 2022
23	Other Financial Liabilities		
	Current		
	Creditors for Expenses	613.45	649.24
	Capital Creditors	740.13	575.84
	Interest Accrued but not due	40.48	10.81
	Interest on Unsecured Loan	6.71	10.44
	Unspent CSR Expenditure	-	15.50
	Unclaimed Dividend	0.82	0.56
	Total	1,401.59	1,262.39
24	Other Current Liabilities		
	Statutory dues Payable	73.55	69.15
	Advance from Customers	1,340.18	475.87
	Employee Benefits Payable	19.70	20.08
	Total	1,433.43	565.10
25	Current Tax Liabilities (Net)	(51.80)	87.74
25.1	Movement in Current Tax Assets/(Liabilities)		
	Provision for Income Tax	350.00	850.00
	Less: Advance Tax	350.00	720.00
	Less: TDS & TCS Receivable	51.80	42.26
	Total	(51.80)	87.74
Note No.	Particulars	Current Year 2022-23	Previous Year 2021-22
26	Revenue from Operations		
	(a) Sale of Products	34,632.81	37,583.47
	Less: Goods and Service Tax	4,130.90	3,757.22
	Net Revenue from Sales	30,501.91	33,826.25
	(b) Sale of Services		
	(i) Conversion Charges	882.91	1,012.41
	Less: Goods and Service Tax	130.02	108.47
	Net Revenue from Services	752.89	903.94
	(c) Other Operating Income		
	Export Incentives	94.87	244.26
	Other Operating Income	206.36	32.67
		301.23	276.93
	Total Net Revenue from Operations (a+b+c)	31,556.03	35,007.12

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	Current Year 2022-23	Previous Year 2021-22
27	Other Income		
(a)	Interest Income	39.53	32.50
(b)	Profit on Sale of Assets	-	9.07
(c)	Net Gain on Foreign Exchange	32.07	106.17
(d)	Miscellaneous Income (Net of GST)	235.64	26.24
	Total	307.24	173.98
27.1	Profit on sale of assets represents profit on sale of redundant Assets in the normal course of business		
28	Cost of Materials Consumed		
	Raw Materials & Packing Materials		
	Stock at the Beginning of the Year	4,069.72	2,622.31
	Add: Purchases	17,132.70	21,894.53
	Less: Stock at the End of the Year	4,069.72	4,069.72
	Total Materials Consumed	17,132.70	20,447.12
29	Changes in Inventories		
(a)	Opening Stock of Inventory:		
	Finished Goods	2,813.93	2,169.04
	Stock in Process	1,699.56	1,365.90
	Sub Total (a)	4,513.49	3,534.94
(b)	Closing Stock of Inventory		
	Finished Goods	2,482.67	2,813.93
	Stock in Process	2,023.30	1,699.56
	Sub Total (b)	4,505.97	4,513.49
	(Increase)/Decrease in Stocks (a) - (b)	7.52	(978.55)
30	Manufacturing Expenses		
	Power and Fuel	2,740.83	2,798.61
	Consumable Stores	286.86	292.90
	Testing Charges	79.25	90.42
	Water Charges	186.79	203.63
	Conversion Charges	1,320.74	1,916.09
	Effluent Treatment Charges	343.09	448.95
	Repairs and Maintenance		
	to Plant & Machinery	548.55	589.89
	to Buildings	37.42	47.63
	Factory Maintenance	116.54	119.27
	Total	5,660.07	6,507.39

