sms
LifeSciences

Annual Report
2019-20

SMS Lifesciences India Limited

UNIT-1, KHAZIPALLY
A SNAPSHOT

Quality Control Lab

Cleanroom Corridor

Warehouse

Corporate Information

BOARD OF DIRECTORS

Mr. TVVSN Murthy	:	Managing Director
Mr. P. Ramesh Babu	:	Non- Executive Director
Mr. P. S. Rao	:	Independent Director
Mr. P. Sarath Kumar	:	Independent Director
Dr. (Mrs.) T. Neelaveni	:	Independent Director
Mr. Shravan Kudaravalli	:	Independent Director

KEY MANAGERIAL PERSONNEL

Mr. N. Rajendra Prasad	:	Chief Financial Officer
Mr. Pavan Pise	:	Company Secretary (till January 20, 2020)
Mr. Trupti Ranjan Mohanty	:	Company Secretary (w.e.f. February 14, 2020)

AUDITORS

M/s Rambabu & Co.	:	Statutory Auditors
M/s SVVS Associates Company Secretaries LLP	:	Secretarial Auditor
M/s Adusumilli & Associates	:	Internal Auditor
Mr. KSN Sarma	:	Cost Auditor

REGISTERED OFFICE

Plot No.19-III, Road No.71, Jubilee Hills,
Opp. Bharatiya Vidya Bhavan Public School
Hyderabad – 500096
CIN: L74930TG2006PLC050223

CONTACT DETAILS

Website: www.smslife.in
Email: info@smslife.in
Tel: 040-66288888
Fax: 040-23551401

MANUFACTURING FACILITY LOCATION

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

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

RESEARCH & DEVELOPMENT CENTER

C-23, Industrial Estate, Sanathnagar, Hyderabad, Telangana-500018.

REGISTRAR & SHARE TRANSFER AGENT

M/s Aarthi Consultants Private Limited
Domalguda, Hyderabad - 500029
Email: info@aarthiconsultants.com

BANKERS

EXIM Bank
RBL Bank Limited

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GREEN INITIATIVE:

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies Act. As per the Section 101 read with Rule 18 of Companies (Management and Administration) Rules, 2014 of Companies Act, 2013 and SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020. member of Company can receive notice in electronic mode via email.

Henceforth, the Company proposes to send documents such as Notice of the General Meetings, Annual Report and other communication to its shareholders via electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest e-mail addresses with the Company via e-mail at: cs@smslife.in

We solicit your valuable co-operation and support in our endeavors to contribute our bit to the environment.

AGM NOTICE

Notice is hereby given that the 14th Annual General Meeting (AGM) of the members of **SMS Lifesciences India Limited** (CIN:L74930TG2006PLC050223) will be held on Wednesday, 30th September, 2020 at 3.00 P.M. via video conferencing *("VC")* / other audio visual means *("OAVM")* to transact the following business:

ORDINARY BUSINESS:

1. ADOPTION OF FINANCIAL STATEMENTS

To consider and adopt the audited (Standalone and Consolidated) financial statement of the Company for the financial year ended 31st March, 2020 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 financial year ended 31st March, 2020 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

2. RE-APPOINTMENT OF Mr. TVVSN MURTHY, RETIRING BY ROTATION, AS DIRECTOR OF THE COMPANY

To re-appoint Mr. TVVSN Murthy (DIN: 00465198), who retires by rotation, at this Annual General Meeting and being eligible, seeks re-appointment.

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

"RESOLVED THAT Mr. TVVSN Murthy (DIN: 00465198), who retires by rotation in terms of Section 152(6)(c) of Companies Act, 2013 and being eligible for reappointment be and is hereby re-appointed as Director of the Company and is liable to retire by rotation."

SPECIAL BUSINESS:

3. APPOINTMENT OF MR. TALLURI VENKATA PRAVEEN AS A DIRECTOR;

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

"**RESOLVED THAT** Mr. Talluri Venkata Praveen (DIN 08772030) who was appointed by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee as an Additional Director effective from 21st August, 2020 and who holds office up to the date of this Annual General Meeting in terms of Section 161 and other applicable provisions, if any, of the Companies Act, 2013, including any modifications or re-enactment thereof and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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

4. APPROVAL OF APPOINTMENT OF MR. TALLURI VENKATA PRAVEEN AS WHOLE-TIME DIRECTOR DESIGNATED AS "EXECUTIVE DIRECTOR".

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

"RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee, Audit Committee and approval of the Board of Directors of the Company, and in accordance with the provisions of Section 152, 188, 196, 197 and

other applicable provisions if any, of the Companies Act, 2013 (hereinafter referred to as the 'Act') and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or reenactment thereof) read with Schedule V of the Act, approval of the members be and is hereby accorded to appoint Mr. Talluri Venkata Praveen (DIN: 08772030), as Whole-time Director designated as "Executive Director" of the Company, for a period of 5 (five) years commencing from 1st September, 2020 on such remuneration and terms & conditions, including minimum remuneration in the event of absence or inadequacy of profits, as set out in the explanatory statement relating to this resolution.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation pursuant to Schedule V to the Act, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limit or ceiling as amended without any further reference to the members of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

5. RATIFICATION OF REMUNERATION PAYABLE TO THE COST AUDITOR FOR THE FINANCIAL YEAR ENDING ON 31st MARCH, 2021

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 (3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, Mr. K.S.N. Sarma, Cost Accountant (Membership No. 6875 and CP No. 3748), appointed as the Cost Auditor of the Company by the Board of Directors for the conducting audit of the cost records of the Company for the year 2020-21 at a remuneration of Rs. 75,000/- (Rupees Seventy Five Thousand only) per annum plus applicable taxes and out of pocket expenses incurred by them in connection with the aforesaid audit, be and is hereby ratified and confirmed.

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

6. RATIFY/APPROVE THE RELATED PARTY CONTRACTS/ ARRANGEMENTS/ TRANSACTIONS OF THE COMPANY

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

"RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended from time to time) and as per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the approval / ratification of the members of the Company, be and is hereby, accorded to all the arrangements / transactions entered by the Company with Related Parties in the financial year 2019-20, whether by way of continuation / extension / renewal / modification of earlier arrangements / transactions or otherwise, and entering into further contracts / arrangements / transactions with 'Related Parties' as defined under Section 2(76) of the Companies Act, 2013, within the prescribed limits of Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23(1) of Listing Regulations, whether material or not, for the year ended 31st March, 2020, as set out in the Explanatory Statement.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby, authorized to do, all such acts, matters, deeds and things, settle any queries / delegate such authority as may be deemed necessary and execute such addendum

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

7. RATIFICATION/ APPROVAL OF REMUNERATION PAYABLE TO MANAGING DIRECTOR FOR REMAINING PERIOD OF HIS TENURE

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

"RESOLVED THAT pursuant to the provisions of Section 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the 'Act'), rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modification(s) or re-enactment(s) thereof for the time being in force read with Central Government approval dated 1st January, 2018 and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, the consent of members be and is hereby accorded for payment of remuneration as mentioned in explanatory statement within the maximum permissible remuneration as specified in Section II of Part II of Schedule V of the Act, to Mr. TVVSN Murthy, Managing Director of the Company for the remaining period of 2 (Two) years of his current tenure, w.e.f. 1st June, 2020 as approved by the shareholders of the Company in the 11th Annual General Meeting held on 10th June, 2017.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation pursuant to Schedule V of the Act, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limit or ceiling as amended without any further reference to the members of the Company.

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

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

Sd/-
(TVVSN Murthy)
Managing Director
DIN: 00465198

Date: 21.08.2020
Place: Hyderabad

NOTES TO E-AGM NOTICE:

1) The statement pursuant to Section 102(1) of the Companies Act, 2013 and the Rules made thereunder *("Act")* 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 (*"Listing Regulations"*) wherever applicable, is annexed hereto. The Board of Directors of the Company at its meeting held on 21st August, 2020 concluded that the special businesses under item number 3 to 7, are critical and considered unavoidable, and hence need to be transacted at the 14th AGM of the company.

2) In view of the outbreak of the Covid19 pandemic, social distancing is a norm to be followed, the Government of India, Ministry of Corporate Affairs ("*MCA*") allowed conducting Annual General Meeting ("*AGM*") through Video Conferencing ("*VC*") or Other Audio Visual Means ("*OAVM*") and dispended the personal presence of the members at the meeting. Accordingly, the MCA issued Circular No. 14/2020 dated 8th April, 2020, Circular No. 17/2020 dated 13th April, 2020 and Circular No. 20/2020 dated 5th May, 2020 ("*MCA Circulars*") and Securities and Exchange Board of India (*"SEBI"*) vide circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 ("*SEBI Circular*"). The said MCA Circular and SEBI Circular (collectively referred as "Circulars") has prescribed the procedures and manner of conducting the AGM through VC/OVAM.

   In terms of the aforesaid circulars, the 14th AGM of the members will be convened through VC/OAVM. Hence, members can attend and participate in the AGM through VC/OAVM only.

   - **Deemed venue for the AGM shall be the Registered Office of the Company.**
   - **Company is providing VC/OAVM facility to its members to attend the 14th AGM through Central Depository Services Limited (CDSL)**.

   The facility for attending the AGM virtually will be made available for 1,000 shareholders on 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.

   [Detailed procedure for participation in the meeting is mentioned in note no. 22.]

3) In line with the aforesaid Circulars and our intimation dated 18th July, 2020, the Notice of AGM along with Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories as on Friday, 4th September, 2020. Members may note that Notice and Annual Report 2019-20 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.

4) The VC/OAVM facility for shareholders to join the meeting, shall be kept open 30 minutes before the start of the AGM (i.e. 2.30 pm) and shall remain open during the proceedings of the meeting.

5) Pursuant to the MCA Circular No. 14/2020 dated 8th April, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives by sending representation at cs@smslife.in to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

6) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

   The detailed procedure and instruction for e-voting is mentioned in note no. 16.

7) The statutory registers under the Companies Act, 2013 and all other documents referred to in the notice will be available for inspection in electronic mode. Members who wish to inspect the register are requested to write in advance to the company at cs@smslife.in

8) Members seeking any information with regard to accounts or any other information are requested to write to the Company atleast 10 days before the

meeting so as to enable the management to keep the information ready.

9) Copy of the notice of the AGM and the Annual Report for the year 2019-20 has been sent to only those members who have registered their e-mail addresses with the company/depository participants.

10) Members will be entitled to a physical copy of the Annual Report for the year 2019-20, free of cost, upon sending a request to the Company Secretary at Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad - 500096, once normalcy is restored.

11) **Members who have not yet registered their e-mail address may register the same by following the procedure laid down in note no 18.**

12) Members holding the shares in physical mode are requested to notify immediately the change of their address and bank particulars to the RTA of the Company. In case shares are held in dematerialized form, the information regarding change of address and bank particulars should be given to their respective Depository Participant.

    Further, as per Regulation 40 of Listing Regulations, as amended, securities of listed companies can only be transferred in demat form with effect from 1st April, 2019, except in case of request for transmission or transposition of securities. In view of this, Members holding shares in physical form are requested to consider converting their holding to demat form, Members can contact Company / RTA for assistance in this regard.

13) In terms of Section 72 of the Act, nomination facility is available to individual Members holding shares in the physical mode. Members, who are desirous of availing this facility, may kindly write to Company's RTA for nomination form by quoting their folio number.

14) Statutory Auditors of the Company, M/s Rambabu & Co., were appointed for a period of four (4) consecutive years at the AGM of the Members held on 10th June, 2017 on remuneration to be determined by the Board of Directors. However Pursuant to the amendment made by the Companies (Amendment) Act, 2017, effective from 7th May, 2018, it is no longer necessary to seek the ratification of the shareholders for continuance of the above appointment. Hence, the Company is not seeking the ratification of the shareholders for the appointment of the Statutory Auditors.

15) The last date for claiming unclaimed and unpaid dividends declared by the Company for the year ended 31st March, 2019 is as under:

Amount	Date of declaration of Dividend	Last date for claiming unpaid/unclaimed dividend
Rs.39,792	30.09.2019	7th November, 2026

Further it is informed to the members that pursuant to the provisions of Section 124 of the Companies Act, 2013 read with the relevant Rules made thereunder, shares on which dividend has not been paid or claimed for seven (7) consecutive years or more shall be transferred to the Investor Education and Protection Fund ("IEPF") Authority.

Members who have not encashed their dividend warrants are requested to make their claims to RTA (info@aarthiconsultants.com) or the Company (info@smslife.in).

(Detailed list of unclaimed dividend is uploaded in the website of the Company at https://www.smslife.in/investors/details-of-unclaimed-dividend-for-f19-as-on-march%2031-2020.pdf).

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

    a) Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of Listing Regulations (as amended) and the said Circulars, the Company is providing facility of remote e-voting to its members in respect of the business to be transacted at the AGM. For this purpose, the Company has 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 the **Cut-off date i.e. Friday, 18th September, 2020,** 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 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 the dispatch of the Notice of the AGM and prior to the Cut-off date i.e. Friday, 18th September, 2020 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 Sunday, 27th September, 2020 at 9.00 a.m. and will end on Tuesday, 29th September, 2020 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 Cut-off date i.e. Friday, 18th September, 2020.

g) The Company has appointed Mr. C. Sudhir Babu, Practicing Company Secretary, Proprietor, CSB Associates to act 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.

17) **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.

g) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, 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 1800225533.

18) Process for those members whose email ids are not registered:

a) For members holding shares in Physical mode - please provide necessary details like Folio No., Name of shareholder by email to cs@smslife.in and info@aarthiconsultants.com

b) Members holding shares in Demat mode can get their e-mail id registered by contacting their respective Depository Participant or by email to info@aarthiconsultants.com.

Detailed procedure is laid down in our intimation to Stock Exchange(s) by the name of "Communication to Shareholders" dated 18th July, 2020.

19) The instructions for shareholders for remote e-voting are as under:

a) The voting period begins on Sunday, 27th September, 2020 at 9.00 a.m. and ends on Tuesday, 29th September, 2020 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 18th September, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

b) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.

c) The shareholders should log on to the e-voting website www.evotingindia.com

d) Click on Shareholders.

e) Now Enter your User ID

- For CDSL: 16 digits beneficiary ID,
- For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- Members holding shares in Physical Form should enter Folio Number registered with the Company.

f) Next enter the Image Verification as displayed and Click on Login.

g) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

h) If you are a first time user follow the steps given below:

For Members holding shares in Demat mode and Physical mode

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable forboth demat shareholders as well as physical shareholders) ● Members who have not updated their PAN with the Company/Depository Participant arerequested to use the sequence number indicated in the PAN field.
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 yourdemat account or in the Company records in order to login. ● If both the details are not recorded with the depository or Company please enter the memberid / folio number in the Dividend Bank details field as mentioned in instruction (v).

i) After entering these details appropriately, click on **"SUBMIT"** tab.

j) Members holding shares in physical mode will then directly reach the Company selection screen. However, members holding shares in demat form will now reach **'Password Creation'** menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password can also be 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.

k) For Members holding shares in physical mode, the details can be used only for e-voting on the resolutions contained in this Notice.

l) Click on the **EVSN** of the Company.

m) 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

n) Click on the **"RESOLUTIONS FILE LINK"** if you wish to view the entire Resolution details.

o) 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.

p) Once you **"CONFIRM"** your vote on the resolution, you will not be allowed to modify your vote.

q) You can also take a print of the votes casted by clicking on **"Click here to print"** option on the Voting page.

r) 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 and enter the details as prompted by the system.

s) Shareholders can also cast their vote using **CDSL's mobile app m-Voting**. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting through your mobile.

20) The instructions for shareholders voting on the day of the AGM on e-voting system are as under: -

a) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

b) Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available in the AGM.

c) If any Votes are casted by the members through the e-voting available during the AGM and if the same members have not participated in the meeting through VC/ OAVM facility, then the votes casted by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members participating in the meeting.

d) Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

21) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.smslife.in and on the website of CDSL i.e. www.cdslindia.com within 48 hours of the passing of the Resolutions at the 14th AGM of the Company and shall also be communicated to the Stock Exchange(s).

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

a) Members will be provided with a facility to attend the AGM through VC/OAVM. Members may access the same at www.evotingindia.com under shareholders'/ members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/ members login where the EVSN of Company will be displayed.

b) Members may 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 in atleast 2 (two) days advance before AGM mentioning their name, demat account number (along with DP ID) / folio number, PAN, email id, mobile number at cs@smslife.in. 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.

f) Since the AGM will be held through VC/ OAVM, the Route Map is not annexed in this Notice.

CONTACT DETAILS:

Company	:	**SMS Lifesciences India Limited** Phone: 40-6628 8888 / 9861129909 Email : info@smslife.in / cs@smslife.in
Registrar and Transfer Agent	:	**Aarthi Consultants Private Limited** Phone: 040-27638777/ 27642217 / 27634445 Email: info@aarthiconsultants.com
Virtual Meeting / e-Voting Agency	:	**Central Depository Services (India) Limited** E-mail : helpdesk.evoting@cdslindia.com Phone : +91-22-22723333/8588
Scrutinizer	:	**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#03

Based on the recommendation of the Nomination & Remuneration Committee, the Board appointed Mr. Talluri Venkata Praveen as an Additional Director of the Company, effective from 21st August, 2020 pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Praveen will hold office up to the date of the ensuing Annual General Meeting and is eligible to be appointed as a Director of the Company. The Company has, in terms of Section 160(1) of the Act, received a notice in writing from a member, proposing his candidature for the office of Director. The Company has received the following from Mr. Praveen:

i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014;

ii) Intimation in Form DIR-8 in terms of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act and

iii) Declaration pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated 20th June, 2018, that he has not been debarred from holding office of a Director by virtue of any Order passed by SEBI or any other such authority.

The profile and specific areas of expertise of Mr. Praveen is provided in **Annexure I** to this Report. Board of Directors recommends the said resolution for your approval by passing an **Ordinary Resolution**.

Except Mr. TVVSN Murthy along with his relatives, No other Directors or key managerial personnel or their relatives is, in anyway, concerned or interested in the resolution set out at Item No. 3 of the accompanying Notice.

ITEM#04

The Board on the recommendation of the Audit Committee and Nomination & Remuneration Committee in its meeting held on 21st August, 2020 approved the appointment of Mr. Talluri Venkata Praveen (DIN: 08772030) as the Whole-Time Director (WTD), designated as "Executive Director" of the Company for a period of 5 (five) years effective from 1st September, 2020, subject to the approval of the Members.

Experience:

Mr. Talluri Venkata Praveen has joined SMS Pharmaceuticals Limited in 2008 as Vice President Marketing. Currently he is serving as Senior Vice President (operations) and overseeing all the operations of SMS Lifesciences. In the past 12 years, he has been instrumental in creating new business associations in markets like Japan, US, Canada, EU, India which has created a long term impact in the growth and business generations of SMS Pharma (Pre demerger) and SMS Lifesciences (Post demerger).

During his initial years at the Company he was instrumental in sales growth of SMS Pharma. He was incubator in many contract manufacturing associations with the company in Japan, EU, and India. He has steered the creation of JV with EU company Chemo for multi-product deal. He has extensively travelled all over the world and expanded associations with customers/distributors in various countries. He has led the marketing team for sustainable relationships and business across the globe. He was actively coordinating with Research, production, quality, regulatory, supply chain, finance and other teams for planning, and execution of business plans under the guidance of Chairman Mr. Ramesh Babu Potluri and Vice Chairman, Mr. TVVSN Murthy of SMS Pharma, till demerger happened in year 2017.