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	Current Year 2022-23	Previous Year 2021-22
31	Employee Benefit Expenses		
	Salaries, Wages and Bonus	3,823.24	3,478.75
	Contribution to Provident Fund	239.80	211.18
	Contribution to ESI	12.69	14.26
	Staff Welfare Expenses	267.15	286.02
	Total	4,342.88	3,990.21
32	Finance Cost		
	Interest on Non Current Borrowings	354.39	346.68
	Interest on Current Borrowings	251.95	202.05
	Interest on Others	28.94	15.89
	Bank Charges	44.21	52.77
	Total	679.49	617.39
33	Depreciation and Amortisation Expense		
	Depreciation on Property, Plant and Equipment	1,014.85	952.07
	Right of use of Assets	60.17	44.88
	Amortisation of Intangible Assets	3.84	3.65
	Total	1,078.86	1,000.60
34	Other Expenses		
	Rent	9.65	8.03
	Rates and Taxes	57.92	70.10
	Repairs & Maintenance to other Assets	16.13	6.50
	Insurance	117.04	109.88
	Directors Remuneration	298.58	285.52
	Travelling and Conveyance	32.63	13.31
	Communication Expenses	12.95	12.03
	Printing and Stationery	66.00	49.26
	Payments to Auditors	15.00	15.00
	Vehicle Maintenance	73.46	65.04
	Interest on Indirect Taxes	7.12	5.37
	Loss on Sale of Assets	0.12	0.41
	General Expenses	179.02	131.83
	Business Promotion Expenses	51.89	9.00
	Sales Commission	169.35	225.07
	Regulatory Filing Fee	43.35	51.74
	Carriage Outward	303.92	463.23
	Provision for Doubtful Debts	51.29	21.32
	Exchange Fluctuation	1.08	12.33
	Corporate Social Responsibility	31.12	38.10
	Total	1,537.62	1,593.07

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	Current Year 2022-23	Previous Year 2021-22
34.1	Details of payment to Auditors		
	Statutory Audit fee	11.00	11.00
	Tax Audit fee	4.00	4.00
	Total	15.00	15.00
34.2	Corporate Social Responsibility Expenditure		
	As per requirement of the Companies Act, 2013, gross amount required to be spent by the Company during the year is Rs.35.20 Lakhs (31 st March, 2022 Rs.37.63 Lakhs).		
(i)	Construction / acquisition of Assets.	23.73	21.60
(ii)	Others	5.50	-
	Total Amount spent during the year	29.23	21.60
	Setoff from Previous Years	0.19	0.72
	Transfer to CSR Unspent A/c	17.27	15.50
	Total	46.69	37.82
	Amount required to be spent as per section 135 of the Companies Act, 2013	35.20	37.63
	Amount Carried forward to subsequent years	11.49	0.19
34.2.1	An amount of Rs. 17.27 lakhs was deposited in CSR unspent account for the year 2022-23 as per the budgeted expenditure for the said year Amount spent includes Rs. Nil (previous Year Rs. 15.50 Lakhs) deposited in CSR Unspent account.		
35	Exceptional Items		
	Gain on sale of Tangible Assets	235.16	777.25
	Gain on sale of Investments.	-	491.97
	Total	235.16	1,269.22
35.1	Rs 235.16 Lakhs represents profit on sale of Non Revenue generating Land and Buildings		
36	Income Tax Expense		
	Current Tax		
	Current Tax on Profits for the Year	350.00	850.00
	Adjustments for Current Tax of Prior Years	(35.01)	(94.13)
	Total Current Tax	314.99	755.87
	Deferred Tax		
	Increase (Decrease) in Deferred Tax Liabilities	401.75	243.20
	Decrease(increase) in Deferred Tax Assets	(194.04)	(257.46)
	Acturial (Gain)/Loss	(1.15)	1.51
	Total Deferred Tax Expense/(Benefits)	206.56	(12.75)
	Total Tax Expenses	521.55	743.11

There are no unrecognised Deferred Tax Assets and Deferred Tax Liabilities as at 31st March, 2023 and 31st March, 2022