As Senior Vice President in SMS Lifesciences, he is currently overseeing the operations of the Company under Mr. TVSSN Murthy on marketing, supply chain, R&D, finance, administration, and other departments. To create growth for the Company post demerger, he steered the acquisition of Mahi Drugs Private Limited. Visakhapatnam in 2018

and currently overseeing its operations and business plans. He is focusing on growth opportunities for the company considering the current challenges of the Ranitidine business.

Prior to SMS Pharma, he was a consultant at Deloitte focusing on strategic and operational issues at leading healthcare companies like Johnson & Johnson, Pfizer and other leading health insurance firms in the US. He also served as business analyst at Cognizant in 2005 catering to leading financial institutions.

Education:

He had an illustrious education with Post Graduation in Management focusing on strategy and marketing at Indian Institute of Management, Kozhikode (IIMK). He has an engineering degree from the Prestigious Birla Institute of Technology, Pilani (BITS, Pilani Campus). He was a state topper in intermediate education coupled with tremendous achievements in academics and extra-curricular activities throughout his schooling.

Office of profit:

He is currently drawing a monthly remuneration of Rs 6,00,000 (Rupees Six lakhs only) as Senior Vice President, which is within the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013.

The provisions of Section 188(1) of the Companies Act, 2013 read with Rule 15(3)(b) require a Company to obtain prior approval of the Audit Committee in case any related party holds an office or place of profit of the Company at a monthly remuneration exceeding Rs. 2.5 lakhs. Accordingly, Audit Committee in its meeting held on 21st August 2020 has approved and submitted its recommendation.

Considering the rich experience of Mr. Praveen, the Nomination & Remuneration Committee along with the Board recommends his appointment as WTD so that Company can benefit from his insights and global perspective in terms of Sections 197 and 198, Schedule V and any other applicable provisions of the Companies Act, 2013, at the terms and conditions as set out below:

Period of Appointment	:	Appointed for a period of 5 (five) years w.e.f., 1St September, 2020 and subject to retire by rotation.
Remuneration / Salary	:	Rs. 6,00,000/- (Rupees Six Lakhs only) per month
Perquisites & Allowances	:	In addition to the salary payable, he shall also be entitled to perquisites and allowances like house rent allowance; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, air-conditioning and repairs, all of which may be hired or owned; medical reimbursement; club fees, foreign travel and leave travel concession for himself and his family; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors; all such perquisites and allowances will be subject to overall ceilings stipulated in Sections 196 and 197 of the Companies Act, 2013.
Minimum Remuneration	:	Notwithstanding anything to the contrary herein contained, where in any year during his tenure of Directorship, the Company has no profits or its profits are inadequate, the Company shall pay minimum remuneration by way of salary, perquisites and allowances as specified above.
Commission	:	In addition to the salary, perquisites and allowances payable, He shall also be entitled to a Commission, as percentage of profits as may be decided by the Board of Directors from time to time.

Annual Bonus	:	In addition to the salary, perquisites and allowances, commission payable, He shall also be entitled for an Annual Bonus based on the performance of the Company and subject to the approval of the Board of Directors. All the payments made to him shall be within the overall ceilings stipulated in Sections 196 and 197 of the Companies Act, 2013.
Others Terms & Conditions	:	▫ He is entitled for travelling in India or aboard, boarding and lodging including attendants during business trips and provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling. ▫ Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent that these either singularly or together are not taxable under the Income Tax Act. He is also entitled for Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure. All these shall not be included in the computation of perquisites for the purpose of calculating the ceilings aforesaid. ▫ The terms and conditions of the said appointment may be altered and varied from time to time by the Board and NRC as it may, in its discretion, deem fit, as long as the remuneration payable is within the limits allowed in accordance with Schedule V to the Act or any amendments thereto made hereinafter in this regard, as may be agreed by the Board. ▫ He is entitled for one foreign travel per year during the tenure of his appointment and the cost of foreign travel shall not form part of the perquisites. ▫ If at any time Mr. Praveen ceases to be a Director of the Company for any reason whatsoever, he shall also cease to be Executive Director of the Company.

Explanation:

1. Perquisites shall be evaluated as per Income-tax Rules, wherever applicable and in the absence of any such rule, Perquisites shall be evaluated at actual cost.
2. Family mentioned above means the spouse, dependent parents and dependent children of the Executive Director as mentioned in the applicable rules or schemes.

Further, pursuant to the provisions of Sections 197 and Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013, the said terms & conditions of remuneration shall be placed for the approval of the Shareholders in the Annual General Meeting. Therefore, Board of Directors recommends the said resolution for your approval by passing a **Special Resolution**.

Information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in **Annexure I** forming part of this Report.

Except Mr. TVVSN Murthy and Mr. T.V. Praveen, No other Directors or key managerial personnel or their relatives is, in anyway, concerned or interested in the resolution set out at Item No. 4 of the accompanying Notice.

ITEM#05

The Board of Directors in its meeting held on 27th July, 2020, had re-appointed Mr. K.S.N. Sarma, Cost Accountants (Membership No. 6875 and CP No. 3748) at a remuneration of Rs. 75,000/- (Rupees Seventy Five thousand only) plus applicable taxes and out of pocket expenses for conducting audit of the cost records of the Company as applicable to the Company for the year 2020-21. As per the provisions of Section 148 of the Companies Act, 2013 and the Rules made thereunder, the remuneration to be paid to the cost auditors is subject to ratification by the members of the Company.

The Board therefore recommends the resolution under Section 148 of the Companies Act, 2013 as an **Ordinary Resolution** for your approval.

None of the Directors or key managerial personnel or their relatives is, in anyway, concerned or interested in the resolution set out at Item No. 5 of the accompanying Notice.

ITEM#06

Pursuant to the provisions of Section 188 of the Companies Act, 2013 read with rules made thereunder and in terms of applicable provisions of the Listing Regulations, consent of members by way of a **Special Resolution** is required for ratification/ approval of related party transactions entered into by the Company with related party.

Detailed description of transaction with related parties during the year ended 31st March, 2020 as per Regulation 23 of the Listing Regulations and Section 188 of the Companies Act, 2013 is provided in note no. 46 of the financial statement and also set out in form AOC -2 of this Annual Report and as per Listing Regulations, all related parties of the Company shall abstain from voting on the said resolution. The Board of Directors recommends the said resolution for your approval.

Mr. TVVSN Murthy, Mr. T.V. Praveen and Mr. P. Ramesh Babu are deemed to be concerned or interested in this resolution. None of the other Directors or key managerial personnel or their relatives is, in anyway, concerned or interested in the resolution set out at Item No. 6 of the accompanying Notice.

ITEM#07

Mr. TVVSN Murthy, aged 60 years is presently designated Managing Director of the Company. He is a Graduate in Chemistry having expertise in the field of organic chemistry and has a rich experience in pharmaceutical industry. He started his career in 1981 with Standard Organics Limited, Hyderabad, as a chemist in R&D. During this period he was instrumental in developing technologies and processes for several bulk drugs. He was actively involved in commercialization of products by scaling up the laboratory-scale process to pilot plant and up to commercial scales.

In year 1984, he joined Cheminor Drugs Limited (Group of Dr. Reddy's Laboratories Limited), Hyderabad as Production Manager. He played a major role in substantial development of production and turnover. He played a key role in getting US FDA approval for Cheminor Drugs Limited. As a production Manager, he contributed a lot in process improvement and cost reduction procedures and to increase labor productivity by motivation.

During the year 2019-20, 4 (Four) meetings of the Board of Directors were held and all the meetings were attended by Mr. Murthy. As on 31st March, 2020, he directly holds 2,93,821 (9.72%) equity shares in the Company.

Mr. Murthy is the Chairman of CSR Committee & Member of Stakeholders Relationship Committee of the Company and Director and Chairman/Member of Committees of the following other companies:

Sl. No.	Name of the Company	Designation
1.	SMS Pharmaceuticals Limited [Public Listed Company]	Director and a member in Stakeholder Relationship Committee
2.	Mahi Drugs Private Limited [Deemed Public Company*]	Director

Deemed Public Company as its is a wholly-owned subsidary of SMS Lifesciences India Limited.

Mr. TVVSN Murthy was initially appointed as Managing Director of the Company in the 11th Annual General Meeting held on 10th June, 2017 for period of 5 years w.e.f. 1st June, 2017 on a monthly remuneration of Rs. 15 lakhs, as the aforementioned remuneration exceed the limits prescribed under Schedule V of the Companies Act, 2013, Company made an application on 22nd August 2017 to Central Government to pay the following remuneration:

Period		Salary	Perquisites & Allowances	Commission / Bonus	Total
From	To				
01.06.2017	31.05.2018	2,07,00,000	6,50,000	41,55,000	2,55,05,000
01.06.2018	31.05.2019	2,25,90,000	7,00,000	43,29,000	2,76,19,000
01.06.2019	31.05.2020	2,46,69,000	7,50,000	44,49,000	2,98,68,000

Ministry of Corporate Affairs (MCA), Government of India, New Delhi approved the aforesaid remuneration for first 3 (three) years of his tenure i.e. till 31st May, 2020 vide its letter dated 1st January, 2018.

Members are informed that monthly remuneration payable to Mr. Murthy for the remaining tenure of 2 (two) years, in case of inadequacy of profit, is required to be approved pursuant to Section II of Part II of Schedule V of the Companies Act, 2013 on the exiting terms and conditions as approved in the 11th Annual General Meeting.

Further, MCA vide its notification dated 12th September, 2018 has amended the Schedule V of the Companies Act, 2013, wherein, any remuneration in excess of Item A of Section II shall be subject to passing Special Resolution by the shareholders of the Company (i.e. Central Government approval as required under erstwhile provision, has been repealed).

Existing provisions as per Schedule V:

In case of inadequate profit, maximum annual remuneration payable by the Company to any managerial person shall not exceed the following limits:

Where the effective capital is	Remuneration limits
Negative or less than 5 crores	Rs. 60 Lakhs
5 crores and above but less than 100 crores	**Rs. 84 Lakhs**
100 crores and above but less than 250 crores	Rs. 120 Lakhs
250 crores and above	Rs. 120 lakhs plus 0.01% of the effective capital in excess of Rs. 250 crores

Based on the effective capital of the Company, maximum remuneration as per the above slab that can be paid to Mr. Murthy is Rs. 84 lakhs. However, pursuant to the first proviso of the Section II of Part II of Schedule V, Company can pay remuneration in excess of the threshold limit by passing a Special Resolution in the Shareholders Meeting. Therefore, Board of Directors recommeds the said resolution for your approval by passing a **Special Resolution**.

Information as per item no. (iv) of the third proviso of Section II of Part II of Schedule V is provided in **Annexure 1A** forming part of this Report.

Except Mr. TVVSN Murthy and Mr. T.V. Praveen, No other Directors or key managerial personnel or their relatives is, in anyway, concerned or interested in the resolution set out at Item No. 7 of the accompanying Notice.

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

Sd/-
(TVVSN Murthy)
Managing Director
DIN: 00465198

Date: 21.08.2020
Place: Hyderabad

DIRECTORS REPORT

The Shareholders,
SMS LIFESCIENCES INDIA LIMITED
Hyderabad.

The Directors of your Company are pleased to present the 14th Annual Report on the business and operations of your Company and Financial Results (consolidated as well as standalone) for the year ended 31st March, 2020.

1. FINANCIAL RESULTS

As per the requirements of Section 134 of the Companies Act, 2013 read with Rule 8(5) (i) of Companies (Accounts) Rules, 2014 and pursuant to the MCA notification dated 16th February, 2015, the Company has adopted the Indian Accounting Standards ("Ind AS"). The performance of the Company for the year ended 31st March, 2020, compared to the previous year is hereunder:

(Rs. in Lakhs)

PARTICULARS	Standalone		Consolidated	
	F.Y.2019-20	FY 2018-19	F.Y.2019-20	FY 2018-19
Gross Sales	27,845.11	37,096.99	28,637.53	41,179.04
Net Sales	25,276.90	33,944.87	25,662.61	37,321.97
Other operating income	415.51	463.25	415.51	463.25
Net Revenue from operations	**25,692.42**	**34,415.16**	**26,078.12**	**37,785.22**
Other income	188.31	252.87	228.08	251.43
EBIDTA	**2567.03**	**3499.03**	**2766.67**	**3727.21**
Finance Cost	508.88	546.22	513.68	550.67
Depreciation	724.39	576.98	786.15	638.04
Profit before Tax (PBT)	**1,333.76**	**2,375.83**	**1,466.80**	**2,538.49**
Taxation	419.04	712.50	448.49	753.77
Profit after Tax (PAT)	**914.72**	**1,663.33**	**1,018.31**	**1,784.72**
EPS (Basic and Diluted) Rs.	30.26	55.02	33.68	59.03

Consolidated Financial Statements: The Consolidated Financial Statements of the Company prepared in accordance with relevant Accounting Standards issued by the Institute of Chartered Accountants of India, form part of this Annual Report. This statement has been prepared on the basis of audited financial statements received from the subsidiary company (Mahi Drugs Private Limited) as approved by its Board of Directors on 25th July, 2020.

2. OPERATIONS AND STATE OF AFFAIRS

Standalone:

During the year, producation has declined from 1,364 M.T. of API's and their intermediates in comparison with 2,040 M.T. for the previous year due to the new USFDA guidelines on Ranitidine HCL. The profit after provision for taxation of Rs. 4.19 Crores was Rs. 9.14 Crores resulting in an EPS of Rs. 30.26 for the year (Rs. 55.02).

Consolidated:

The net Income of the Company was Rs. 260.78 crores (Rs. 377.85 crores). Profit after tax decreased to Rs. 10.18 crores (Rs. 17.84 crores). As a result, EPS has also decreased by 42.94% to Rs. 33.68 for the year. The wholly owned subsidiary, Mahi Drugs Private Limited had total Income of Rs. 22.99 crores (Rs. 39.11crores).

3. COVID-19 PANDEMIC

Due to outbreak of COVID-19 globally and in India, the Company's management has made initial assessment of likely adverse impact on business and financial risks on account of COVID19.

The Company's management currently believes that the impact is likely to be short term in nature. Given the severity of impact, this financial year is likely to get affected, but also given the measures from Government and inherent resilience in Indian Economy, next year onwards it is expected to show normal growth scenarios. Accordingly, at present the management does not see any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.

Detailed Report on the impact of pandemic as per SEBI Circular No. SEBI/HO/CFD/CMDI/CIR/P /2020/84 dated May 20, 2020 have been submitted to Stock Exchanges on 27th July, 2020.

4. DIVIDEND

As per the requirements of Section 134(3)(k) of the Companies Act, 2013 and keeping in view the Company's future growth plans, your Directors have decided not to recommend dividend for the year 2019-20.

5. CHANGE IN THE NATURE OF BUSINESS

As per the requirements of Rule 8 (5) (ii) of Companies (Accounts) Rules, 2014, your Board of the Directors specify that, there is no significant change in the nature of business of the Company during the last year.

6. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Company has 1 (one) wholly-owned subsidiary i.e. Mahi Drugs Private Limited (CIN: U24233AP2012PTC084875) and no joint venture or Associate Companies as on 31st March, 2020 and Pursuant to Section 129(3) of the Act, a statement containing salient features of the Financial Statements of said subsidiary in the prescribed Form AOC-1 forms part of the Annual Report as **Annexure II.** Further, no company has ceased to be a subsidiary/ associate/ joint venture of the Company during the year under review.

Company has placed separate audited accounts of wholly-owned subsidiary on its website www.smslife.in as per provisions of Section 136 of the Companies Act, 2013 and a copy of the same will be provided to the shareholder at their request.

Policy for determining material subsidiaries in line with the Listing Regulations has no relevance as Company has only one wholly-owned subsidiary.

7. TRANSFER TO RESERVES

During the period under review, no amount is proposed to be carried to any reserve.

8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review stipulated under Regulation 34(3) of the SEBI Listing Regulations, is presented in a separate section, forming part of the Annual Report in **Annexure III.**

9. AWARDS AND RECOGNITIONS

Company has received the prestigious **"India Pharma Bulk Drugs Company of the year award"** on 5th March, 2020 at the 5th edition of India Pharma and Medical Device 2020 conference organized by FICCI in collaboration with Ministry of Chemical and fertilizers, Govt. of India.

10. LEGAL ENTITY IDENTIFICATION NUMBER [LEI]

Reserve Bank of India has issued a mandate to obtain Legal Entity Identification Number [LEI] for entities which are having total fund based and non-fund based exposure of Rs. 5 crore and above and are dealing in Over the Counter [OTC] derivatives market for Rupees Interest Rate Derivatives, foreign currency derivatives and credit derivatives in India. Accordingly, Company made an application with Legal Entity Identifier India Limited and received **"335800DGMSN4RZ5D8N90"** as LEI number from RBI.

11. SHARE CAPITAL AND CLASSIFICATION OF COMPANY

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

[as on 31st March, 2020]

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

Listing of shares: Equity shares of the Company are listed in National Stock Exchange of India (NSE) and BSE Limited (BSE) with effect from 17th August, 2017. [Listing fees has been paid for the year 2020-21 to both the Exchanges].

12. DEPOSITS

The Company has not accepted any deposits falling under the ambit of Section 73 of the Companies Act, 2013 ('Act') and the Rules framed thereunder during the year under review. Accordingly, no disclosure or reporting is required in respect of details relating to deposits.

13. CODE OF CONDUCT OF INSIDER TRADING

Company is committed to conducting its business in accordance with the applicable laws, rules and regulations and highest standards of business ethics. In recognition thereof, the Board of Directors has implemented a Code of Conduct of Insider Trading as per SEBI (Prohibition of Insider Trading) Regulations, 2015. The said code is available in the website of the Company (https://www.smslife.in/pdf/code-for-regulation-and-prohibition-of-insider-trading.pdf).

During the year under review, there has been a due compliance of the said code.

Board in its meeting dated 27th July, 2020 has authorized Mr. Trupti Ranjan Mohanty, Company Secretary of the Company to act as the Compliance Officer for setting forth the procedures and implementation of the said code.

14. CREDIT RATING

Company has appointed Care Ratings Limited (CARE) as Credit Rating Agency. CARE has assigned the following ratings to the outstanding bank facilities of the Company:

Long Term fund based limits, Term Loan -[24.50 cr.]	CARE BBB+ ; Stable [Triple B+, Outlook – Stable]
Short-term non-fund based facility, Bank Guarantee [0.32 cr.]	CARE A2 (A Two)
Long term fund based limits, Working capital (30.00 Crs)	CARE BBB+; Stable/ CARE A2[Triple B Plus; Outlook Stable/ A two]

15. DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the requirements of Rule 8(5)(iii) of Companies (Account) Rules, 2014, your Company is maintaining an optimum combination of Independent and Executive Directors in the Board, who have vast experiance in Pharma and other relevant fileds. (Details of the Board Members are provided in the Corporate Governance Report).