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	Current Year 2022-23	Previous Year 2021-22
36.1	Income Tax Recognised in Statement of Profit and Loss		
	(a) Profit Before Income Tax Expenses	1,659.29	3,273.09
	Less: Exceptional Income	235.16	1,269.22
		1,424.13	2,003.87
	(b) Enacted Tax Rate in India	29.12%	29.12%
	(c) Expected Tax Expenses (a)x(b)	414.71	583.53
	(d) Tax Effect of :		
	Provision for tax on exceptional Items	12.00	250.00
	Expenses not allowed under Tax Laws	157.43	15.40
	Adjustment for allowable Expenses under Tax Laws	(27.58)	(11.69)
	Tax expenses of Earlier Years	(35.01)	(94.13)
	Total Adjustments	106.84	159.58
	Curent Tax Expenses as per Profit & Loss	521.55	743.11
	Effective Tax Rate	31.43%	22.70%
37	Other Comprehensive Income		
	Actuarial Gain/(Loss) on Post Employment Benefit Expenses	3.51	(5.49)
	Return on Plan Assets excluding net interest	0.07	0.40
		3.58	(5.09)
	Deferred Taxes on above	(1.15)	1.51
	Net Comprehensive Income	2.43	(3.58)
38	Earnings Per Share (Basic and Diluted)		
	i. Including Exceptional Income		
	(a) Net profit	1,146.28	2,532.21
	(b) Number of equity shares	30,23,287	30,23,287
	(c) Earnings Per Share	37.92	83.76
	ii. Excluding Exceptional Income		
	(a) Net profit	923.12	1,512.99
	(b) Number of equity shares	30,23,287	30,23,287
	(c) Earnings Per Share	30.53	50.04

39 Post Employment Benefits

39.1 Defined Contribution Plans

39.1.1 Employer's Contribution to Provident Fund:

Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards Provident Fund Contribution is Rs.239.80 Lakhs (31st March, 2022 Rs. 211.18 Lakhs).

Notes to the Consolidated Financial Statements

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

39.1.2 Employer's Contribution to State Insurance Scheme:

Contributions are made to State Insurance Scheme in India for employees at the rate of 3.25%. The Contributions are made to Employee State Insurance Corporation(ESI) to the respective State Governments of the Company's location. This Corporation is administered by the Government and the obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards ESI Contribution is Rs.12.70 Lakhs (31st March, 2022 - Rs. 14.26 Lakhs).

39.2 Defined Benefit Plans

The Company has a defined benefit gratuity plan governed by Payment of Gratuity Act, 1972. Every Employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of Service. The Scheme is funded through a policy with Life Insurance Corporation of India (LIC).

The Company has a defined benefit Compensated Absence Plan governed by The Factories Act, 1948. Every Employee who has worked for a period of 240 days or more during a calendar year shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated as per Act.

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

Particulars	31 st March, 2023		31 st March, 2022	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
39.2.1 Net Employee Benefit Expense				
(recognised in Employee Benefit Expenses)				
Current Service Cost	56.99	49.14	46.80	23.70
Adjustment to Opening Balance	3.38	-	(1.65)	-
Interest Cost	23.41	6.56	19.20	4.43
Contribution Paid	(9.16)	(2.76)	(38.20)	(2.26)
Actuarial Gain/(Loss) other than OCI	-	(33.19)	-	1.99
Net Employee Benefit Expenses	74.62	19.75	26.15	27.87
39.2.2 Other Comprehensive Income				
Actuarial Gain/(Loss)	(3.51)	-	(5.49)	-
Actual return on plan asset	(0.07)	-	0.40	-
Total Actuarial (Gain)/Loss recognized in (OCI)	(3.58)	-	(5.09)	-
39.2.3 Amount recognised in the Balance Sheet				
Defined Benefit Obligation	550.20	(126.40)	475.82	106.65
Fair Value of Plan Assets	(136.52)	-	(133.18)	-
	413.68	(126.40)	342.64	106.65

Notes to the Consolidated Financial Statements

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

Particulars	31 st March, 2023		31 st March, 2022	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
39.2.4 Change in the Present Value of the Defined Benefit Obligation				
Opening Defined Benefit Obligation	475.82	106.65	403.73	78.79
Current Service Cost	56.99	49.14	46.80	23.70
Interest Cost	32.76	6.56	25.57	4.43
Benefits Paid	(11.87)	(2.76)	(8.98)	(2.26)
Net Actuarial (gain)/ losses on Obligation for the year recognised under OCI	(3.51)	(33.19)	8.70	1.99
Closing Defined Benefit Obligation	550.20	126.40	475.82	106.65
39.2.5 Change in the Fair Value of Plan Assets				
Opening Fair Value of Plan Assets	133.18	-	96.34	-
Adjustment to Opening Fair Value of Plan Asset	(3.38)	-	1.65	-
Return on Plan Assets Excluding Interest Income	0.07	-	(0.40)	-
Interest Income	9.36	-	6.37	-
Contributions	9.16	-	38.20	-
Benefits Paid	(11.87)	-	(8.98)	-
Closing Fair Value of Plan Assets	136.52	-	133.18	-
39.2.6 Actuarial (Gain)/Loss on Obligation				
Due to Demographic Assumption	-	-	-	-
Due to Financial Assumption	(28.85)	-	(14.81)	-
Due to Experience	25.34	-	20.30	-
Total Actuarial (Gain)/Loss	(3.50)	-	5.49	-

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

Particulars	31 st March, 2023	31 st March, 2022
*Fund managed by Life Insurance Corporation of India (Unquoted)	100%	100%

*Fund is managed by LIC as per IRDA guidelines, category-wise composition of the plan assets is not available. Expected Return on Assets is based on rate of return declared by fund managers.

Notes to the Consolidated Financial Statements

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

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

Particulars	31 st March 2023	31 st March 2022
Discount rate	7.23%	7.37%
Attrition Rate	PS : 0 to 40 : 2%	PS : 0 to 40 : 2%
Expected rate of increase in Salary	2.00%	3.00%
Mortality Table	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Expected average remaining Service (Yrs)	17.23	17.64

- (a) Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.
- (b) Plan assets does not comprise any of the Company's own financial instruments or any assets used by the Company. The Company has the plan covered under a policy with the Life Insurance Corporation of India.
- (c) The Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. However, the impact of these changes is not ascertained to be material by the management.

39.2.9 Sensitivity analysis

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

Particulars	31 st March, 2023	31 st March, 2022
Defined Benefit Obligation	413.68	342.64
Effect of 1% change in assumed discount rate on defined benefit obligation		
Increase : +1%	511.25	440.88
Decrease: -1%	595.16	516.19
Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
Increase : +1%	595.00	515.79
Decrease: -1%	510.84	440.71

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

Notes to the Consolidated Financial Statements

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

39.2.10 Other Information

(i) Expected rate of return basis

EROA is the discount rate as at previous valuation date as per the accounting standard.

(ii) Description of Plan Assets and Reimbursement Conditions

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

(iii) Discount Rate

The discount rate has decreased from 7.37% to 7.23% and hence there is an increase in liability leading to actuarial loss due to change in discount rate.

(iv) Present Value of Defined Benefit Obligation:

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

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

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

(vi) Current and Non Current Liability:

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

(vii) Defined Benefit Liability and Employer Contributions

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

Notes to the Consolidated Financial Statements

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

The Weighted Average duration of the defined benefit obligation is 7.93 years (31st March, 2022 8.36 years).
The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	31 st March, 2023	31 st March, 2022
1 st Year	90.29	62.51
2 nd Year	50.55	35.01
3 rd Year	21.29	52.33
4 th Year	31.49	18.53
5 th Year	38.54	26.47
beyond 5 th Year	234.43	198.48

39.2.11 Risk Exposure

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

(a) Investment / Interest Risk:

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

(b) Longevity Risk:

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

(c) Risk of Salary Increase

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

40 Assets pledged as Security

For Non Current Borrowings

Term Loans are Secured by First Charge on Property, Plant and Equipment and Second Charge on Current Assets.

Long Term Working Capital Term Loans are secured by Second charge on Property, Plant and Equipment and Current Assets.

For Current Borrowings

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

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings of Rs. 9,544.54 Lakhs (31st March 2022 Rs.7242.34 Lakhs) are as follows:

Particulars	31 st March, 2023	31 st March, 2022
Property, Plant and Equipment	22,657.68	13,960.67
Current Assets	15,911.65	15,601.56
Total Assets Pledged as Security	38,569.33	29,562.23

Notes to the Consolidated Financial Statements

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

41 Research and Development

41.1 Details of Revenue Expenditure:

Particulars	31 st March, 2023	31 st March, 2022
Salaries & Wages	214.72	183.67
Materials Consumed	55.07	50.33
Repairs and Maintenance	43.92	29.05
Power and Fuel	13.19	10.74
Testing and analysis charges	10.50	5.17
Rates and Taxes	2.72	2.47
General Expenses	7.73	6.06
Total	347.85	287.49