A. RETIREMENT BY ROTATION

Pursuant to provisions of the Companies Act, 2013, at least 2/3rd of the total number of Directors of a public company shall be liable to retirement 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 and as Mr. Ramesh Babu was appointed by rotation in the 13th AGM. Accordingly, Board has proposed Mr. Veeravenkata Satyanarayana Murthy Talluri as the Director to "Retire by rotation" in the 14th 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, there was following changes in position of Company Secretary:

RESIGNATION		APPOINTMENT	
Name	**Event date**	**Name**	**Event date**
Mr. Pavan Pise	20.01.2020	Mr. Trupti Ranjan Mohanty	14.02.2020

There was no change in composition of Board during the financial year under review.

C. EVALUATION OF THE BOARD'S PERFORMANCE

The Board of Directors has carried out on an annual evaluation of its own performance, Board committees and individual Directors pursuant to the provisions of the Companies Act.

The Board evaluated the performance of the Board/Committees after seeking inputs from all the Directors/committee members based on criteria such as the Board/committee composition and structure, effectiveness of Board/Committee processes, information and functioning, etc. In a separate meeting of Independent Directors dated 27th July, 2020 performance of non-independent Directors and the Board as a whole was evaluated.

The Board and the Nomination & Remuneration Committee reviewed the performance of the individual Independent Directors based on the following criteria:

- Attendance for the meetings, participation and independance during the meetings.
- Interaction with Management.
- Role and accountability to the Board.
- Knowledge and proficiency.

The Directors were overall satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

D. DECLARATION BY INDEPENDENT DIRECTORS

In accordance with Section 149(7) of the Companies Act, 2013, each Independent Director has confirmed to the Company that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and have enrolled in the Independent Director databank maintained by Indian Institute of Corporate Affairs (IICA) as per Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019.

The tenure of the Mr. Venkatasubbarao Potluri, Independent Directors who was appointed in the year 2016-17 for a period of 5 (five) years, will expire in near future and the re-appointment of the said Independent Director for his second tenure will be subject to the approval of the Shareholders.

E. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- in the preparation of the Financial Statements for the year ended 31st March, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies as notified and modified by ICAI and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors of the Company, have developed an effective mechanism for internal financial controls, which has been followed by the Company consistently and that such internal financial controls are adequate and were operating effectively; and
- the directors of the Company have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

F. FAMILIARISATION PROGRAMMES FOR INDEPENDENT DIRECTORS

The Company has put in place a system to familiarize its Independent Directors with the Company, their roles, rights & responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The details of such familiarization programmes are provided on the website of the Company and can be accessed at https://www.smslife.in/pdf/familiarisation-program-for-independednt-directors-policy.pdf.

16. SEXUAL HARASSMENT

The Company has constituted an Internal Complaints Committee for redressal of complaints related to sexual harassment as per Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder.

The details of sexual harassment complaints as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder are as follows:

No. of Complaints received : Nil

No. of Complaints disposed-off : Not Applicable

17. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

Pursuant to section 135 of the Companies Act, 2013, the CSR Policy was formulated by the CSR Committee and the same is placed in the website of the Company at www.smslife.in/policies.php.

The details of the CSR initiatives undertaken during the year ended 31st March, 2020 and other details required to be given under section 135 of the Companies Act, 2013 read with rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are captured in the CSR report forming part of the report as **Annexure IV.**

18. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, unacceptable and improper practices or suspected fraud. The Policy provides for adequate safeguards against victimization of Director(s)/ employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. Policy can be accessed from the website of the Company (https://www.smslife.in/pdf/whistle-blower-protection-policy-vigil-mechanism.pdf)

There were no complaints received during the year 2019-20.

CONTACT DETAILS:

Mr. P. Sarath Kumar
Chairman of Audit Committee
Email: sarat9@gmail.com

Mr. N. Rajendra Prasad
Chief Financial Officer
Email: rajendra@smslife.in

19. AUDITORS & AUDITORS' REPORT

A. STATUTORY AUDITORS:

M/s. Rambabu & Co. (firm Registration No. 002976S) were appointed as Statutory Auditors of your Company in the 11th Annual General Meeting (AGM) held on 10th June, 2017 for a term of 4 (Four) consecutive years to hold office till the conclusion of the 15th Annual General Meeting of the Company to be held in the year 2021.

Statutory Auditors have confirmed their eligibility and qualification required under section 139, 141 and other applicable provisions of the Companies Act, 2013 (including any statutory modification (s) or re-enactment(s) thereof for the time being in force) The Auditor's Report for the year ended 31st March, 2020 on the financial statements of the Company is provided along with financials statements forming part of this Report.

The Auditor's Report for the financial year ended 31st March, 2020 does not contain any qualification, reservation or adverse remarks.

B. COST AUDITOR:

The Board of Directors, on the recommendations made by the Audit Committee, has appointed Mr. KSN Sarma, Cost Accountant, Hyderabad (Registration No. 102145 and Membership no. 6875), as Cost Auditor of the Company for conducting the cost audit of the Company for the year 2020-21, at remuneration as mentioned in the Notice convening the AGM.

Remuneration payable to cost auditor must be placed before the Members at a General Meeting for ratification as required under the Companies Act read with the Companies (Cost Records and Audit) Rules, 2014. Hence, a resolution for the same forms part of the Notice of the ensuing AGM.

The Cost Auditor shall submit the report to the Company for the year 2019-20 as specified under Section 148 (5) and the same shall be reported to the Central Government by the Company pursuant to Section 148(6) of the Companies Act.

C. SECRETARIAL AUDITOR:

The Board of Directors of the Company has appointed M/s SVVS & Associates Company Secretaries LLP, Practicing Company Secretary, to conduct Secretarial Audit of the Company for the year 2019-20 in compliance with the provisions of Section 204 of the Companies Act, 2013. The Company has received consent from M/s SVVS & Associates, Company Secretaries LLP to act as the auditor for conducting audit of the secretarial records for the year ending 31st March, 2021.

The Secretarial Audit Report for the year ended 31st March, 2020 is provided in the **Annexure V** to this report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

- **Annual Secretarial Compliance report:**

  Company has obtained Annual Secretarial Compliance Report from Mr. C. Sudhir Babu, Practicing Company Secretary (Proprietor, CSB Associates) forms part of this Report as **Annexure VI** and the same was also submitted to the Stock Exchange(s).

- **Secretarial Audit Report of material subsidiary:**

  Mahi Drugs Private Limited (material unlisted subsidiary) has appointed M/s SVVS & Associates Company Secretaries LLP, Practicing Company Secretary, to conduct Secretarial Audit for the year 2019-20. Secretarial Auditor Report pursuant to Regulation 24A is provided as part of this report as **Annexure VII**.

  The aforesaid Reports do not contain any qualificatios, reservations or adverse remarks.

- **Certificate of non-disqualification of Director:**

  The Company has obtained a certificate which forms part of this Report as **Annexure VIII** from Mr. C. Sudhir Babu, Practicing Company Secretary (Proprietor, CSB Associates) confirming that none of the Directors of the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

D. INTERNAL AUDITOR:

In accordance with the provisions of Section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, on recommendation of Audit Committee, M/s Adusumilli & Associates, Chartered Accountants were appointed as the Internal Auditor of the Company.

The Internal Auditors submits 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.

20. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Company has not made any investment, extended loans and guarantee covered under the provisions of Section 186 of the Companies Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 during the year under review.

21. PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in separate annexure forming part of this report as **Annexure IX**.

No employee was in receipt of remuneration exceeding Rs. 1,02,00,000/- or more per annum or Rs. 8,50,000/- or more per month as per the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and hence the disclosure as required under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not required.

22. NUMBER OF BOARD MEETING AND ATTENDANCE

As per the requirements of Section 134 (3) (b) of the Companies Act, 2013, we want to inform you that, the Board of Directors met 4 [four] times during this financial year.

Sl No.	Date & time	No. of Directors present
1.	29th May, 2019 [02.00 pm]	06
2.	12th August, 2019 [05.00 pm]	05
3.	14th November, 2019 [12.00 noon]	05
4.	14th February, 2020 [12.15 pm]	06

The Maximum interval between 2 [two] meetings did not exceed 120 days, as prescribed under Companies Act, 2013.

- Mr. P S Rao and Mrs. T Neelaveni were granted leave of absence on 12th August, 2019 and 14th November, 2019 respectively.

Sub-committees: Details of various committees constituted by the Board of Directors as per the provisions of the Act and SEBI Listing Regulations are given in the Corporate Governance Report which forms part of this report.

23. INTERNAL AND FINANCIAL CONTROL SYSTEMS

The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. The scope of the Internal Audit is decided by the Audit Committee and the Board. To maintain objectivity and independence, the Board has appointed an Internal Auditor, which reports to the Audit Committee of the Board on a periodic basis.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies for various functions of the Company. Audit observations and actions taken thereof are presented to the Audit Committee of the Board periodically.

24. HUMAN RESOURCE/INDUSTRIAL RELATIONS

The Human Resources Department continued to maintain cordial working relations across the spectrum of employees in the Company as 'Human Resources' are recognized as a key pillar of any successful organization and so is for SMS Lifesciences.

The Company puts constant efforts in recruiting and training the employees and ensures to bring out the best out of them. The Company adopts a HR policy and ensures that all the employees are aware of personnel policies. The needs of the employees are addressed with utmost importance and efforts are made to provide a highly challenging and healthy environment. Besides all these, the Company places highest emphasis on professional etiquette required of every employee.

25. POLICIES OF THE COMPANY

The SEBI Listing Regulations mandated the formulation of certain policies for all listed companies. All our Corporate Governance Policies are available on the Company's website, (www.smslife.in/policies.php)

Key policies that have been adopted by the Company are as follows:

- Code of Business Conduct & Ethics for Other Stake Holders
- Code of Regulation & Prohibition of Insider Trading
- Code of Conduct for Board & Senior Management
- Criteria for making payment for non-executive Directors
- Corporate Social Responsibility Policy
- Document preservation policy
- Policy for evaluation performance of the Board
- Familiarization program of Independent Director
- Policy for related party transaction
- Policy for disclosure of material information
- Policy for sexual harassment
- Staff advances policy
- Whistle blower policy
- Policy for determination of legitimate purpose
- Working policy during Covid19

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 the Companies Act, 2013 read with rules made there under.

Policy on Related Party Transactions is uploaded on the Company's website (www.smslife.in/pdf/policy-for-related-party-transactions.pdf) and the 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 X.**

During the year, Company has not entered into contract/ arrangement/ transactions with Related Parties, which can be considered as material in nature. All related party transactions are placed before the Audit Committee for approval. Prior approval of the Audit Committee is obtained for the transactions, which are repetitive in nature. A statement of all Related Party Transactions is placed before the Audit committee for its review on quarterly basis.

Your Directors draw attention of the members to Notes No. 46 to the standalone financial statement, which sets out related party disclosures.

27. MD AND CFO – COMPLIANCE CERTIFICATION

A 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 Listing Regulations is enclosed as **Annexure XI** to this report.

28. REPORT ON CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under provisions of Regulation 34 of the SEBI Listing Regulations is separately given and forms part of this Annual Report as **Annexure XII**.

M/s. Rambabu & Co., Statutory Auditors have certified the Company's compliance with the requirements of Corporate Governance in terms of Regulation 34 of the Listing Regulations and the Compliance Certificate is annexed to the Corporate Governance Report as **Annexure XIIA.**

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

Conservation of Energy:

During the year under review, the Company ensures optimized and efficient consumption of energy in the office and factories of the Company, with the implementation of its digital initiatives the Company has also substantially reduced its paper consumption. However, constant endeavors are made to check power consumption and to optimize the use of energy by using energy-efficient equipment's.

Technology Absorption:

No technology absorption is involved.

Foreign Exchange Earnings and Outgo:

Particulars	2020	2019
Earnings		
FOB Value of Exports	8682.43	16354.54
Outgo		
Sales Commission	69.22	208.07
Travelling Expenses	0.24	0.55
CIF Value of Imports	4831.64	9875.97

30. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Year 2019-20 to which the Financial Statements relate and the date of the Directors' Report (i.e., from 1st April, 2020 upto 27th July, 2020).

However, World Health Organization (WHO) has declared COVID-19 outbreak as a pandemic on 11th March, 2020. Consequently, the Indian Government has taken several measures including imposing of multiple lockdowns w.e.f. 22nd March, 2020 which was extended in a phased manner till 31st May, 2020. All businesses and services except essential services have been closed during the period of lockdown, in order to mitigate the economic and social hardship, the lockdown has been partially lifted in the month of May and June, 2020.

Company being in essential services category did not face any major difficulty other than some logistics issues. A detailed report on the impact of the pandemic on the operations of the Company is submitted with the Stock Exchanges(s) as on 27th July, 2020 and placed on the website of the Company.

(www.smslife.in/pdf/Outcome%20of%20Board%20meeting%20held%20on%2027.07.2020.pdf).

31. GENERAL DISCLOSURE

Your Directors states that the following disclosure or reporting:

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

b) No fraud has been reported by the Auditors to the Audit Committee or to the Board.

c) Company has complied with the requirements of the Secretarial Standards issued by Institute of Company Secretaries of India.

d) There are no instances where the Board has not accepted the recommendations of Audit Committee.

e) Cost records are mentioned as per the requirements of Section 148 of the Act.

f) The extract of the Annual Return [form no. MGT -9] forms part to the Board Report as **Annexure XIII** and the web link for this purpose is www.smslife.in.

32. APPRECIATION

Your Directors take this opportunity to express their sincere appreciation and to thank the Customers, Shareholders, vendors, bankers, business associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company. The Board of Directors also wish to place on record its deep sense of appreciation for the dedicated and committed services by the Company's executives, staff and workers.

Your Company has been able to operate adequately because of the culture of professionalism, creativity, integrity and continuous improvement in all functions and areas as well as the efficient utilization of the Company's resources for sustainable and profitable growth.

Your Directors place on record their appreciation of the invaluable contribution made by the Company's employees, which made it possible for the Company to achieve these results. They would also like to take this opportunity to thank customers, dealers, suppliers, bankers, financial institutions, business associates and valued shareholders for their continued support and encouragement.

By Order of the Board
For SMS Lifesciences India Limited

	(Ramesh Babu Potluri)	**(TVVSN Murthy)**
Date: 27.07.2020	Non-Executive Director	Managing Director
Place: Hyderabad	DIN: 00166381	DIN: 00465198

Annexure I

DETAILS OF DIRECTORS SEEKING APPOINTMENT / 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. TVVSN Murthy	Mr. T. V. Praveen
Director Identification Number (DIN)	00465198	08772030
Date of Birth	10th February, 1960 [60 years]	6th September, 1983 [37 years]
Date of first appointment on Board	1st April, 2016	21st August, 2020
Qualification	Graduate in Chemistry	• Post graduate in management from Indian Institute of Management (IIM), Kozhikode • Engineering degree from BITS, Pilani.
Experience	40 years expertise in the field of Organic Chemistry and has a rich experience in API's and pharmaceutical industry.	Previous associations: SMS Pharma - Vice President Marketing (9 years), Deloitte - Healthcare Consultant , Cognizant - Business analyst. He is currently associated with the Company as senior vice president and overseeing the overall operations.
Names of listed entities in which the person also holds the Directorship and the membership of Committees of the Board	SMS Pharmaceutical Limited [Non-Executive Director] Membership in Committees: • Stakeholders Relationship • Nomination & Remuneration	Nil
Relationship between Directors Inter-se	Father of Mr. T.V. Praveen	Son of Mr. TVVSN Murthy
Shareholding	436011	46262

Notes:

1. The Directorships, Committee memberships and Chairmanships do not include unlisted Companies and Private Companies, position as an advisory Board Member and position in Companies incorporated under Section 8 of Companies Act, 2013.
2. Information pertaining to the remuneration paid to the directors who are being appointed / re-appointed and the number of Board Meetings attended by them during the year 2019-20 has been provided in the Corporate Governance Report forming part of the Annual Report.

By Order of the Board
For SMS Lifesciences India Limited

	(Ramesh Babu Potluri)	**(TVVSN Murthy)**
Date: 27.07.2020	Non-Executive Director	Managing Director
Place: Hyderabad	DIN: 00166381	DIN: 00465198

Annexure IA

STATEMENT AS PER ITEM (IV) OF THIRD PROVISO OF SECTION II OF PART II SCHEDULE V TO THE COMPANIES ACT, 2013 FOR APPROVING THE REMUNERATION PAYABLE TO MR. TVVSN MURTHY:

I. General Information

Nature of Industry	The Company is engaged in the business of manufacturing, buying, selling, offering consultancy, importing and exporting, acting as commission agents and generally dealing with of all types of Organic & Inorganic Chemicals, Pharmaceuticals, Active Pharmaceutical Ingredients (API) and Intermediates.
Date of commencement of Commercial production.	The Company has commenced its commercial activities post demerger under the name of "SMS Lifesciences India Limited". However the Company has already been in the operation since 1990 in the name of "SMS Pharmaceuticals Limited".
In case of new companies, expected date of commencement of activities	Not applicable since the Company is an existing Company
Financial performance based on given indicators (standalone) in Crores.	

Year	Turnover	PBT	PAT	EPS
2019-20	256.92	13.33	9.14	30.26
2018-19	344.15	23.75	16.63	55.02
2017-18	217.48	6.39	6.50	21.50

Foreign investments Or collaborators, if any.	Pursuant to the Scheme of Arrangement, the Company has allotted 60248 shares to the Foreign Portfolio Investors and NRIs.

II. Information about the Managerial person:

Background details of Mr. TVVSN Murthy	**Name: Veera Venkata Satyanarayana Murthy Talluri** Age: 60 years He is a Graduate in Chemistry and has a rich experience in API's and Pharmaceutical industry. He started his career in 1981 with Standard Organics Limited, Hyderabad, as a chemist in R&D. During this period he was instrumental in developing technologies and processes for several bulk drugs. He was actively involved in commercialization of products by scaling up the laboratory scale process to pilot plant and up to commercial scale.

	In 1984, he joined Cheminor Drugs Limited (Group of Dr. Reddy's Limited Laboratory), Hyderabad as Production Manager. He played a major role in substantial development of production and turnover. He played a key role in getting US FDA approval for Cheminor Drugs Limited. As a production Manager, he contributed a lot in process improvement and cost reduction procedures and to increase labor productivity by motivation.He has co-promoted SMS Pharmaceuticals in 1990. He played a vital role in developing the production and R& D activities of SMS Pharma_ He also played a major part in reducing the Ranitidine production Process from 7 stages to 4 stages. In his Capacity as Vice Chairman and Joint Managing Director of SMS Pharmaceuticals Limited, he has taken leadership in projects and EHS, energy saving initiatives. As part of Demerger plan, he was assigned responsibility of overseeing SMS Lifesciences. He has a vast experience in pharmaceuticals industry. He has been associated with SMS Lifesciences India Limited since 2016. He always strives towards the product development and growth of the organization.
Past remuneration	For the year 2019-20, Mr. TVVSN Murthy has drawn total remuneration of Rs. 241.25 lakhs.
Recognition or awards	He has been actively involved in the SMS group and has played a key role in the growth of the Company since last 3 decades. Mr. Murthy's dedication for the long-term & sustainable growth of the Company has been well recognized in the company and he guided SMS Pharma to become one of the leading manufacturer in Pharma Sector and also getting the "Best API Manufacturing Company" and "Best API Exports Company" from the Government of India. The company has also received Green Chemistry award from American Chemical Society for path breaking mercaptan handling in ranitidine under his leadership.
Job profile and his suitability	He was a Joint Managing Director in SMS Pharmaceuticals Limited prior to the demerger of the Company and has varied experience in the Pharma Industry.