41.1.1 The above expenditure were included in the respective heads of the total expenditure of the company.

41.2 Details of Property, Plant and Equipment:

	Particulars (1)	Buildings (2)	Plant and Equipment (3)	Furniture and Fixtures (4)	Computers (5)	Vehicles (6)	Total (8)
1	Gross Carrying Value						
2	As at 31 March, 2021	21.52	221.19	5.41	14.69	0.71	263.52
3	Additions	-	10.88	5.96	0.82	-	17.66
4	As at 31 March, 2022 (1+2)	21.52	232.07	11.37	15.51	0.71	281.18
5	Additions		98.47	0.57	6.83	-	105.87
6	As at 31 March, 2023 (3+4)	21.52	330.54	11.94	22.34	0.71	387.05
7	Depreciation						
8	As at 31 March, 2021	5.19	19.86	0.55	1.64	0.05	27.29
9	Charge for the Year	1.07	20.04	0.65	4.67	0.08	26.51
10	As at 31 March, 2022 (6+7)	6.26	39.90	1.20	6.31	0.13	53.80
11	Charge for the Year	1.07	20.73	1.08	4.49	0.08	27.45
12	As at 31 March, 2023 (8+9)	7.33	60.63	2.28	10.80	0.21	81.25
13	Net Carrying Value						
14	As at 31 March, 2021 (1-6)	16.33	201.33	4.86	13.05	0.66	236.23
15	As at 31 March, 2022 (3-8)	15.26	192.17	10.17	9.20	0.58	227.38
16	As at 31 March, 2023(5-10)	14.19	269.91	9.66	11.54	0.50	305.80

41.2.1 The above amounts were included in the respective heads of the Property Plant & Equipment of the company.

Notes to the Consolidated Financial Statements

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

Financial Instruments and Risk Management

42 Categories of Financial Instruments

Particulars	Notes	Level	As at		As at		
			31 st March, 2023		31 st March, 2022		
			Carrying Value	Fair Value	Carrying Value	Fair Value	
A. Financial Assets							
(i) Non Current							
(a) Investment in Equity Instruments	7	3	3.61	3.61	4.11	4.11	
(b) Other Financial Assets	8	3	304.66	304.66	271.27	271.27	
Sub - Total			308.27	308.27	275.38	275.38	
(ii) Current							
(a) Trade Receivables	11	refer note	4,606.11	4,606.11	3,383.16	3,383.16	
(b) Cash and Cash Equivalents	12	42.2	127.78	127.78	98.60	98.60	
(c) Other Bank Balances	13		313.50	313.50	340.60	340.60	
Sub - Total			5,047.39	5,047.39	3,822.6	3,822.36	
Total Financial Assets			5,355.66	5,355.66	4,097.74	4,097.74	
B. Financial Liabilities							
(i) Non Current							
(a) Borrowings	18	3	5,494.18	5,494.18	4,033.20	4,033.20	
(ii) Current							
(a) Borrowings	21	refer note	4,369.88	4,369.88	3,693.33	3,693.33	
(b) Trade Payables	22	42.2	5,966.76	5,966.76	7,789.15	7,789.15	
(c) Other Financial Liabilities	23		1,401.59	1,421.29	1,262.39	1,262.39	
Sub - Total			11,738.37	11,757.93	12,744.87	12,744.87	
Total Financial Liabilities			17,232.41	17,252.11	16,778.07	16,778.07	

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

42.2 The Carrying Amounts of Trade Payables, Other Financial Liabilities, Cash and Cash equivalents, Other Bank Balances, Trade Receivables and Other Financial Assets are considered to be the same as their fair values due to their short term nature.

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

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

Notes to the Consolidated Financial Statements

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

43 Fair Value Measurements

43.1 Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observables market data rely as little as possible on entry specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation techniques used to determine fair value:

Specific Valuation techniques used to value financial instruments include:

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

Valuation Process:

The Finance and accounts department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes, and report to the Board of Directors. The main Level 3 inputs are derived using the discounted cash flow analysis, Market Approach, Net Assets Value Method as applicable.

44 Financial Risk Management Objectives and Policies

Financial Risk Management Framework

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

44.1 Credit Risk:

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

(i) Financial Instruments and Cash Deposits

For banks and financial institutions, only high rated banks/ institutions are accepted. Other Financial assets (excluding Bank deposits) majorly constitute deposits given to State electricity departments for supply of power, which the company considers to have negligible credit exposure. Counterparty credit limits are reviewed by the Management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

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

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

Notes to the Consolidated Financial Statements

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

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

Particulars	31 st March, 2023	31 st March, 2022
Gross Carrying Amount	4,763.02	3,488.78
Expected Credit Losses (Loss allowance Provision)	(156.91)	(105.62)
Net Carrying Amount of Trade Receivables	4,606.11	3,383.16

Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	Outstanding			Total
	for < 90 days	> 90 days & < 180 days	for > 180 days	
Gross Carrying Amount of Trade Receivables	4,028.29	197.59	537.14	4,763.02
Expected Loss Rate	3.33%	3.33%	3.33%	3.03%
Expected Credit Losses (Loss Allowance Provision)	133.76	5.25	17.90	156.91
Net Carrying Amount of Trade Receivables	3,894.53	192.34	519.24	4,606.11

44.2 Liquidity Risk:

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

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

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
31st March, 2023					
Non Current Borrowings (including Current Maturities)	1,358.48	3,304.62	1,871.84	317.72	6,852.66
Current Borrowings	3,011.40				3,011.40
Trade Payables	5,966.76				5,966.76
Other Financial Liabilities	1,421.29				1,421.29
Total	11,457.93	3,304.62	1,871.84	317.72	17,252.11
31st March, 2022					
Non Current Borrowings (including Current Maturities)	979.55	2,327.75	1,705.45	-	5,012.75
Current Borrowings	2,713.78				2,713.78
Trade Payables	7,789.15				7,789.15
Other Financial Liabilities	1,262.39				1,282.47
Total	12,744.87	2,327.75	1,705.45	-	16,798.15

Notes to the Consolidated Financial Statements

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

45.3 Market Risk:

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

(i) Interest Rate Risk

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

Particulars	Change in basis points		Effect on Profit before Tax	
	Increase	Decrease	Decrease	Increase
31 st March, 2023	0.50%	0.50%	(47.20)	47.20
31 st March, 2022	0.50%	0.50%	(36.16)	36.16

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

(ii) Foreign Currency Exchange Rate Risk:

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

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

(a) Details of Unhedged Foreign Currency Exposure:

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

Particulars	Currency	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
31st March, 2023				
Trade Receivables	USD	12.46	1,020.92	81.95
Trade Receivables	EURO	6.25	538.67	86.20
Trade Advances	USD	1.79	146.72	81.95
Trade Payables	USD	23.04	1,928.14	83.70
31st March, 2022				
Trade Receivables	USD	12.54	943.36	75.20
Trade Receivables	EURO	5.09	419.63	85.00
Trade Payables	USD	34.55	2,656.82	76.90

Notes to the Consolidated Financial Statements

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

(b) Foreign Currency Sensitivity

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

Particulars	Effect on Profit before Tax	
	31 st March, 2023	31 st March, 2022
Foreign Currency Sensitivity		
Rs/USD - Increases by 1%	(4.75)	(12.48)
Rs/USD - Decreases by 1%	4.75	12.48

(iii) Other Price Risk:

Other price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

45 Capital Management

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

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

Particulars	31 st March, 2023	31 st March, 2022
Borrowings including Interest Accrued	9,911.25	7,747.78
Less: Cash and Short Term Deposits	360.99	320.08
Net Debt	9,550.27	7,427.70
Equity	302.33	302.33
Other Equity	16,558.90	14,920.90
Total Equity	16,861.23	15,223.23
Total Capital	26,411.50	22,650.93
Gearing Ratio (Net Debt/((Net Debt +Total Equity))	0.36	0.33

Notes to the Consolidated Financial Statements

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

46 Related Party Transactions

(a) Key Management Personnel(KMP)