Remuneration proposed	As given under the Explanatory statement.
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The remuneration of Mr. Murthy is in tune with the remuneration in similar sized industries in same segment of business. The proposed remuneration compares favorably with that being offered to similarly qualified and experienced persons from the industry and the professionals with an entrepreneurial background. The remuneration being proposed is considered to be appropriate, having regard to factors such as past experience, position held, his contribution as Managing Director to the growth of the Company, its business and its profitability, age and merits.
Pecuniary Relationship directly or indirectly with the Company, or Relationship with Managerial Personnel, if any:	Other than the remuneration stated above, Mr. Murthy has no other pecuniary relationship, either directly or indirectly, with the Company, except that he is a Promoter of the Company holding along with his relatives, 28.27% of the Paid-up Equity Share Capital of the Company, as on 31st March, 2020.

III. Other Information's:

Reasons for loss or inadequate profits	The Company has not incurred loss in the preceding Financial Year 2019-20. However, the ever changing domestic and international market conditions, loss or inadequacy of profit cannot be ruled out. Hence, approval of the Shareholders by Special Resolution is being sought to pay minimum remuneration to Mr. Murthy during his remaining tenure of 2 (two) years as Managing Director. With the expansion of manufacturing capacity of certain existing products and introduction of certain new products as planned by the Company, it is likely to increase the productivity and consequent increase in profits. The Company is able to provide its customers value addition due to its strong Research & Development (R&D) capabilities. The Company has made substantial investment to bring Environment, Health, Safety (EHS) standard to international levels. The Company is therefore optimistic of making substantial strides in developing this business segment and developing new products.
Steps taken or proposed to be taken for improvement	
Expected increase in productivity and profits in measurable terms	

IV. Disclosures:

Remuneration package of the managerial persons is fully described in the Explanatory Statement and the requisite details of remuneration etc., of Directors are included in the "Extract of Annual return (MGT 9)" forming part of this Annual Report.

By Order of the Board
For SMS Lifesciences India Limited

	(**Ramesh Babu Potluri**)	**(TVVSN Murthy)**
Date: 27.07.2020	Non-Executive Director	Managing Director
Place: Hyderabad	DIN: 00166381	DIN: 00465198

Annexure II

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	31-03-2020
Reporting currency and Exchange rate of subsidiaries if any	INR (In lakhs)
Share Capital	471.51
Other Equity	684.10
Total assets	3,690.68
Total Liabilities (Excl. Share Capital, Reserves & Surplus)	2,535.06
Investments	-
Total Revenue	**2,299.30**
Profit before taxation	158.41
Provision for taxation	29.45
Profit after taxation	**128.96**
Proposed Dividend	-
% of shareholding	100%

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

By Order of the Board
For SMS Lifesciences India Limited

	(**Ramesh Babu Potluri**)	**(TVVSN Murthy)**
Date: 27.07.2020	Non-Executive Director	Managing Director
Place: Hyderabad	DIN: 00166381	DIN: 00465198

Annexure III

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW AND OUTLOOK

In the current scenario, the global economic environment is highly unpredictable as the duration and the impact of unprecedented pandemic is difficult to ascertain. International Monetary Fund (IMF) has projected that the global economy shall contract by 3% in the year 2019-20, much worse than during the year 2008–09 financial crises; in a baseline scenario, assuming that the pandemic fades in the second half of the year, the projected global economy is to grow by 5.8% in 2021 as economic activity normalizes, being coupled with some effective policy support; needless to mention that effective policy is essential to forestall the possibility of future outcomes.

Central Statistical Organization (CSO) in February, 2020, had estimated that Indian Gross Domestic Product (GDP) will grow at 5% for the year 2019-20 which was itself at multi-year low. However, with the rapid outbreak of pandemic in March 2020 in India, there was a sharp decline in demand and supply across sectors globally and India was no exception. This lowered the fourth quarter GDP to 3.2%, thereby lowering the estimate to 4.2% for the year 2019-20.

Your Company commences this year with a high degree of uncertainty with respect to economic situations, both globally as well as in India. Various domestic and global agencies are expecting India's GDP to contract in the fiscal year 2020-21, as the extended lockdown has severely impacted the economic activity in the country. However, sectors like pharmaceuticals, agriculture and other essential services are more resilient and are expected to be less adversely impacted. Further, Indian Government has also announced a fiscal stimulus of around Rs. 20,00,000 lakhs crores (nearly 10% of GDP) and has also launched a Production Linked Incentive (PLI) Scheme for promoting indigenous manufacturing of key Starting Materials (KSMs)/ Drug Intermediates(DIs) and Active Pharmaceutical Ingredients (APIs) In India.

This provides much needed near-term relief and we expect the Government to announce additional measures to support growth of the Industry and Economy to revive in the fiscal year.

OVERVIEW OF PHARMACEUTICAL SECTOR

The pharmaceutical industry is one of the world's fastest growing industries and among the biggest contributors to the world economy. It plays a unique role in improving the lives of patients. Its role has become far more critical amidst the fight against COVID -19 pandemic.

INDIAN PHARMACEUTICAL INDUSTRY

Indian pharmaceutical sector is regarded as the **"Pharmacy to the world"** as it supplies over 62% of global demand for various vaccines, 33% of generic demand in the US and 25% of all medicine in the UK.

The pharmaceutical sector in India was valued at Rs. 3,09,379 Crores in 2019-20. India's domestic pharmaceutical market turnover reached Rs. 1,58,227 Crores in 2019-20, growing at 7.5% year-on-year from Rs. 1,47,204 Crores in 2018-19.

The data published by Pharmexcil shows that in the mid of 2019, Indian pharmaceutical market grew by 20% a year-to-year basis, but saw a decline of 23% in the month of March 2020, due to the ongoing pandemic.

Indian drugs are exported to more than 200 countries in the world, with the US as the key market. In the year 2019-20, 34% of the Pharmaceuticals export to the US was Bulk drugs, intermediates, drug formulations and including others. Indian API industry is ranked third largest in the world contributing 57% of APIs prequalified list of the WHO.

The Indian Government along with the local State Government of Telangana has taken many steps to reduce costs and bring down healthcare expenses in order to cater the scarcity of critical API's & High-end Medical devices indigenously.

In addition, Hyderabad being considered as the pharmaceutical manufacturing hub of the country and contributes up to 30-40% of the domestic pharma production. Pharmaceutical export also has a majority share in the total merchandise export from the city. During 2019-20, pharmaceutical products export from the city approximately stood at Rs. 25,639 Crores.

OPPORTUNITIES, THREATS AND OUTLOOK

Your Company will be able to place itself in a strong position by expanding strategically, increasing its

manufacturing capacities and enhancing capacities across the organization. We are looking at different opportunities in untapped markets and also across a value chain.

We are planning to set up alliances with business associates in the global market, in order to boost the selective existing products like Famotidine, New APIs/ intermediates, Contract manufacturing and manufacturing collaborations.

We are fully conscious of our responsibility toward our customers and our efforts are directed toward the fulfillment of customer satisfaction through the quality of products. As the consolidation of this industry gains momentum along with need for reliable API / intermediate manufacturers as alternative to Chinese manufacturing, the company is focused on sustainable processes with impetus on EHS, quality and regulatory requirements

The company is focused on efficiency through new technology and cost improvement initiatives to create value for stakeholders and we will continue to focus on training and motivation of manpower so as to develop teams of qualified and skilled personnel to effectively discharge their responsibilities in a number of projects and activities.

RANITIDINE UPDATE:

After the USFDA statement to recall and review the said molecule, various Regulatory Authorities globally are still reviewing the information and few have halted the procurement; customers in some countries are taking trials with improved processes and will decide further course of action.

We are currently providing the molecule within prescribed NDMA impurity Limits at release and are constantly working on quality improvement. Even though some production and supply is going on but there will be reduction in sales contribution of Ranitidine in the year 2020-21. As the said molecule is a high volume - low margin business, we do not foresee any significant impact on the profitability and we are confident of maintaining a sustainable revenue stream.

Risks & Concerns

As we are still in the middle of the pandemic, there is high level of uncertainty about the time required for things to get normal and the extent to which pandemic will impact the operations and financial results is dependent on the future developments, which are highly uncertain. These along with few other issues as mentioned below are some of the major risks in the immediate future and its long term impact needs to be assessed.

- Depreciated rupee has increased the price of imported products.
- Impact of changes in regulatory guidelines related to Ranitidine HCL product
- Raw material Import from China has been impacted due to the logistics restrictions.
- Delay in receiving clearances of competent authorities could impact the execution of the projects and could have negative influence on the production.

Mandatory Risk Management Committee is not applicable to the Company pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; however, your Company has been proactive in terms of mitigating all operational risks in an organized manner.

Financial performance with respect to Operational Performance

The revenue from operations for the year ended 31st March, 2020 amounted to Rs. 256.95 Crores as against Rs. 344.15 Crores for the previous year. Thus the income from operations of the Company has decreased by about 25.34% as compared to last year's revenue from operations, mostly due to the NDMA impurity Ranitidine guidelines issued by USFDA.

(Detailed report on financials form part of the Directors' Report)

Human Resources

Your Company's Human Resource policy aims to make SMS Group a preferred place to work. This is being achieved through various initiatives including skill development, personality enhancement and employee engagement through internal communications to foster happiness at work.

The Company acknowledges the indispensable role of all employees in driving continued success. Talent management at the Company means, having the most skilled and energetic partners delivering their best in their current roles while getting ready for higher responsibilities.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS AND NET-WORTH

Particulars	As at 31st March, 2020	As at 31st March, 2019	% Change	Reasons
Debtors Turnover Ratio	**12.64**	10.14	24.65	-
Days	**28.47**	35.49	19.78	
Inventory Turnover Ratio	**3.75**	7.29	48.56	Better utilization of inventory has resulted in the ratio to improve.
(Days)	**96.08**	49.57	94.61	
Interest Coverage Ratio	**3.62**	5.35	32.34	Profit has declined as the turnover has reduced, ultimately Interest coverage ratio has declined.
Current Ratio	**1.27**	1.20	5.83	-
Debt Equity Ratio	**0.32**	0.36	11.11	-
Operating Profit Margin	**9.92%**	10.69%	1.68	Profit has declined as the turnover has reduced, ultimately Return on Net worth has also declined.
Net Profit Margin	**3.53%**	4.80%	24.48	
Return on Net worth	**8.08%**	15.84%	48.99	

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The Company has a strong and adequate internal control system suitable to its size and nature of business. We constantly upgrade our systems for incremental improvements. The Audit Committee of the Board regularly reviews our system. The systems ensure protection of assets and proper recording of transactions.

Internal audit is carried out by an independent chartered accountants' firm i.e. M/s Adusumilli and Associates on quarterly basis. Internal Auditors' reports are regularly placed before by the Audit Committee at its Meetings. It is a regular practice to review the issues raised by Internal Auditors and Statutory Auditors by the Audit Committee.

RESEARCH & DEVELOPMENT

Company has an existing Research & Development Laboratory of API's / intermediates / pharmaceuticals situated at Sanath Nagar, Hyderabad. Lab is well equipped with the latest and sophisticated equipment and machineries. The center is focused on technology transfer activities for API /intermediates and collaborations with customers globally

CAUTIONARY STATEMENT

Certain statements in this Management Discussion and Analysis report may be forward looking within the meaning of applicable securities law and regulations and actual results may differ materially from those expressed or implied. Factors that would make differences to Company's operations include competition, price realization, forex market, changes in government policies and regulations, tax regimes, economic development within India and the countries in which the Company conducts business and other incidental factors.

By Order of the Board
For SMS Lifesciences India Limited

	(Ramesh Babu Potluri)	**(TVVSN Murthy)**
Date: 27.07.2020	Non-Executive Director	Managing Director
Place: Hyderabad	DIN: 00166381	DIN: 00465198

Annexure IV

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1	A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or Programmes	Company has always believed in creating societal value by providing affordable products and services which have assisted in the growth of relevant industries. Across all its areas of operations, there are inherent linkages and interconnections with the immediate and long term societal impact. Accordingly, The Board has approved the CSR Policy of the Company; the same can be accessed from the website of the Company. Web-link: https://www.smslife.in/pdf/corporate-social-responsibility-policy.pdf
2	The Composition of the CSR Committee	1. Mr. TVVSN Murthy (Chairman) 2. Mr. P Ramesh Babu (Member) 3. Mr. P.S. Rao (Member)
3	Average net profit of the Company for last three financial years	Rs. 16.13 Crores
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Rs. 32.26 lakhs
5	Details of CSR spent for the financial year	
	a) Total amount to be spent for the financial year	Rs. 32.26 lakhs
	b) Amount unspent, if any	Rs. 23.42 lakhs

c) Manner in which the amount spent during the financial year is detailed below

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl no	**CSR Project or activity identified**	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs sub-heads: (1) Direct Expenditure on projects or programs (2) over -heads**	**Cumulative expenditure upto the reporting period**	**Amount spent Direct or through implementing agency***
i.	Construction of Anganwadi School building.	Promoting education	Kazipally. Hyderabad	2 lakh	2 lakh	2 lakh	Directly
ii.	Renovation of TNSZP High School,		Elamanchili Village, East Godavari	3.55 lakh	3 lakh	3 lakh	Directly
iii.	Construction of public toilets	Promoting Sanitation & Health-care	Elamanchili Village, East Godavari	1.70 lakhs	1.70 lakhs	1.70 lakhs	Directly
iv.	Repair of e-cart waste collecting vehicle.			1.30 lakhs	1.30 lakhs	1.30 lakhs	Directly
v.	Distribution of Dustbins.			0.84 lakhs	0.84 lakhs	0.84 lakhs	Directly

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

6	In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's Report	The Company has instated the procedure of laying concrete on the Road at Kazipally and construction of various sanitary facilities.
7	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company	The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

By Order of the Board
For SMS Lifesciences India Limited

(Ramesh Babu Potluri)
Non-Executive Director
DIN: 00166381

(TVVSN Murthy)
Managing Director and
Chairman of CSR Committee
DIN: 00465198

Date: 27.07.2020
Place: Hyderabad

Annexure V

Form No. MR-3
SECRETARIAL AUDIT REPORT

for the Financial Year ended 31st March, 2020
[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To the Members,
SMS Lifesciences India Limited,
Hyderabad.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March , 2020 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, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made hereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(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 **(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 client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(not Applicable to the Company during the Audit Period)**; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(not Applicable to the Company during the Audit Period)**;

(i) 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 Listing Agreements entered by the Company with BSE Limited and National Stock Exchange of India Limited.

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.

As per the minutes of the Meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that based on the review of the Compliance Reports / Certificates which were taken on record by the Directors, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

For SVVS & Associates
Company Secretaries LLP

Place: Hyderabad
Date: 27-07-2020

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

UDIN: F002724B000511606

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

ANNEXURE

The Members,
SMS Lifesciences India Limited,
Hyderabad.

(1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

(2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

(3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

(4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

(5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on random test basis.

(6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For SVVS & Associates
Company Secretaries LLP

Place: Hyderabad
Date: 27-07-2020

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

UDIN: F002724B000511606

Annexure VI

SECRETARIAL COMPLIANCE REPORT FOR THE YEAR ENDED MARCH 31, 2020

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

We, CSB Associates, Company Secretaries, have examined:

a) all the documents and records made available to us and explanation provided by 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,

d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended March 31, 2020 ("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) Regulations, 2014; (there were no events requiring compliance during the Review Period)

f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (there were no events requiring compliance during the Review Period)

g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (there were no events requiring compliance during the Review Period)

h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

i) Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018;

and circulars/ guidelines issued thereunder;

a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.

b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.

c) There were no actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.

d) The reporting of actions by the listed entity to comply with the observations made in previous reports is not applicable during the Review Period.

For CSB Associates,
Company Secretaries,

C. Sudhir Babu,
Proprietor,
FCS: 2724, CP: 7666.
UDIN: F002724B000500947

Place: Hyderabad
Date: 24th July, 2020

Annexure VII

Form No. MR-3

SECRETARIAL AUDIT REPORT

for the Financial Year ended 31st March, 2020
[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** ("the Company")**, a wholly owned Sudsidiary of M/s. SMS Lifesciences India Limited**. 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 , 2020 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, 2020 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(**Not Applicable to the Company)**;

(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 n**ot Applicable to the Company** except 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:

There were no changes in the composition of the Board of Directors during the period under review.

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.

As per the minutes of the Meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that based on the review of the Compliance Reports / Certificates which were taken on record by the Directors, 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, etc.

a. The Company has become a wholly owned subsidiary of the M/s SMS Lifesciences India Limited with effect from 17th September, 2018.

b. The Company has become a material unlisted subsidiary during the Financial Year 2019-20 as per the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For SVVS & Associates
Company Secretaries LLP

Place: Hyderabad
Date: 25-07-2020

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

UDIN: F002724B000505171

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,
Vijayawada.

(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: 25-07-2020

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

UDIN: F002724B000505171

Annexure- VIII

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 Securities Exchange Board of India (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 Financial Year ended on 31st March, 2020, have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	T. V. V. S. N. Murthy	00465198	01-04-2016
2.	Ramesh Babu Potluri	00166381	01-04-2016
3.	Dr. Neelaveni Thummala	00065571	25-05-2017
4.	Sarath Kumar Pakalapati	01456746	25-05-2017
5.	Potluri Venkata Subba Rao	00099066	01-04-2016
6.	Shravan Kudaravalli	06905851	28-05-2018

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.

Signature:
Name: **C. Sudhir Babu,**
Membership No.: 2724, C.P. No.: 7666
UDIN: F002724B000511496.

Place: Hyderabad
Date : 27-07-2020

Annexure IX

DISCLOSURE OF 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 Financial Year 2019-20, the percentage increase in remuneration of Managing Director, Chief Financial Officer and Company Secretary.

Sl No.	Name of Director / KMP	Designation	Remuneration			Ratio
			FY 2018-19	FY 2019-20	Change %	
1.	Mr. TVVSN Murthy	Managing Director	272.02	241.25	(10.31)	73:1
2.	Mr. P. Ramesh Babu	Non-Executive Director	-	-	-	-
3.	Mr. P. Sarath Kumar	Non-Executive & Independent Director	-	-	-	-
4.	Mrs. T Neelaveni	Non-Executive & Independent Director	-	-	-	-
5.	Mr. P S Rao	Non-Executive & Independent Director	-	-	-	-
6.	Mr. Shravan Kudaravalli	Non-Executive & Independent Director	-	-	-	-
7.	Mr. N Rajendra Prasad	Chief Financial Officer	16.86	16.42	(2.61)	NA
8.	Mr. Pavan Pise# Mr. Trupti Ranjan*	Company Secretary	5.43	5.56	2.39	NA

#Resigned on 20th January, 2020 | *Appointed on 14th February, 2020

Note:

- The Non- Executive 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 is therefore not provided.
- Aforesaid remuneration is paid as per the remuneration policy of the Company.

ii. The %increase in the median remuneration of Employees for the financial year was 13.51%.

iii. The Company has 422 permanent Employees on the rolls of Company as on 31st March, 2020.

iv. Average percentage increase made in the salaries of Employees other than the managerial personnel in the year was 8.61% whereas the increase (decrease) in the managerial remuneration was approximately (10.31%).

By Order of the Board
For SMS Lifesciences India Limited

	(Ramesh Babu Potluri)	**(TVVSN Murthy)**
Date: 27.07.2020	Non-Executive Director	Managing Director
Place: Hyderabad	DIN: 00166381	DIN: 00465198

Annexure X

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, 2020.

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

SL. No.	Particulars	Details	Details	Details
a)	Name (s) of the related party	Mr. T.V. Praveen (VP - Marketing)	Ms. Sudeepthi Gopineedi (GM-Quality)	TVVSN Murthy,
b)	Nature of relationship	Son of Mr. TVVSN Murthy, Managing Director	Daughter of Mr. TVVSN Murthy, Managing Director	Managing Director
c)	Nature of contracts/ arrangements/transaction	Remuneration payable to related party under office of place of profit in the Company	Remuneration payable to related party under office of place of profit in the Company	Interest paid on unsecured loan
d)	Duration of the contracts/ arrangements/transaction	Appointed w.e.f. 01st June, 2017	Appointed w.e.f. 01st April, 2018	In compliance with term lending institution
e)	Salient terms of the contracts or arrangements or transaction including the value, if any	Appointed as Vice President (Marketing) of the Company at annual Remuneration of Rs. 72 lakhs.	Appointed as General manager (Quality) of the Company at an annual Remuneration of Rs. 17.49 lakhs.	Total amount credited Rs.42.32 Lakhs on loan amount of Rs.510.35 lakhs.
f)	Date of approval by the Board	25th May, 2017	28th May, 2018	5th February 2018.
g)	Amount paid as advances, if any	NIL	NA	NA

SL. No.	Particulars	Details	Details	Details	Details
a)	Name (s) of the related party	RChem (Somanahalli) Private Limited	SMS Pharmaceuticals Limited	VKT Pharma Private Limited	Mahi Drugs Private Limited
b)	Nature of relationship	Enterprise over which the KMP or his relatives has significant influence.			Wholly owned Subsidiary
c)	Nature of contracts/ arrangements/ transaction	Contracts Made: Job Work assignment: - For conversion process for an intermediate of API on Job work basis. Sale & purchase of material in Ordinary Course of Business.	Sale & purchase of material in Ordinary Course of Business.	Sale of material in Ordinary Course of Business	Sale & purchase of material in Ordinary Course of Business
d)	Duration of the contracts/ arrangements/ transaction	a) Job Works-As per Contract b) Sales & purchase- Transactions done within FY 2019-20.	Transactions done within FY 2019-20	Transactions done within FY 2019-20	Transactions done within FY 2019-20.
e)	Salient terms of the contracts or arrangements or transaction including the value, if any	**Conversion charges**: Rs. 816.62 lakhs **Sales:** Rs. 424.58 Lakhs. **Purchases:** Rs. 40.76 Lakhs.	**Sales:** Rs. 1234.72 Lakhs **Purchase:** Rs. 51.65 Lakhs	**Sales:** Rs. 1.41 Lakhs	**Sales:** Rs. 621.85 Lakhs **Purchase:** Rs. 1589.26 Lakhs
f)	Justification for entering into such contracts or arrangements or transactions'	Transactions are made at prevailing market rate in the ordinary course of business.			
g)	Date of approval by the Board	29th May, 2019	29th May, 2019	29th May, 2019	29th May, 2019
h)	Amount paid as advances, if any	-	-	-	-

By Order of the Board
For SMS Lifesciences India Limited

(**Ramesh Babu Potluri**)
Non-Executive Director
DIN: 00166381

(TVVSN Murthy)
Managing Director
DIN: 00465198

Date: 27.07.2020
Place: Hyderabad

Annexure XI

COMPLIANCE CERTIFICATE

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

A) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2020 and that to the best of our knowledge and belief:

1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B) We confirm that to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended on 31st March, 2020 which are fraudulent, illegal or violative of the Company's code of conduct.

C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify these deficiencies commensurate with the size of the organization.

D) We have indicated to the auditors and the Audit committee.

1) significant changes in internal control over financial reporting during the said financial year;

2) significant changes in accounting policies during the said financial year and that the same have been disclosed in the notes to the financial statements; and

3) there are no instances of fraud of which we have become aware and the involvement thereof by the Management or an employee having a significant role in the Company's internal control system over financial reporting.

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

For SMS Lifesciences India Limited
TVVSN Murthy
Managing Director
(DIN: 00465198)

Date: 27.07.2020
Place: Hyderabad

Annexure XII

CORPORATE GOVERNANCE REPORT

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

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

[The Company is in compliance with corporate governance requirements specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as *'Listing Regulations'*). Any disclosure not given in this report but disclosed in Board of Directors Report or its annexures shall be deemed to be reported in this report.]

The Company's compliances of Corporate Governance guidelines, as per Listing Regulations, are as under; however, this report is to be read with the Board's Report and all its annexures for more clarity on corporate governance practices of the Company:

2. BOARD OF DIRECTORS:

a) Composition and Responsibilities:

The size and composition of the Board commensurate with the Company's future growth plans and also conforms to the requirements of the Corporate Governance Code under the Listing Regulations.

The Company had total 6 (Six) Directors on the Board as on 31st March, 2020, comprising of 1 (one) Managing Director who is an "Executive Director", 1 (one) Non-Executive & Non Independent Director and remaining 4 (four) are Non-Executive & Independent Directors (including a woman Independent Director). [Matrix setting out the skills/ expertise/ competence of the Directors is placed on the website of the Company].

The maximum tenure of Independent Directors is in accordance with the Companies Act, 2013 and Regulation 25(2) of Listing Regulations; Confirmation that in the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the management has been provided in this Report. The responsibilities of the Board are to ensure compliance of all the applicable laws of the land, in letter as well as in spirit.

Information as per Regulation 17(7) of Listing Regulations has been placed before the Board for its consideration. The Board reviews material compliances of all extant laws applicable to the Company as affirmed by the Management.

None of the Directors on the Board holds the office of:

i) Director in more than 20 companies or

ii) Director in more than 10 public companies including private companies which are holding or subsidiaries of public companies or

iii) Director of more than 7 listed companies or

iv) Independent Director of more than 7 listed companies or

v) Independent Director of more than 3 listed companies in case of director who is Whole time director of a listed company or

vi) Memberships in Committees of the Board in more than 10 Audit Committees and Stakeholders Relationship Committees or

vii) Chairmanship of more than 5 Audit Committees and Stakeholders Relationship Committees.

b) Number of meetings of the Board:

During the year, 4 (four) Board meetings were held on (i) 29th May, 2019, (ii) 12th August, 2019, (iii) 14th November, 2019 and (iv) 14th February, 2020; gap between any two meetings has been less than 120 days.

c) Names and categories of the Directors on the Board, also the number of directorship, committee memberships and committee chairmanship held by them in other companies are given below:

Name & Designation	Category	No. of Board Meeting attended	Number of Directors in other company	Number of other committees	
				Chairman	Member
Mr. TVVSN Murthy* ***[Managing Director]***	Promoter & Executive Director	4	2	-	2
Mr. P. Ramesh Babu* ***[Director]***	Promoter & Non-Executive Director	4	4	1	4
Mr. P. Sarath Kumar* ***[Independent Director]***	Non-Executive Director	4	3	2	3
Mrs. (Dr.) T. Neelaveni* ***[Independent Director]***	Non-Executive Director	3	1	1	3
Mr. P. S. Rao ***[Independent Director]***	Non-Executive Director	3	8	-	-
Mr. Shravan Kudaravalli* ***[Independent Director]***	Non-Executive Director	4	3	2	3

****Director in SMS Pharmaceuticals Limited (Listed Entity)***

d) Attendance of Directors who were present in the Board Meeting / 13th AGM are marked as "√" and the Directors who were granted leave of absence was marked as "x".

Name of Director	Board Meeting				AGM
	29.05.2019	12.08.2019	14.11.2019	14.02.2020	30.09.2019
Mr. TVVSN Murthy	√	√	√	√	√
Mr. P. Ramesh Babu	√	√	√	√	√
Mr. P. Sarath Kumar	√	√	√	√	√
Mrs. (Dr.) T. Neelaveni	√	√	x	√	x
Mr. P. S. Rao	√	x	√	√	x
Mr. Shravan Kudaravalli	√	√	√	√	√

e) Remuneration / Disclosure of relationship between directors inter-se::

No Non-Executive Directors have any material pecuniary relationship or transactions with the company (except sitting fees), its promoters or its management, which in the judgment of the Board may affect independence of such Directors.

- Detailed report on remuneration forms part of this report as "form MGT 9".
- Criteria of making payments to Non-Executive Directors is hosted in the website of the Company(https://www.smslife.in/pdf/criteria-for-making-payment-to-non-executive-director.pdf)

3. COMMITTEES OF THE BOARD:

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

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.

The Compliance officer acts as the Secretary of all the aforementioned Committees.

a) AUDIT COMMITTEE:

The Audit Committee comprises of 4 (four) members and Committee met 4 (four) times during the year on (i) 29th May, 2019, (ii)12th August, 2019, (iii) 14th November, 2019 and (iv)14th February, 2020; meetings were scheduled well in advance and gap between any two meetings has been less than 120 days.

Composition and attendance of Committee is as under:

Name and Designation	Category of member	Number of meetings held	Number of meetings attended
Mr. P Sarath Kumar ***[Chairman]***	Independent & Non-Executive Director	4	4
Mr. Shravan Kudaravalli ***[Member]***		4	4
Mr. P. S. Rao ***[Member]***		4	3
Mrs. (Dr.) T Neelaveni ***[Member]***		4	3

Terms of reference: the Audit Committee *inter-alia*:

- Oversight the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of Auditors.

- Reviewing, with the Management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  a. Matters required being included in the Director's Responsibility Statement to be included in the Board's report;
  b. Changes, if any, in accounting policies and practices and reasons for the same;
  c. Major accounting entries involving estimates based on the exercise of judgment by management
  d. Significant adjustments made in the financial statements arising out of audit findings
  e. Compliance with listing and other legal requirements relating to financial statements;
  f. Disclosure of any related party transactions;
  g. Modified opinion(s) in the draft audit report;
- Reviewing, with the Management, the Quarterly Financial Statements before submission to the Board for approval.
- Reviewing and monitoring the Auditor's independence and performance, and effectiveness of the audit process.
- Approval or any subsequent modification of transactions with Related Parties.
- To review the functioning of the whistle blower mechanism.
- Reviewing internal audit reports relating to internal control weaknesses.

All members of the Audit Committee are financially literate and the Chairman of the Audit Commitee was present in the 13th AGM to answer the shareholder queries.

b) NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee comprises of 3 (three) members and Committee met 4 (four) times during the year on (i) 29th May, 2019, (ii)12th August, 2019, (iii) 14th November, 2019 and (iv)14th February, 2020; meetings were scheduled well in advance.

Composition and attendance of Committee is as under:

Name and Designation	Category of member	Number of meetings held	Number of meetings attended
Mr. P. S. Rao ***[Chairman]***	Independent & Non-Executive Director	4	3
Mr. P Sarath Kumar ***[Member]***		4	3
Mrs. (Dr.) T Neelaveni ***[Member]***		4	3

Terms of reference: the Nomination & Remuneration Committee *inter-alia*:

- Identify and formulate the criteria for determining qualifications, positive attributes for being appointed as Director, KMP and senior management.
- Recommend the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees and while formulating the policy ensure that:

a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals:

- Formulation of criteria for evaluation of Independent Directors and the Board.

The Nomination, Remuneration and Evaluation Policy is formulated by the Nomination and Remuneration Committee and approved by the Board. The web-link of said Policy has been provided in this report.

The details of remuneration of Directors and performance evaluation criteria for Independent Directors are given in disclosures forming part of this Report.

c) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social relationship Committee comprises 3 (three) members and the Committee met once during the year on 12th August, 2019; meeting was scheduled well in advance.

Composition and attendance of Committee is as under:

Name	Category of member
Mr. TVVSN Murthy ***[Chairman]***	Promoter & Executive Director
Mr. P. S Rao ***[Member]***	Independent & Non-Executive Director
Mr. P Ramesh Babu ***[Member]***	Promoter & Non-Executive Director

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

https://www.smslife.in/pdf/corporate-social-responsibilitypolicy.pdf

As per Sec.135(5) of the Companies Act, 2013, an amount of 2 percent of the average Net Profits of the Company made during the three immediately preceding financial years, which works out to Rs. 29 lakhs is to be spent towards Corporate Social Responsibility Activities during the year 2020-21.

d) Stakeholders' Relationship Committee:

The Stakeholders Relationship Committee comprises 3 (three) members and Committee met once during the year on 29th May, 2019 which was attended by all members.

Composition and attendance of Committee is as under:

Name	Category of member
Mrs. (Dr.) T Neelaveni ***[Chairman]***	Independent & Non-Executive Director
Mr. P. S Rao ***[Member]***	Independent & Non-Executive Director
Mr. TVVSN Murthy ***[Member]***	Promoter & Executive Director

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

Terms of Reference:

The Committee focuses on strengthening investor relations and performs the following functions:

- Approves and monitors transfers, transmission, splitting and consolidation of securities, issue of share certificate upon rematerialisation requests and issue of duplicate share certificates;
- Looks into various issues relating to shareholders including redressal of complaints relating to transfer of shares, non-receipt of annual reports and dividends, among others;
- Ensures compliance of the Code of Conduct for prevention of Insider Trading formulated by the Company as per the SEBI (Prohibition of Insider Trading) Regulations, 2015.

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 received one compliant through scores and the same was resolved within the stipulated timelines.

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.

RSCAR 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 shares capital of the Company.

As on 31st March, 2020, Company's shares were held as below:

Particulars	No. of shares	%age
NSDL*	826799	27.35
CDSL*	2185314	72.28
Physical	11174	0.37
Total	**3023287**	**100.00**

Shares held in electronic (demat) mode

Secretarial Compliance Certificate:

- As per the provisions of the Listing Regulations, Company has obtained the Secretarial Compliance Certificate on half 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 half 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).

Reporting as per para F of Schedule V of the Listing Regulations:

Shares in suspense account as on 01.04.2019	:	17
Request for transfer from suspense account	:	Nil
Shares transferred from suspense account	:	Nil
Transferred to IEPF	:	Nil
Shares in suspense account as on 31.03.2020	:	17

Compliances regarding Insider Trading

The Company had in place a 'Code of Conduct for Prevention of Insider Trading' and 'Code of Fair Disclosures', in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The codes referred above are placed on the Company's website www.smslife.in. The said codes were adhered during the year under review.

4. GENERAL BODY MEETING:

a) Location and time of the Annual General Meetings of the company

AGM	Financial year	Date	Time	Venue	Special resolution
13	2018-19	30.09.2019	11.30 am	JRC Conventions, Jubilee Hills	• Appointment of TV Praveen as Senior Vice President • Ratification and Approval of Related Party Transaction
12	2017-18	20.08.2018	4.00 pm	International Centre, Jubilee Hills	• Ratification and Approval of Related Party Transaction
11	2016-17	10.07.2017	10.30 am	Registered office	• Appointment of TVVSN Murthy as Managing Director • Appointment of TV Praveen as Vice President (Marketing) • Ratification and Approval of Related Party Transaction

b) Postal Ballot Resolution:

No Postal ballot resolution was passed during the year ended 31st March, 2020 and No proposal of special resolution required as postal ballot in the ensuing Annual General Meeting.

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

5. GENERAL SHAREHOLDER INFORMATION:

14th Annual General Meeting	
Date	Wednesday, 30th September, 2020
Time	3.00 PM
Deemed Venue	Registered office: Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad – 500096
Financial Year	1St April, 2020 to 31st March 2020
Date of book closure	Not Applicable
Dividend payment date	Not Applicable
The equity shares of Rs. 10/-each of the Company are listed on	**National Stock Exchange of India Limited (NSE)** Regd Office : "Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India **BSE Limited (BSE)** New Trading Ring, Rotunda Building, P.J Towers, Dalal Street, Fort, Mumbai - 400 001, Maharashtra, India
Listing fee	The annual listing fees have been paid to the above exchanges and there is no outstanding payment towards the exchanges, as on date.
Equity shares' stock code / symbol	BSE Code : 540679 NSE Symbol : SMSLIFE
ISIN of Company's equity shares	INE320X01016
Corporate Identification Number (CIN)	L74930TG2006PLC050223

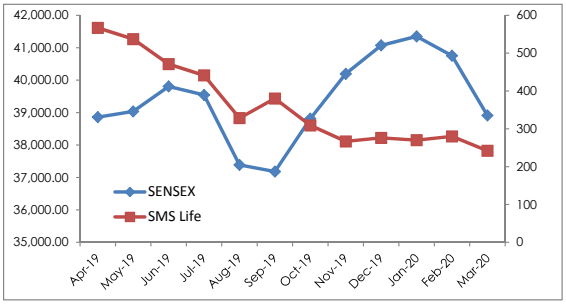
Market price data:

The high and low prices of the Company's share (of Re. 10/- each) at BSE and NSE from 1st April, 2019 to 31st March, 2020 were as below:

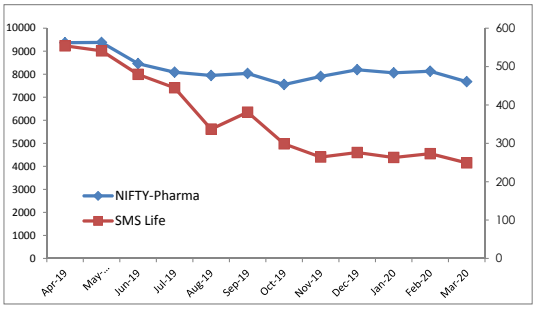
Month	BSE			NSE		
	High	Low	Total traded	High	Low	Total traded
Apr 19	620.00	524.95	11,766	609.95	510.00	102000
May 19	559.00	415.00	7,015	553.05	419.80	132000
June 19	494.90	419.00	5,081	494.00	410.25	58000
July 19	454.00	348.55	4,907	454.00	337.00	36000
Aug 19	458.60	302.60	32,944	459.50	300.05	239000
Sept 19	554.25	290.00	47,838	555.90	285.00	422000
Oct 19	345.00	222.05	15,411	348.00	226.80	181000
Nov 19	326.40	259.00	24,448	325.05	258.05	116000
Dec 19	294.95	254.85	4,959	286.45	248.50	63000
Jan 20	294.25	260.05	8,732	300.70	261.65	83000
Feb 20	326.95	218.85	8,826	303.50	217.00	79000
Mar 20	261.90	157.00	16,208	262.00	152.65	216000

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

SMS Lifesciences India ltd vs BSE



SMS Lifesciences India Ltd vs NSE



Registrar and Transfer Agents and contact person thereat	M/s Aarthi Consultants Private Limited Domalguda, Hyderabad - 500029 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	Company Secretary Email: cs@smslife.in Website: www.smslife.in

Share transfer system:

- 99.63% of the shares of the Company are held in dematerialised form.
- Transfers of these dematerialised shares are done through the depositories with no involvement of the Company.
- With regard to transfer of shares held in physical form, the transfer documents can be lodged with the Registrar and Share Transfer Agent of the Company. Transfers of shares in physical form are normally processed within 15 days from the date of receipt, if documents are complete in all respects.
- The Stakeholders' Relationship Committee approves the transfer and transmission of shares

Distribution of shareholding:

a) Class-wise distribution of equity shares as on 31st March, 2020

Category(Amount)	Shareholders	Shareholders %	Total shares	Total Amount	Total %
1-5000	10041	97.48	343002	3430020	11.35
5001-10000	110	1.07	79943	799430	2.64
10001-20000	60	0.58	85616	856160	2.83
20001-30000	19	0.18	45456	454560	1.5
30001-40000	10	0.1	33838	338380	1.12
40001-50000	9	0.09	41061	410610	1.36
50001-100000	33	0.32	230142	2301420	7.61
100001 & Above	19	0.18	2164229	21642290	71.59
Total:	**10301**	**100**	**3023287**	**30232870**	**100.00**

b) Shareholding Pattern as on 31st March, 2020:

Category	No of shareholders	No of share	% to equity
Promoters	16	2055729	68.00
Body Corporates	95	60952	2.02
Individual / HUF's	10004	870012	28.78
Non Resident Indians	158	28400	0.94
Clearing Members	25	2959	0.09
Others	3	5235	0.17
Total	**10301**	**3023287**	**100.00**

Dematerialisation of shares and liquidity:

The Company's shares are compulsory traded in dematerialized form. The distribution of Shareholding as per Depositary system is provided above in this report. Shares of the Company are regularly traded on the National Stock Exchange of India Limited (NSE) and the BSE limited (BSE), in electronic form.