Name	Relationship
(i) Executive Directors	
Sri TVVSN Murthy	Managing Director
Sri. T V Praveen	Executive Director
Smt .G.Sudeepthi	Whole-time Director
(ii) Non Executive Directors	
Sri.P Sarath Kumar	Independent Director
Sri.Venkatasubbarao Potluri	Independent Director (Up to 10th February, 2023)
Sri.Mannam Malakondaiah	Independent Director
Sri.Srinivas Samavedam	Independent Director
(iii) Others	
Sri N Rajendra Prasad	Chief Financial Officer
Mr. Trupti Ranjan Mohanty	Company Secretary
(b) Relatives of KMP	
Sri. G.V. Chaitanya	Relative of Whole-time Directors
(c) Enterprises over which KMP are able to Exercise Significant Influence:	
Rchem (Somanahalli) Private Limited	
(d) Other Related parties with whom transactions have taken place during the current year and / or previous year:	
SMS Pharmaceuticals Limited	

(e) Transactions with Related Parties:

Name of the Company	31 st March, 2023	31 st March, 2022
	Amount	Amount
Key Management Personnel		
Remuneration (Short Term Employee Benefits)	326.36	329.66
Interest on Unsecured Loan	37.73	42.83
Directors Sitting Fees	11.80	18.75
Relatives of KMP		
Remuneration - (Short Term Employee Benefits)	-	5.77
Enterprise with Significant Influence		
R-Chem (Somanahalli) Private Limited		
Purchases of Goods	375.55	305.90
Purchase of Services	1,245.92	1,784.13
Sales of Goods	75.85	255.30
Sale of Services	12.00	-
Rent received	3.60	-

Notes to the Consolidated Financial Statements

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

Name of the Company	31 st March, 2023	31 st March, 2022
	Amount	Amount
Other Related party		
Chemwerth Inc		
Sales of Goods	538.69	156.55
Sales of Services	206.36	3.87
SMS Pharmaceuticals Limited		
Sales of Goods	858.01	705.77
Balance (Payable)/Receivable at the year end		
Key Management Personnel		
Remuneration Payable	15.31	13.65
Interest payable	6.71	10.44
Unsecured Loan Payable	360.00	495.00
Enterprise with Significant Influence		
R-Chem (Somanahalli) Private Limited	(50.15)	133.12
Other Related party		
Chemwerth Inc	(663.69)	(366.46)
SMS Pharmaceuticals Limited	540.99	46.06

Note:

- i) The above transactions are in the ordinary course of business and are at arm's length price.
- ii) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management Personnel and their relatives is not ascertainable and, therefore, not included above. Contribution to Provident Fund was also not included.

47 Contingent Liabilities

Particulars	as at 31 st March, 2023	as at 31 st March, 2022
Guarantees issued by the Bankers	66.69	66.69
Letter of credit opened in favor of suppliers for which goods are yet to be received	78.23	257.85
Disputed Income Tax Demands	22.62	22.62
Interest dues in respect of disputed demands of Income Tax and Central Excise	165.29	156.28
Non Agricultural land Tax	22.50	22.50
Claims not acknowledged as debt	10.40	10.40
Penal Interest on Provident Fund	7.52	7.52

Notes to the Consolidated Financial Statements

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

IGST Exemption availed on Imports

The Group has received a Show Cause Notice from DRI, Kolkata for an amount of Rs.10.03 Crores IGST payable on imports saying that the company has violated the pre import condition while availing the IGST exemption on imports made against advance authorisations. The company has filed writ petition with Telangana High Court and the said High Court has granted stay. Considering the facts of the case and based on the legal advice no contingent liability was recognised in this regard.

48 Commitments

	Particulars	as at 31 st March, 2023	as at 31 st March, 2022
48.1	Capital Commitments	593.83	1,608.56
48.2	Export Obligations	3,921.10	4,648.55

49 Segment Information

(A) Basis for segmentation

The operations of the Company are limited to one segment viz. Pharmaceutical products including ingredients and intermediaries. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only. The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on aggregation of financial information of the Company on a periodic basis, for the purpose of allocation of resources and evaluation of performance. Accordingly, management has identified pharmaceutical segment as the only operating segment for the Company.