Plant location:

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	**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

6. MEANS OF COMMUNICATION:

Quarterly results:

The Quarterly, half-yearly and Annual Results of the Company's performance are sent to the Stock Exchange(s) and published in the newspaper as under:

Quarter	English Daily	Telugu Daily	Date
1.	Financial Express	Andhraprabha	30.05.2019
2.	Financial Express	Andhraprabha	14.08.2019
3.	Financial Express	Andhraprabha	16.11.2019
4.	Financial Express	Andhraprabha	16.02.2020

Results are displayed at the website of the Company at https://www.smslife.in/financials.php

Annual Results:

The Audited Annual Results forms part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting. The Company also informs by way of intimation to the Stock Exchange(s) and placing the same on its website.

Corporate Governance Report, Shareholding pattern along with other Price sensitive information, which in the opinion of Board are material and of relevance to the members are informed to the Stock Exchange(s) and hosted in the website of the Company (www.smslife.in).

7. OTHER DISCLOSURES:

a) Related Party Transactions:

Transactions, whether material or not, with related parties are placed before the Audit Committee, Board and Shareholders in General Meetings, for approval and ratification.

However, there were no materially significant transactions made by the Company with its Promoters, Directors or the management and subsidiaries or relatives, among others, that may have potential conflict with the interests of the Company at large. Related party disclosures are given in the Notes on Accounts and Form AOC-2 attached to Director's Report.

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:

The Company had adopted the whistle blower policy since 2017-18, No employee has been denied access to the audit committee during the year 2019-20. Detailed report forms part of the Directors' Report.

d) Discretionary Requirements

The Company has also complied with Part E of Schedule II of Listing Regulations as under:

(i) **The Board:** Since the Company doesn't have a full time / permanent Executive or Non-Executive chairman, the requirement regarding fees payable to non-executive Chairman is not applicable.

(ii) **Reporting of Internal Auditor:** Internal Auditor of the company directly reports to the Audit Committee.

(iii) **Un-Modified opinion(s) in Audit Report:** The Company confirms that the financial statements are with unmodified audit opinion.

Details of compliance with mandatory requirements are provided separately in this Report.

e) Web-link of Policies of the Company: https://www.smslife.in/policies.php

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

Not Applicable as your Company is a net exporter.

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 Listing Regulations.

h) Outstanding GDRs or ADRs or Warrants or Convertible Instruments:

There were no Outstanding Global Depository Receipts or American Depository Receipts or Warrants or any convertible instruments during the year 2019-20.

i) 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 Listing Regulations and the same has been regularly submitting to the stock exchange(s) as required under Regulation 27 of the Listing Regulations.

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

j) Recommendation of Sub-committees:

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 2019-20.

k) Consolidated Fees to Statutory Auditors:

Company has paid the following fees to M/s Rambabu & Co., Statutory Auditors during the year 2019-20:

SMS Lifesciences India Limited	Rs. 8 lakhs
Mahi Drugs private Limited (wholly owned subsidiary)	Rs. 3 lakhs
Consolidated fees paid	**Rs. 11 lakhs**

l) Disclosures in relation to the Sexual Harassment: Details provided in Directors' Report.

m) Credit Ratings: Details provided in Directors' Report.

n) Code of Conduct:

The Board of Directors adopted the Code of Conduct as per the provisions under Listing Regulations. The same has been posted on the Company's website (https://www.smslife.in/pdf/code-of-conduct-for-board-and-senior-management.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.

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

	(Ramesh Babu Potluri)	**(TVVSN Murthy)**
Place: Hyderabad	Director	Managing Director
Date: 27.07.2020	DIN: 00166381	DIN: 00465198

Annexure XIIA

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
SMS Lifesciences India Limited,

We have examined the compliance of conditions of Corporate Governance by SMS Lifesciences India Limited ('the Company') for the year ended 31st March 2020, 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, 2019 to 31st March, 2020.

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 conditionsof 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.

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

GVL Prasad
Partner
Membership No: 026548

Place: Hyderabad.
Date: 27-07-2020

UDIN: 20026548AAAACX8676

Annexure XIII

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

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

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/Services	NIC Code of the product/service	% to total turnover of the Company
1	Pharmaceuticals	21001	100.00

III. PARTICULARS OF HOLDING ,SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	Mahi Drugs Private Limited	U24233AP2012PTC084875	Subsidiary	100.00	2(87)

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

(i) Category-wise Share Holding

Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter' s/and promoter group									
(1) **Indian**									
a) Individual/ HUF	1834116	-	1834116	60.66	1834216	-	1834216	60.67	0.01
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	221513	-	221513	7.33	221513	-	221513	7.33	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A)(1)	2055629	-	2055629	67.99	2055729	-	2055729	68.00	0.01
(2)Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) other individuals	-	-	-	-	-	-	-	-	-
c) Bodies corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
Sub Total(A)(2)	-	-	-	-	-	-	-	-	-
TOTAL (A)	**2055629**	**-**	**2055629**	**67.99**	**2055729**	**-**	**2055729**	**68.00**	**0.01**
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Alternate Investment Funds)	1657	-	1657	0.05	5157	-	5157	0.17	0.12
Sub-total (B)(1):-	**1657**	**-**	**1657**	**0.05**	**5157**	**-**	**5157**	**0.17**	**0.12**

Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	89087	52	89139	2.95	60900	52	60952	2.02	(0.93)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	619906	11417	631323	20.88	748900	11025	759925	25.14	4.26
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	193967	-	193967	6.42	110087	-	110087	3.64	(2.78)
c) Others (specify) Unclaimed suspense a/c									
Non Resident Indians	26968	36	27004	0.89	28364	36	28400	0.93	0.04
Clearing Members	24473	-	24473	0.82	2959	-	2959	0.10	(0.72)
Trusts	17	61	78	-	-	61	61	-	-
Suspense ac	17	-	17	-	17	-	17	-	-
Sub-total (B)(2):-	**954435**	**11566**	**966001**	**31.96**	**951227**	**11174**	**962401**	**31.83**	**(0.13)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**956092**	**11566**	**967658**	**32.01**	**956384**	**11174**	**967558**	**32.00**	**(0.01)**
C. Shares held by Custodian for GDRs & ADRs	**-**	-	**-**	-	-	-	-	-	-
Grand Total (A+B+C)	**3011721**	**11566**	**3023287**	**100.00**	**3011721**	**11566**	**3023287**	**100.00**	**-**

(ii) Shareholding of Promoter

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encum-bered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	
1	Ramesh Babu Potluri	518105	17.14	-	518105	17.14	-	-
2	Hima Bindu Potluri	441905	14.62	-	291905	9.66	-	(4.96)
3	TVVSN Murthy	293821	9.72	-	293821	9.72	-	-
4	Potluri Infra Projects LLP	213213	7.05	50.25	213213	7.05	50.25	-
5	T Annapurna	156797	5.19	-	306797	10.15	-	4.96
6	TVVSN Murthy (HUF)	142190	4.70	-	142190	4.70	-	-
7	Vamsi Krishna Potluri	72520	2.40	100	73234	2.42	99.03	0.02
8	Gopineedi Sudeepthi	62500	2.07	-	62500	2.07	-	-
9	Trilok Potluri	51118	1.69	-	78141	2.58	-	0.89
10	T V Praveen	46262	1.53	-	46262	1.53	-	-
11	Satya Vani Potluru	27023	0.89	-	-	-	-	(0.89)
12	Hari Kishore Potluri	15359	0.51	-	15359	0.51	-	-
13	Potluri Laboratories Private Limited	8300	0.27	-	8300	0.27	-	-
14	Suresh Babu Potluri	5051	0.17	-	5151	0.17	-	-
15	Sukumari Koneru	1428	0.05	-	714	0.02	-	(0.02)
16	Rajeswara Rao Gopineedi	37	-	-	37	-	-	-

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year	2055629	67.99	2055729	68.00
	Changes during the year [Mr. P Suresh Babu acquired 100 equity shares on 13.03.2020]	100	0.01		
	At the end of the year	**2055729**	**68.00**		

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

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year		Change in shareholding**	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Net Increase/ (Decrease)	No. of shares	% of total shares of the Company
1	Madhu Gupta	33301	1.10	(9301)	24000	0.79
2	Gandhi Kantheti	22000	0.73	-	22000	0.73
3	Saibabu Bandla	19000	0.63	2000	21000	0.69
4	Dhanpati Devi	15757	0.52	-	15757	0.52
5	Madhusudan Kela	14285	0.47	-	14285	0.47
6	Shradha Gupta	12045	0.39	1000	13045	0.43
7	Nikhil Shah[1]	1	-	12614	12615	0.42
8	N P C Srinivasa Rao[1]	3636	0.12	6161	9797	0.32
9	Sreenivasulu Reddy Mallu[1]	9692	0.32	-	9692	0.32
10	V.N. Pratap Pulivarthi[1]	-	-	9139	9139	0.30
11	Shilpi Gupta[2]	10300	0.34	(5600)	4700	0.16
12	Karvy Stock Broking Ltd[2]	14938	0.49	(14552)	386	0.01
13	Narender Kumar Arora[2]	46680	1.54	(46680)	-	-
14	Poonam Arora[2]	20599	0.68	(20599)	-	-

1 Not in the list of top 10 shareholders as on 1st April 2019 but was one of the top 10 shareholders as on 31st March 2020.

2 ceased to be in the list of top 10 shareholders as on 31st March 2020 but was one of the top 10 shareholders as on 1st April 2019

*** Shares of the company are traded on stock exchanges on a daily basis and hence date wise changes in the shareholding are not indicated.*

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Directors and KMP	Shareholding at the beginning of the year		Change in shareholding	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
A. Directors						
1	P Ramesh Babu	518105	17.14	-	518105	17.14
2	TVVSN Murthy	293821	9.72	-	293821	9.72
3	P S Rao	-	-	-	-	-
4	P.Sarath Kumar	-	-	-	-	-

Sl. No.	Name of the Directors and KMP	Shareholding at the beginning of the year		Change in shareholding	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
5	T.Neelaveni	-	-	-	-	-
6	Shravan Kudaravalli	-	-	-	-	-
B. Key Managerial Personnel						
7	N.Rajendra Prasad	-	-	-	-	-
8	Pavan Pise*	-	-	-	-	-
9	Trupti Ranjan Mohanty#	-	-	-	-	-

resigned as on 22nd January, 2020 | #appointed as on 14th February, 2020

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

(In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (1st April, 2019)				
i) Principal Amount	4,118.98	607.55	-	4,726.53
ii) Interest due but not paid	-	10.44	-	10.44
iii) Interest accrued but not due	19.44	-	-	19.44
Total (i+ii+iii)	**4,138.42**	**617.99**	**-**	**4756.41**
Change in Indebtedness during the financial year				
Addition				
- Principal Amount	1,044.71	-	-	1,044.71
- Interest accrued but not due	19.99	0.34	-	20.33
Reduction				
- Principal Amount	845.16	69.63	-	914.79
- Interest accrued but not due	19.44	10.44	-	29.88
Net Change	200.16	(79.72)	-	120.44
Indebtedness at the end of the financial year (31st March, 2020)				
i) Principal Amount	4,318.59	537.92	-	4,856.51
ii) Interest due but not paid	-	0.34	-	0.34
iii) Interest accrued but not due	19.99	-	-	19.99
Total (i+ii+iii)	**4,338.58**	**538.27**	**-**	**4,876.85**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Rs.in lakhs)

Sl. N.	Particulars of Remuneration	Name of MD/WTD/ Manager	
		TVVSN Murthy Managing Director	**Total**
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	198.00	198.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3.25	3.25
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify...	40.00	40.00
5	Others, please specify	-	-
	Total (A)	**241.25**	**241.25**

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

B. Remuneration to other directors

1. Independent Directors (Rs. in Lakhs)

Sl. N.	Particulars of Remuneration	Name of Directors				Total Amount
		P.S. Rao	**P. Sarath Kumar**	**Dr. T. Neelaveni**	**Mr.K. Shravan**	
1	Fee for attending Board/ Committee Meetings	1.20	1.40	1.00	1.20	4.80
2	Commission	-	-	-	-	-
3	Others, please specify	-	-	-	-	-
	Total (B1)	**1.20**	**1.40**	**1.00**	**1.20**	**4.80**

2. Other Non-Executive/Promoter Directors

Sl. No.	Particulars of Remuneration	Name of Directors	Total Amount
		Ramesh Babu Potluri	
1	Fee for attending Board/Committee Meetings	-	-
2	Commission	-	--
3	Others, please specify	-	-
	Total (B2)	**-**	**-**
	Total B = (B1)+(B2)	**-**	**4.80**

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (Rs in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		N. Rajendra Prasad	Pavan Pise	Trupti Ranjan	
		CFO	Company Secretary		
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16.42	4.14	1.42	21.98
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify…	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	**16.42**	**4.14**	**1.42**	**21.98**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

(Ramesh Babu Potluri)
Director
DIN: 00166381

(TVVSN Murthy)
Managing Director
DIN: 00465198

Place: Hyderabad
Date: 27.07.2020

INDEPENDENT AUDITORS' REPORT

To the Members of
SMS Lifesciences India Limited
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of SMS Lifesciences India Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and 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 then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit 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 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 together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 year. 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.

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" (new revenue accounting standard)	Principal Audit Procedures We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.

		• 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: 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.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Management's Responsibility 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 state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are 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 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 with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31st March 2020 on its financial position in its Standalone Ind AS Financial Statements as referred to in note 51 to the Standalone Ind AS Financial Statements.

ii. The Company did not have material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Place: Hyderabad
Date: 27-07-2020

GVL Prasad
Partner
M. No. 026548

UDIN: 20026548AAAACC2003

"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2020:

1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

   (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner. In our opinion the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

   (c) According to information and explanations given by the management, the title deeds/lease deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

2) In respect of Inventories:

   a) As explained to us the inventories have been physically verified during the year by the management at reasonable intervals.

   b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and nature of its business.

   c) In our opinion and according to the information and explanations given to us the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6) 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.

7) a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2020 for a period of more than six months from the date on when they become payable.

b) According to the information and explanation given to us, there are no dues of income tax, Goods and Service Tax outstanding on account of any dispute except the following:

S. No	Name of the Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs.lacs)	Amount Unpaid (Rs.lacs)
1	Central Excise Act, 1944	Central Excise	Hon'ble High Court of Judicature at Hyderabad for Andhra Pradesh and Telangana States	1995-96 to 1997-98	38.91	--
2	Central Excise Act, 1944	Interest on above	"	1995-2010	66.48	66.48
3	Central Excise Act, 1944	Interest	"	1995-2011	16.40	16.40
4	AP Non Agricultural Land (Conversion for Non Agriculture Purpose) Act, 2006	Nala Tax	"	Demand Raised in the year 2012-13	22.50	22.50
5	Employees Provident Fund and Miscellaneous Provisions Act, 1952	Interest on Provident Fund	NCLT Hyderabad	December,1999 to December, 2007	7.52	7.52
6	Income Tax Act, 1961	Income Tax	Erstwhile BIFR	1988-89 to 2004-05	75.07	75.07
7	Income Tax Act, 1961	Interest on above	Erstwhile BIFR	1988-89 to 2019-20	138.27	129.26

c) In our opinion there are no amounts required to be transferred to Investor Education and Protection Fund by the company.

8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institution or banks. The Company has not issued any debentures.

9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

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

Place: Hyderabad
Date: 27-07-2020

GVL Prasad
Partner
M. No. 026548

UDIN: 20026548AAAACC2003

"Annexure B" to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of SMS Lifesciences India Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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.

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

Place: Hyderabad
Date: 27-07-2020

GVL Prasad
Partner
M. No. 026548

UDIN: 20026548AAAACC2003

Standalone Balance Sheet as at 31st March, 2020

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

Sl. No.	Particulars	Note	As at 31st March, 2020	As at 31st March, 2019
I	**ASSETS**			
1	**Non-Current Assets**			
(a)	Property, Plant and Equipment	5	**9,344.45**	8,708.49
(b)	Right-of-use Assets	6A	**86.95**	-
(c)	Capital Work-in-Progress	5	**246.80**	131.46
(d)	Intangible Assets	7	**18.29**	4.47
(e)	Investment Property		**-**	91.31
(f)	Financial Assets			
	(i) Investments	8	**2,581.40**	2,581.40
	(ii) Bank Balances	9	**-**	104.89
	(iii) Other Financial Assets	10	**217.48**	216.46
(g)	Other Non-Current Assets	11	**278.58**	261.88
	Total		**12,773.95**	**12,100.36**
2	**Current Assets**			
(a)	Inventories	12	**6,104.56**	7,387.04
(b)	Financial Assets			
	(i) Trade Receivables	13	**2,202.24**	3,657.65
	(ii) Cash and Cash Equivalents	14	**65.44**	203.07
	(iii) Bank Balances other than (ii) above	15	**164.60**	43.63
(c)	Other Current Assets	16	**1,583.85**	1,652.62
(d)	Current Tax Assets	17	**-**	9.52
	Total		**10,120.69**	**12,953.53**
	Total Assets		**22,894.64**	**25,053.89**

(Contd.)

Standalone Balance Sheet (Contd.)

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

Sl. No.	Particulars	Note	As at 31st March, 2020	As at 31st March, 2019
II	**EQUITY AND LIABILITIES**			
1	**Equity:**			
	(a) Equity Share Capital	18	**302.33**	302.33
	(b) Other Equity	19	**11,023.24**	10,195.53
	Total		**11,325.57**	**10,497.86**
2	**LIABILITIES**			
A	**Non-Current Liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	20	**2,366.54**	2,720.46
	(ii) Lease Liabilities	6B	**93.59**	-
	(b) Provisions	21	**259.06**	224.18
	(c) Deferred Tax Liabilities (Net)	22	**873.38**	797.23
	Total		**3,592.57**	**3,741.87**
B	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	23	**2,095.96**	1,276.62
	(ii) a. Trade Payables MSME	24	**20.68**	15.00
	b. Trade Payables Otherthan MSME	24	**4,512.62**	8,367.70
	(iii) Other Financial Liabilities	25	**589.80**	878.78
	(b) Provisions	21	**82.92**	59.80
	(c) Other Current Liabilities	26	**631.82**	216.26
	(d) Current Tax Liabilities (Net)	27	**42.70**	-
	Total		**7,976.50**	**10,814.16**
	Total Liabilities		**11,569.07**	**14,556.03**
	Total Equity and Liabilities		**22,894.64**	**25,053.89**
	Significant Accounting Policies	4		

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

G.V.L. PRASAD
Partner
M.No.026548

Place : Hyderabad
Date : 27th July, 2020

For and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

RAMESH BABU POTLURI
Director
DIN: 00166381

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

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

Standalone Statement of Profit and Loss for the Year Ended 31st March, 2020

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

Sl. No.	Particulars	Note	Current Year 2019-20	Previous Year 2018-19
1	**Income**			
	Revenue from Operations	28	**25,692.42**	34,415.16
	Other Income	29	**188.31**	252.87
	Total Income		**25,880.73**	**34,668.03**
2	**Expenses**			
	Cost of Materials Consumed	30	**15,575.16**	23,847.16
	Changes in Inventories	31	**629.28**	(818.57)
	Manufacturing Expenses	32	**3,755.92**	4,777.39
	Employee Benefits Expense	33	**2,327.02**	2,063.14
	Finance Costs	34	**508.88**	546.22
	Depreciation and Amortization Expense	35	**724.39**	576.98
	Other Expenses	36	**1,026.31**	1,299.88
	Total Expenses		**24,546.96**	**32,292.20**
3	**Profit Before Tax (1-2)**		**1,333.77**	**2,375.83**
4	**Tax Expense**			
	(a) Current Tax			
	(i) relating to Current Year	37	**325.00**	630.00
	(ii) relating to Earlier Year		**4.61**	(0.57)
	(b) Deferred Tax		**89.43**	83.08
	Total Taxes		**419.04**	**712.51**
5	**Profit for the Year (3-4)**		**914.73**	**1,663.32**
	Other Comprehensive Income/(Loss)			
	Items that will not be reclassified to Profit/(Loss)			
6	Remeasurement Gain/(Loss) of the defined benefit plans	38	**(45.63)**	(8.86)
7	Income Tax effect on the above		**(13.28)**	(2.58)
8	**Other Comprehensive Income /(Loss) after tax for the Year (6-7)**		**(32.35)**	**(6.28)**
9	**Total Comprehensive Income/ (Loss) for the Year (5+8)**		**882.38**	**1,657.04**
10	**Earnings per Share (Face Value of Rs.10 each)**			
	Basic/Diluted	39	**30.26**	55.02
	Significant Accounting Policies	4		

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
G.V.L. PRASAD
Partner
M.No.026548

Place : Hyderabad
Date : 27th July, 2020

For and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

RAMESH BABU POTLURI
Director
DIN: 00166381

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

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

Standalone Statement of Changes in Equity for the Year Ended 31st March, 2020

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

a. Equity Share Capital

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of Shares	Amount	Number of Shares	Amount
At the Beginning of the Year	**3,023,287**	**302.33**	3,023,287	302.33
Changes in Equity Share Capital	**-**	**-**	-	-
At the End of the Year	**3,023,287**	**302.33**	**3,023,287**	**302.33**

b. Other Equity

	Capital Reserve	General Reserve	Retained Earnings	Total Other equity
Balance as at 01st April, 2018	**1.00**	**6,516.02**	**2,021.46**	**8,538.48**
Profit for the Year	-	-	1,663.33	1,663.33
Other Comprehensive Income for the Year, net of Income Tax	-	-	(6.28)	(6.28)
Total Comprehensive Income for the Year	**-**	**-**	**1,657.05**	**1,657.05**
Balance as at 31st March, 2019	**1.00**	**6,516.02**	**3,678.51**	**10,195.53**
Balance as at 01st April, 2019	1.00	6,516.02	3,678.51	10,195.53
Profit for the Year	-	-	914.72	914.72
Payment of Dividend (Refer Note:18.5)			(45.35)	(45.35)
Dividend Distribution Tax (Refer Note:18.5)			(9.32)	(9.32)
Other Comprehensive Income for the Year, net of Income Tax	-	-	(32.34)	(32.34)
Total Comprehensive Income for the Year	**-**	**-**	**827.71**	**827.71**
Balance as at 31st March, 2020	**1.00**	**6,516.02**	**4,506.22**	**11,023.24**

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
G.V.L. PRASAD
Partner
M.No.026548

Place : Hyderabad
Date : 27th July, 2020

For and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

RAMESH BABU POTLURI
Director
DIN: 00166381

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

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

Standalone Statement of Cash Flow for the Year Ended 31st March, 2020

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

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A. Cash Flow from Operating Activities		
Profit before Tax	**1,333.77**	2,375.83
Adjustments for:		
Depreciation and amortisation expense	**724.39**	576.98
Interest Income	**(11.55)**	(11.60)
Allowance for Doubtful Debts	**7.56**	40.14
Interest on Non Current Borrowings	**309.62**	232.48
Provision for Employee Benefits	**12.36**	33.13
Term Loan Processing Fee	**6.13**	(5.68)
Interest On Lease Liability	**13.22**	-
	2,395.50	**3,241.28**
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Trade Receivables	**1,447.85**	(990.23)
(Increase)/Decrease in Inventories	**1,282.48**	(2,455.43)
Increase/(Decrease) in Trade Payables	**(3,849.40)**	3,907.20
(Increase)/Decrease in Other Non Current Financial Assets	**(1.01)**	(19.77)
(Increase)/Decrease in Other Non Current Asset	**(16.71)**	99.67
(Increase)/Decrease in Other Current Financial Assets	**-**	3.98
(Increase)/Decrease in Other Current Asset	**73.67**	(538.06)
Increase/(Decrease) in Other Current Financial Liabilities	**(10.09)**	-
Increase/(Decrease) in Other Current Liabilities	**354.91**	112.91
	(718.30)	**120.27**
Cash generated from Operations	**1,677.21**	3,361.56
Income Taxes Paid	**(282.30)**	(635.48)
Net Cash Inflow from Operating Activities - "A"	**1,394.91**	**2,726.08**

(Contd.)

Standalone Statement of Cash Flow (Contd.)

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

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
B. Cash flows from Investing Activities		
Purchase for Property, Plant and Equipment	**(1,328.41)**	(2,233.29)
Proceeds from sale of Property, Plant and Equipment	**4.98**	-
Payments for Purchase of Investments	**-**	(2,097.26)
Margin Money Deposits	**(7.94)**	3.00
Interest Received on Margin Money Deposit	**3.83**	0.49
Net Cash Outflow from Investing Activities - "B"	**(1,327.54)**	**(4,327.06)**
C. Cash flows from Financing Activities		
Proceeds from Long Term Borrowings	**100.00**	1,922.00
Repayment of Long Term Borrowings	**(719.74)**	(619.60)
Proceeds from Short Term Borrowings	**944.77**	677.31
Repayment of Short term Borrowings	**(125.43)**	-
Repayment of Lease Liability	**(40.78)**	-
Interest paid	**(309.16)**	(219.23)
Dividends paid to company's shareholders	**(54.67)**	-
Net Cash (Outflow) from Financing Activities - "C"	**(205.01)**	**1,760.48**
Net Increase (Decrease) in Cash and Cash Equivalents - (A+B+C)	**(137.64)**	159.50
Cash and Cash Equivalents at the beginning of the Financial Year	**203.07**	43.57
Cash and Cash Equivalents at End of the Year (Refer Note: 14)	**65.44**	**203.07**

1. The Cash Flow statement has been preparted under the indirect method as set out in Indian Accounting Standard (IND AS 7) Statement of Cash Flows.
2. Previous year figures have been regruped/reclassified to confirm to current year classification.

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
G.V.L. PRASAD
Partner
M.No.026548

Place : Hyderabad
Date : 27th July, 2020

For and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

RAMESH BABU POTLURI
Director
DIN: 00166381

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

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 Bachupally, Hyderabad and also at Kandivalasa in Vijayanagaram Dist, apart from R&D Center at Gagillapur, 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 issued by Ministry of Corporate Affairs ('MCA'). 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, 2020. These Standalone Financial Statements for the year ended 31st March, 2020 were authorized and approved for issue by the Board of Directors on 27th July, 2020.

2.2 Historical Cost Convention:

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

- Certain Financial Assets and Liabilities measured at Fair Value; (refer accounting policy regarding financial instruments).
- 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; and

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.

2.4 Functional and Presentation Currency:

These standalone financial statements are presented in Indian rupees (INR), which is also the functional currency of the Company. All amounts have been rounded-off to the nearest lakh, unless otherwise indicated.

3. New and amended standards adopted by the Company:

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1st April 2019:

- IND AS 116, Leases
- Long-term Interests in Associates and Joint Ventures - Amendments to IND AS 28, Investments in Associates and Joint Ventures
- Uncertainty over Income Tax Treatments - Appendix C to IND AS 12, Income Taxes
- Plan Amendment, Curtailment or Settlement - Amendments to IND AS 19, Employee Benefits
- Amendment to IND AS 12, Income Taxes
- Amendment to IND AS 23, Borrowing costs

The amendments listed above did not have material impact on the financial statements.

4. Summary of Significant Accounting Policies:

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

4.1 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, we apply 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 sales of goods, service income and income from licensing arrangements. Most of such revenue is generated from the sale of goods. Accounting policies relating to revenue for the periods with effect from 01st April,2018 are as follows:

(i) Revenue from Sale of Goods:

Revenue is recognized when the control of the goods has been transferred to a third party. This is usually when the title passes to the customer, either upon shipment or upon receipt of goods by the customer. At that point, the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

In arriving at the transaction price, the Company considers the terms of the contract with the customers and its customary business

practices. The transaction price is the amount of consideration the Company is entitled to receive in exchange for transferring promised goods or services, excluding amounts collected on behalf of third parties. The amount of consideration varies because of estimated rebates, returns and chargebacks, which are considered to be key estimates. Any amount of variable consideration is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur. The Company estimates the amount of variable consideration using the expected value method

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 comprise of Duty draw back and MEIS (Merchandise Exports Incentive scheme) scrips. Duty drawback is recognised as income when the right to receive credit as per the terms is established in respect of the exports made.

MEIS is recognised as income on receipt of said scrips which will be after receipt of export proceeds. These scrips are freely transferable or can be utilized for the payment of customs duty on Imports.

(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).

4.2 Foreign Currency Transactions:

i. Functional and Reporting 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.

4.3 Property, Plant and Equipment:

(a) Recognition and Initial Measurement

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

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

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress. Advances paid towards acquisition of assets are shown as Capital Advances.

Borrowing Cost relating to acquisition of Property, Plant and Equipment which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

Subsequent Costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

(b) Subsequent Measurement (Depreciation and Useful Lives)

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

Depreciation on addition to/deletion from fixed assets made during the year is provided on pro-rata basis from/up to the date of such addition/deletion as the case may be. In case of assets costing less than Rs.5,000/- purchased during the year also depreciation has been provided at normal rates on pro-rata basis from the date of purchase.

Cost of the leasehold land is amortized on a straight-line basis over the term of the lease. Depreciation on landscape is being provided @10% under straight line method.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(c) De-recognition

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

(d) 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.

4.4 Investment Property:

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

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

Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life of buildings, classified as Investment properties, is considered as 30 years. The useful life has been determined based on technical evaluation performed by the management's expert.

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

4.5 Intangible Assets:

(a) Recognition and Initial Measurement

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

(b) Subsequent measurement (amortization):

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

4.6 Leases:

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Effective 1st April, 2019, the Company adopted IND AS 116 ""Leases"", applied to all lease contracts existing on 1st April, 2019 using the modified retrospective method.

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 acticity in cash flow statement.

4.7 Inventories:

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

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

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

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

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

4.8 Cash and Cash Equivalents:

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

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

4.9 Financial Instruments

(a) Financial Assets

(i) Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

(ii) Subsequent measurement

a. Debt instruments –

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

b. Equity investments –

All equity investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

Investment in Associates, Subsidaries and Joint Venture:

Investments in Subsidiaries, Associates and Joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

Upon first-time adoption of IND AS, the Company has elected to measure its investments in Subsidiaries, Associates and Joint ventures at the Previous GAAP carrying amount as its deemed cost on the date of transition to IND AS i.e., 1st April, 2016.

(iii) De-recognition of financial assets

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

(b) Financial liabilities

(i) Initial Recognition and Measurement

All financial liabilities are recognized

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

(ii) Subsequent Measurement

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

(iii) De-recognition of Financial Liabilities

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

(c) Financial Guarantee Contracts

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

(d) Offsetting of Financial Instruments

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

(e) Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

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

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

(f) Trade Receivables

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

(g) Other Financial Assets

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

4.10 Income Taxes:

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

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where a component has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The Carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

4.11 Segment Reporting:

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

4.12 Government Grants:

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

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

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

Government grants relating to loans or similar assistance with an interest rate below the current applicable market rate are initially recognized and measured at fair value. The effect of this favorable interest is regarded as a government grant and is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

4.13 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.

4.14 Borrowing Cost

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

4.15 Provisions

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

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

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

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

4.16 Dividends

The Company recognises a liability to make cash 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.

4.17 Research and Development:

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

4.18 Post Employee Benefits:

(a) Defined Contribution Plan:

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

(b) Defined Benefit Plan:

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

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

actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund.

(c) Other Long-Term Employee Benefits

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

(d) Short-Term Employee Benefits

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

4.19 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

4.20 Contingent Liabilities and Commitments:

Where it is not probable that an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of balance sheet and is disclosed as a contingent liability.

Possible outcomes on obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities.

Contingent Assets are neither recognized nor disclosed. However, when realization of Income is virtually certain, related asset is recognized.

4.21 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.

4.22 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.

(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.

Notes to the Standalone Financial Statements

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

Note No. 5: Property, Plant and Equipment

Particulars	Land	Buildings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equip-ment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
I. Year ended 31st March, 2019											
a. Gross Carrying Amount											
1 Opening Gross Carrying Amount	242.21	1,318.79	6,082.15	94.11	29.63	42.46	4.11	144.59	13.48	7,971.54	708.80
2 Additions	-	873.04	1,515.87	-	15.59	29.61	9.38	30.83	20.73	2,495.05	1,838.35
3 Disposals	-	-	(46.66)	-	-	-	-	(2.70)	-	(49.36)	(2,415.69)
4 **Closing Gross Carrying Amount as at 31st March, 2019 (1+2+3)**	**242.21**	**2,191.83**	**7,551.36**	**94.11**	**45.22**	**72.07**	**13.49**	**172.72**	**34.21**	**10,417.23**	**131.46**
b. Accumulated Depreciation and Impairment											
5 Opening Accumulated Depreciation	-	119.68	923.00	35.25	20.97	8.40	1.55	31.22	3.08	1,143.15	-
6 Depreciation Charge during the Year	-	66.92	458.81	13.72	7.56	5.57	0.80	20.14	1.82	575.35	-
7 Disposals	-	-	(7.19)	-	-	-	-	(2.57)	-	(9.76)	-
8 Closing Accumulated Depreciation and Impairment as at 31st March, 2019 (5+6+7)	-	186.60	1,374.62	48.97	28.53	13.97	2.35	48.79	4.90	1,708.74	-
c. Net Carrying Amount as at 31st March, 2019 (4-8)	**242.21**	**2,005.24**	**6,176.73**	**45.14**	**16.69**	**58.10**	**11.14**	**123.93**	**29.31**	**8,708.49**	**131.46**

(Contd.)

Notes to the Standalone Financial Statements

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

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

Particulars	Land	Buildings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equip-ment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
II. Year ended 31st March, 2020											
a, Gross Carrying Amount											
1 Opening Gross Carrying Amount	304.69	2,211.96	7,551.36	94.11	45.22	72.07	13.49	172.72	34.21	10,499.83	143.25
2 Additions	-	218.49	996.49	-	8.58	7.58	4.02	-	-	1,235.16	1,326.61
3 Disposals/Transfers	-	-	(19.36)	-	-	-	-	(8.56)	-	(27.92)	(1,223.06)
4 **Closing Gross Carrying Amount as at 31st March, 2020 (1+2+3)**	**304.69**	**2,430.45**	**8,528.49**	**94.11**	**53.80**	**79.65**	**17.51**	**164.16**	**34.21**	**11,707.07**	**246.80**
b. Accumulated Depreciation											
5 Opening Accumulated Depreciation	-	189.68	1,374.62	48.97	28.53	13.98	2.35	48.79	4.90	1,711.82	-
6 Depreciation Charge during the Period	-	87.69	531.86	7.49	9.76	7.56	2.05	21.64	5.69	673.74	-
7 Disposals/Transfers/ Adjustments	-	-	(14.80)	-	-	-	-	(8.14)	-	(22.94)	-
8 Closing Accumulated Depreciation as at 31st March, 2020 (5+6+7)	**-**	**277.37**	**1,891.68**	**56.46**	**38.29**	**21.54**	**4.40**	**62.29**	**10.59**	**2,362.62**	**-**
c. Net Carrying Amount as at 31st March, 2020 (4-8)	**304.69**	**2,153.08**	**6,636.81**	**37.64**	**15.51**	**58.12**	**13.11**	**101.86**	**23.62**	**9,344.45**	**246.80**

5.1 Property, Plant and Equipment pledged as Security

Refer Note 41 for information on Property, Plant and Equipment pledged as security by the Company

5.2 Refer Note 48.1 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

5.3 The Gros Carrying amount of land Rs 20.00 Lakhs situated at Plot No.D-63, Phase-I, IDA Jeedimetla, Hyderabad, acquired from M/s Divya Enterprises Limited on which the company does not have title, in view of issues pending between TSIIC and M/s Divya Enterprises Limited, the vendor. The Company is Pursuing with TSIIC to sort out the issue.

5.4 The Land and Buildings Situated at Plot No.C 23, Industrial Estate Sanathnagar, Hyderabad, which was let out to M/s Aurore life Sciences Private Limited, the lessee has vacated the premises on our request. w.e.f 01.06.2019. The Company has started its R & D activities in the month of June, 2019.

Notes to the Standalone Financial Statements

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

Note No. 6: Right of Use Assets and Lease Liabilites

The Company has adopted Ind AS 116 - Leases with effect from 01.04.2019 using modified retrospective method. This has resulted in recognizing right of use assets and lease liability as on 01.04.2019.

6.A Right of Use Assets

Following are the changes in the carrying value of right of use assets for the year ended 31st March 2020:

Particulars	Category of ROU asset
Balance as at 1st April, 2019	
On account of adoption of Ind AS	134.38
Additions	-
Deletions : Depreciation	47.43
Balance as at 31st March, 2020	**86.95**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

6.B Lease Liabilites

The following is the movement in lease liabilities during the year ended 31st March , 2020:

Particulars	As at 31st March, 2020
Balance as at 1st April, 2019	
On account of adoption of Ind AS 116	134.38
Additions	-
Deletions : Payment of lease liabilities	40.78
Balance as at 31st March, 2020	**93.59**

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2020 on an undiscounted basis

Particulars	Total
Less than one year	54.00
One to five years	50.40
More than five years	-
Total	**104.40**

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.

6.1 Operating Lease Commitments - Company as Lessor :

The Company has not given any of its assets on Lease basis.