(B) Segment information for secondary segment reporting (by geographical segment)

The Company has reportable geographical segments based on location of its customers:

- (i) Revenue from customers outside India – Exports
- (ii) Revenue from customers (EOU)
- (iii) Revenue from customers within India – Domestic
- (iv) Revenue from Export Incentives

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

Particulars	Current Year 2022-23		Previous Year 2021-22	
	Revenue	%	Revenue	%
Exports	10,365.24	32.85%	13,169.87	37.65%
Deemed Exports	2,349.39	7.45%	3,104.45	8.88%
Domestic	18,746.53	59.41%	18,488.54	52.77%
Export Incentive	94.87	0.30%	244.26	0.70%
Total	31,556.03	100.00%	35,007.12	100.00%

Notes to the Consolidated Financial Statements

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

50 Payables to Micro and Small Enterprises

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

Particulars	as at 31 st March, 2022	as at 31 st March, 2021
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	31.47	89.36
(ii) Interest on payments beyond the appointed day paid to the suppliers during the year		-
(iii) Interest due and payable for the delay in making payment to suppliers during the year	4.71	3.46
(iv) Amount of interest accrued and remaining unpaid to suppliers at the end of the year		-
(v) Amount of further interest remaining due and payable to suppliers in succeeding years		-

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

51 Additional Information, as required under schedule III to the Companies Act, 2013, of enterprises Consolidated as Subsidiary/Associates

Name of the Entity	Net Assets, i.e, total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated profit or loss	Amount
31st March, 2023								
Parent								
SMS Lifesciences India Ltd	73.96%	13,920.58	101.88%	1159.10	205.35%	4.99	102.10%	1164.09
Subsidiary								
Mahi Drugs Pvt Ltd	26.04%	4,901.09	-1.88%	-21.36	-105.35%	-2.56	-2.10%	-23.92
Total	100.00%	18,821.67	100.00%	1,137.74	100.00%	2.43	100.00%	1,140.17
31st March, 2022								
Parent								
SMS Lifesciences India Ltd	76.93%	12,687.53	100.32%	2538.12	140.50%	(5.03)	100.26%	2533.09
Subsidiary								
Mahi Drugs Pvt Ltd	23.07%	3805.40	-0.32%	-8.14	-40.50%	1.45	-0.26%	(6.69)
Total	100.00%	16,492.93	100.00%	2,529.98	100.00%	(3.58)	100.00%	2,526.40

Notes to the Consolidated Financial Statements

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

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

Name of the Subsidiary	Mahi Drugs Pvt Ltd
Reporting Currency	Indian Rupees
Date of Incorporation	17 th December, 2012

Particulars	31 st March, 2023	31 st March, 2022
Equity	707.26	636.85
Other Equity	4,193.83	3,168.55
Total Assets	10,558.11	8,710.74
Total Current Liabilities	4,625.61	3,450.09
Investments	-	-
Turnover/Total Income	3,566.50	3,257.40
Profit/(Loss) before taxation	(15.29)	(24.60)
Provision for Taxation	6.07	(16.46)
Profit/(Loss) after taxation	(21.36)	(8.14)
Proposed dividend	-	-
% Share holding	60.00%	66.63%

52 Other statutory information

- i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- ii) The Group does not have any transactions with companies struck off.
- iii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- v) The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- vi) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- vii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes to the Consolidated Financial Statements

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

viii) The Group has not any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

ix) Title deeds of all Immovable properties were held in the name of the respective companies of the group.

53 Figures have been rounded of to the nearest rupees in Lakhs

54 Previous year figure have been regrouped and reclassified wherever considered necessary to confirm to this year's classifications.

as per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

G.V.L. PRASAD

Partner

M.No.026548

Place : Hyderabad

Date : 29-05-2023

for and on behalf of the Board

SMS Lifesciences India Limited

TVVSN MURTHY

Managing Director

DIN: 00465198

TRUPTI R MOHANTY

Company Secretary

M.No. 60358

T V PRAVEEN

Executive Director

DIN: 08772030

N. RAJENDRA PRASAD

Chief Financial Officer

M.No.026567

Commitment towards the society....



Few pictures from recently inaugurated Public Healthcare Centre (PHC) building in Kazipally village



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SMS Lifesciences India Limited

Registered & Corporate Office :

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

Opp. Bharatiya Vidya Bhavan Public School,

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

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

CIN : L74930TG2006PLC050223

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