Notes to the Standalone Financial Statements

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

Note No. 7: Intangible Assets

	Particulars	Computer Software
	(1)	(2)
	Year ended 31st March, 2019	
	Gross Carrying Amount	
1	Opening Gross Carrying Amount	2.66
2	Additions	2.70
3	Disposals	-
4	**Closing Gross Carrying Amount as at 31st March, 2019 (1+2-3)**	**5.36**
	Accumulated Amortisation and Impairment	
5	Opening Accumulated Amortisation	0.28
6	Amortisation Charge during the year	0.61
7	Disposals	-
8	**Closing Accumulated Amortisation and Impairment as at 31st March, 2019 (5+6-7)**	**0.89**
9	**Closing Net Carrying Amount as at 31st March, 2019 (4-8)**	**4.47**
	Year ended 31st March, 2020	
	Gross Carrying Amount	
1	Opening Gross Carrying Amount	5.36
2	Additions	17.03
3	Disposals	-
4	Closing Gross Carrying Amount as at 31st March, 2020 (1+2-3)	**22.39**
	Accumulated Amortisation	
5	Opening Accumulated Amortisation	0.88
6	Amortisation Charge during the Period	3.22
7	Disposals	-
8	Closing Accumulated Amortisation as at 31st March, 2019 (5+6-7)	4.10
9	**Closing Net Carrying Amount as at 31st March, 2020 (4-8)**	**18.29**

Notes to the Standalone Financial Statements

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

Non Current Financial Assets - Unsecured, Considered Good

Note No.	Particulars	As at 31st March, 2020		As at 31st March, 2019	
		Shares	Amount	Shares	Amount
8	**Non-Current Investments**				
	(Un quoted, fully paidup)				
	(a) Investment in Subsidaries				
	M/s. Mahi Drugs Private Ltd	**4,715,100**	**2,577.30**	4,715,100	2,577.30
	(b) Investment in other Companies				
	Equity Shares of Rs.100/- each in				
	M/s. Jeedimetla Effluent Treatment Ltd	**2,253**	**2.25**	2,253	2.25
	Equity Shares of Rs.10/- each in				
	M/s. Patancheru Envirotech Ltd	**17,538**	**1.75**	17,538	1.75
	M/s Sireen Drugs Private Ltd	**1,000**	**0.10**	1,000	0.10
	Total		**2,581.40**		**2,581.40**
	Aggregate amount of unquoted investments		2,581.40		2,581.40
	Aggregate amount of quoted investments and market value thereof		-		-
	Aggregate amount of impairment in the value of investment		-		-

8.1 Mahi Drugs Private limited is a wholly Owned Subsidiary of the Company.

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
9	**Bank Balances**		
	Margin Money Deposits	-	104.09
	Fixed Deposit	-	0.79
	Total	**-**	**104.88**
10	**Other Non-Current Financial Assets**		
	Security Deposits	**217.48**	**216.46**
	Total	**217.48**	**216.46**
11	**Other Non-Current Assets**		
	Capital Advances	**278.59**	**261.88**
	Total	**278.59**	**261.88**

11.1 An amount of Rs.251.88 Lakhs (Previous Year Rs. 251.88 Lakhs) was included in the Capital Advances paid on account of land admeasuring AC 19.00 in JNPC, Parwada, Visakhapatnam District, and the amount so paid is equivalent to 100% land cost to APIIC and about 80% of development cost to Ramky Pharmacity. Due to the Cancellation of part of land alloted to the company earlier, the comapny has filed a writ petition before the Hon'ble High Court. The Court has granted stay and the case is pending.

Notes to the Standalone Financial Statements

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

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
12	**Inventories**		
	(Cost or Net Realisable Value, whichever is lower and as valued and certified by the Management)		
	(a) Raw Materials	**2,508.06**	3,181.86
	(b) Stock in Process	**2,218.33**	2,154.32
	(c) Finished Goods	**1,347.62**	2,040.91
	(d) Coal & Fuel	**30.56**	9.95
	Total	**6,104.56**	**7,387.04**

12.1 Rawmaterials includes Stock in Transit of Rs.57.20 Lakhs (31st March, 2019 Rs. Nil)

12.2 Finished Goods includes stock in transit of Rs.347.85 Lakhs (31st March, 2019 Rs.1,155.49 Lakhs).

13	**Trade Receivables**		
	Trade Receivables	**1,956.40**	2,461.64
	Receivables from related parties (Refer Note:13.2)	**341.80**	1,284.41
	Less: Loss Allowance	**(95.96)**	(88.40)
	Total Trade Receivables	**2,202.24**	**3,657.65**
	Current Receivables	**2,202.24**	3,657.65
	Non Current Receivables	-	-
	Break-up of Security Details		
	Trade Receivables cosidered Good-Secured	**19.75**	178.51
	Trade Receivables cosidered Good-Un Secured	**2,278.45**	3,567.54
	Trade Receivables which have significant increase in credit risk	**-**	-
	Trade Receivables - credit impaired	**-**	-
	Total	**2,298.20**	3,746.05
	Less Loss Allowance	**95.96**	88.40
	Total Trade receivables	**2,202.24**	**3,657.65**

13.1 The Company has computed the expected credit loss allowance for doubtful trade receivables based on past experience. During the year a spcial provision of 12.5% has been made on the Ranitidine HCL export receivables as the said material is beeing returned due to NDMA impurity limits issue in the regulatory markets.

In calculating expected credit loss, the Company has also considered credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

13.2 Trade Receivables recoverable from related parties represents Rs 63.48 Lakhs (Previous Year Rs 1,046.77 Lakhs) due from SMS Pharmaceuticals Limited Rs 233.91 Lakhs (previous year Rs 77.64 Lakhs) due from R Chem (Somanahalli) Private Limited and Rs 44.41 Lakhs (previous Year Rs 160 Lakhs) due from Mahi Drugs Private limited a Wholly Owned Subsidiary

13.3 Trade Receivables amounting Rs. 19.75 Lakhs (31st Mach, 2019 Rs. 178.51 Lakhs) is held against letter of credit provided by customers of the Company.

Notes to the Standalone Financial Statements

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

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
14	**Cash and Cash Equivalents**		
	(a) Balances with Banks		
	- in Current Accounts	**44.20**	69.23
	- in EEFC account	**13.84**	130.32
	(b) Cash in Hand	**7.40**	3.52
	Total	**65.44**	**203.07**
15	**Bank Balances other than Cash and Cash Equivalents**		
	Margin Money Deposit	**163.38**	43.63
	Fixed Deposit	**0.79**	-
	Balance of Unclaimed Dividend	**0.43**	-
	Total	**164.60**	**43.63**
15.1	Margin Money deposits are subject to the first charge against Bank Gurantee and/or letter of credits.		
16	**Other Current Assets**		
	(Unsecured Considered Good)		
	GST Credit Receivable	**348.44**	518.67
	GST Refund Receivable	**70.04**	355.94
	Advances to Suppliers (Refer Note : 16.1)	**957.00**	571.01
	Export Incentives Receivable	**59.20**	131.96
	Income Tax Refund Receivable	**67.56**	40.95
	Prepaid Expenses	**24.53**	15.62
	Interest Receivable	**9.05**	10.48
	Other Advances and Receivables	**48.03**	7.99
	Total	**1,583.85**	**1,652.62**
16.1	Advance to Suppliers includes an amount of Rs. 300.00 Lakhs (31st March, 2019 Rs. 199.07 Lakhs) to R Chem (Somanahalli) Pvt Ltd, a related Party and also includes an amount of Rs. 350.00 Lakhs (31st March, 2019 Rs. Nil,) to Mahi Drugs Private Limited , a Wholly Owned Subsidiary.		
16.2	An amount of Rs.133.39 Lakhs was included in the Advances to suppliers paid on account of import of raw materials. The imported materials were kept with Universal Logisitics, a Customs notified godown,Chennai where the said material got damaged due to fire accident. Consequent upon the refusal of Insurance claim by Cholamandalam MS General Insurance Company, Universal Logistics has filed a case against Insurance Company before the National Consumer Disputes Redressal Commission (NCDRC), New Delhi, and made the Company as one of the party. Subsequently, the company has also filed a case against the Universal Logistics for recovery before the said authority. The said cases are still pending. .		
17	**Current Tax Assets (Net)**	**-**	**9.52**
17.1	**Current Tax Assets/(Liabilities)**		
	Advance Tax	**275.00**	630.00
	TDS Receivable	**7.30**	9.52
	Less: Provision for Income Tax	**325.00**	630.00
	Sub Total	**(42.70)**	**9.52**
	Amount disclosed under current tax Liabilities.	**42.70**	-
	Total	**-**	**9.52**

Notes to the Standalone Financial Statements

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

Note No.	Particulars	As at 31st March, 2020		As at 31st March, 2019	
		Number of shares	Amount	Number of shares	Amount
18	**Equity Share Capital**				
	Authorised Share Capital				
	Equity Shares of Rs. 10/- each	**3,250,000**	**325.00**	3,250,000	325.00
	Issued, Subscribed and fully Paid Up				
	Equity Shares of Rs. 10/- each	**3,023,287**	**302.33**	3,023,287	302.33
	Total	**3,023,287**	**302.33**	**3,023,287**	**302.33**

18.1 All the above Shares were issued for consideration other than cash during the year 2016-17 in pursuance of de-merger scheme

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

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
At the beginning of the Year	3,023,287	302.33	3,023,287	302.33
Issued/(Reduced) during the Year	-	-	-	-
At the end of the Year	**3,023,287**	**302.33**	**3,023,287**	**302.33**

18.3 Rights attached to Equity Shares

The 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.

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

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	% holding	Number of shares	% holding
Ramesh Babu Potluri	518,105	17.14%	518,105	17.14%
Hima Bindu Potluri	291,905	9.66%	441,905	14.62%
TVVSN Murthy*	436,012	14.42%	436,012	14.42%
T. Annapurna	306,797	10.15%	156,797	5.19%
Potluri Infra Projects LLP	213,213	7.05%	213,213	7.05%

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

Notes to the Standalone Financial Statements

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

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
19	**Other Equity**		
	Reserves and Surplus		
	Capital Reserve	**1.00**	1.00
	General Reserve	**6,516.02**	6,516.02
	Retained Earnings	**4,506.22**	3,678.51
	Total	**11,023.24**	**10,195.53**
19.1	**Capital Reserve**		
	Opening balance	**1.00**	1.00
	Adjustments-	**-**	-
	Closing Balance	**1.00**	**1.00**

19.1.1 Capital Reserve was created during the earlier year due to cancellation of Equity Share Capital held by the Company before issue of Equity Shares in Pursuance of Demerger Scheme.

19.2	**General Reserve**		
	Opening balance	**6,516.02**	6,516.02
	Adjustments	**-**	-
	Closing Balance	**6,516.02**	**6,516.02**
19.3	**Retained Earnings**		
	Opening Balance	**3,678.51**	2,021.46
	Net profit for the Year	**914.73**	1,663.33
	Dividend	**(45.35)**	-
	Dividend Distribution Tax	**(9.32)**	-
	Items of Other Comprehensive Income	**-**	**-**
	Remeasurement Gain/(Loss) of the Defined Benefit Plans, net of tax	**(32.34)**	(6.28)
	Closing balance	**4,506.22**	**3,678.51**

19.4 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 uses 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.

Notes to the Standalone Financial Statements

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

(iii) Retained Earnings:

These are the accummulated earnings after appropriation of total comprehensive income and related transfers. The company uses retained earnings in accordance with the provisions of the Companies Act.

(e) Analysis of items of OCI, net of tax

Re-measurements of defined benefit plans (Refer Note no: 38)
Re-measurements of defined plans comprises actuarial gains and losses and return on plan assets

Financial Liabilities

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
20	**Non - Current Borrowings**		
20.1	**Secured**		
	(i) Term Loans from Banks		
	(a) Export Import Bank of India TL-I	**-**	293.09
	(b) Export Import Bank of India TL-II	**1,866.27**	1,864.73
	(ii) Hire Purchase Loans	**5.27**	24.72
	Sub Total	**1,871.54**	**2,182.54**
20.2	**Unsecured**		
	(i) Sales Tax Deferment	**-**	42.92
	(ii) From Directors	**495.00**	495.00
	Sub Total	**495.00**	537.92
	Total	**2,366.54**	**2,720.46**

Notes to the Standalone Financial Statements

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

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
20.3	**Current Maturities of Non Current Borrowings**		
	Secured		
	(a) Term Loans from Banks		
	(i) Export Import Bank of India TL I	**297.68**	600.00
	(ii) Export Import Bank of India TL II	**100.00**	25.00
	(b) Hire Purchase Loans	**11.98**	17.64
	Unsecured	**-**	-
	(a) Sales Tax Deferment	**42.92**	69.63
	Total	**452.58**	**712.27**
	Amount disclosed under the head "Other Current Financial Liabilities" (Refer Note: 25)	**(452.58)**	(712.27)
	Total	**-**	**-**

20.1.1 Security Terms

(a) Term Loan I availed from Export-Import Bank of India is secured by first charge of all movable and immovable fixed assets both present and future and second charge of all current assets both present and future and guaranteed by Sri P.Ramesh Babu, Director and Sri TVVSN Murthy, Managing Director of the company in their personal capacity.

(b) Term Loan II 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 of the company and Sri.T.V.Praveen, Senior Vice President of the Company, relative of the Managing Director, in their personal capacity.

(c) Hire Purchase Loans availed from ICICI Bank Ltd and Yes Bank Ltd, are secured by the respective vehicles.

(d) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note: 41.

20.1.2 Rate of Interest:

(a) The above said Term Loan I carries an interest rate @ 11.5% p.a (LTMLR+250 bps p.a.)

(b) The above said Term Loan II carries an interest rate @ 10.35% p.a (LTMLR+115 bps p.a.)

Notes to the Standalone Financial Statements

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

20.1.3 Terms of Repayment

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

(b) Term Loan -II 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

(c) Vehicle Loans are repayable in 36 monthy instalments.

20.2.1 Un-Secured Loans

(a) The Company has taken Unsecured Loan from Sri TVVSN Murthy, Managing Director for an amount of Rs. 495.00 Lakhs. The said loan is carrying interest rate of 9.50% pa.

(b) Sales Tax (deferment) Loan liability availed in 2007-08 of Rs. 42.92 Lakhs is due for repayment on or before 31st March, 2021

20.5 Debt Reconciliation as required by IND AS -7, Statement of Cash Flows

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening Borrowings	**2,720.46**	1,519.07
Add: Opening Current Maturities	**712.27**	616.93
Add: Amortisation of Transaction Cost	**6.13**	(5.67)
Add: Received during the year	**100.00**	1,922.00
Less: Paid during the year	**719.73**	619.60
Closing Borrowings	**2,819.13**	3,432.73
Less: Closing Current Maturities	**452.59**	712.27
Non Current Borrowings as per Balance Sheet	**2,366.54**	**2,720.46**

21 Provisions

Provision for Employee Benefit Obligations		
Non Current		
Gratuity	**222.30**	192.12
Leave Encashment	**36.76**	32.06
Sub Total	**259.06**	**224.18**
Current		
Gratuity	**55.99**	35.11
Leave Encashment	**26.93**	24.69
Sub Total	**82.92**	**59.80**
Total		
Gratuity	**278.28**	227.24
Leave Encashment	**63.70**	56.75
Grand Total	**341.98**	**283.99**

Notes to the Standalone Financial Statements

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

21.1 For details of Post Employment Benfits. Refer Note 40.

22 Deferred Tax Liabilities (net)

The balance comprises Temporary Differences attributable to:

	Particulars	As at 31st March, 2020	As at 31st March, 2019
(a)	**Deferred Tax Liability**		
	(i) Property, Plant and Equipment	**1,130.16**	1,009.63
	(ii) Other Items	**3.29**	5.00
	Total	**1,133.45**	**1,014.63**
(b)	**Deferred Tax Asset**		
	(i) Expenses allowable on Payment basis	**104.28**	91.29
	(ii) Other Items giving raise to temperary diferances	**155.79**	126.11
	Total	**260.07**	**217.40**
	Net Deferred Tax Liabilities (a)-(b)	**873.38**	**797.23**

(c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Other Items	Total
As at 01st April, 2018	**901.96**	**3.20**	**905.16**
Charged/(Credited)	107.67	1.80	109.48
As at 31st March, 2019	**1,009.63**	**5.00**	**1,014.64**
Charged/(Credited)	120.53	(1.71)	118.81
As at 31st March, 2020	**1,130.16**	**3.29**	**1,133.45**

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on Payment basis	Other Items	Total
As at 01st April, 2018	**80.03**	**108.39**	**188.42**
(Charged)/Credited	11.26	17.72	28.98
As at 31st March, 2019	**91.29**	**126.11**	**217.40**
(Charged)/Credited	12.99	29.68	42.67
As at 31st March, 2020	**104.28**	**155.79**	**260.07**

Notes to the Standalone Financial Statements

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

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
23	**Current Borrowings**		
23.1	**Secured**		
	Working Capital Loans from Banks		
	- RBL Bank Ltd	**2,095.96**	1,276.62
	Total	**2,095.96**	**1,276.62**

23.1.1 Security Terms

(a) Working capital facility sanctioned by RBL Bank Limited is secured by first charge on pari-passu basis of all current assets both present and future. These facilities are further secured by way of second charge on pari-passu basis of all movable and immovable fixed assets of the company both present and future and also guaranteed by Sri TVVSN Murthy, Managing Director of the Company and Sri T.V.Praveen, Senior Vise President of the Company and relative of the Managing Director, in their personal capacities.

(b) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note: 41.

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

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

23.2 Debt Reconciliation as required by IND AS -7, Statement of Cash Flows

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening Balance	**1,276.62**	599.31
Add: Received during the year	**944.77**	677.31
Less: Paid during the year	**(125.43)**	-
Current Borrowings as per Balance Sheet	**2,095.96**	**1,276.62**

24	**Trade Payables**		
	(a) Creditor for Supply of Materials		
	(i) Due to Micro, Small and Medium Enterprises	**20.68**	15.00
	(ii) Other than MSME	**4,010.13**	7,903.83
	(b) Creditors for Expenses	**502.49**	463.86
	Total	**4,533.30**	**8,382.69**

Notes to the Standalone Financial Statements

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

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
25	**Other Financial Liabilities**		
	Current		
	Current Maturities of Long-Term Debt (Refer Note: 20.3)	**452.58**	712.27
	Capital Creditors	**116.54**	136.63
	Interest Accrued but not due	**19.90**	19.44
	Interest on Unsecured Loan	**0.35**	10.44
	Balance of Unclaimed Dividend	**0.43**	-
	Total	**589.80**	**878.78**
26	**Other Current Liabilities**		
	Statutory Liability	**82.56**	78.83
	Advance Received from Customers	**533.11**	107.91
	Employee Benefits Payable	**16.14**	29.52
	Total	**631.81**	**216.26**
27	**Current Tax Liabilities (Net)**	**42.70**	-
27.1	Current Tax (Assets)/Liabilities. (Refer Note: 17.1)		

Note No.	Particulars	Current Year 2019-20	Previous Year 2018-19
28	**Revenue from Operations**		
	(a) Sale of Products	**27,845.11**	37,096.99
	Less: Goods and Service Tax	**2,568.20**	3,152.12
	Net Revenue from Sales	**25,276.91**	**33,944.87**
	(b) Income from Services		
	(i) Conversion Charges	**-**	8.30
	Less: Goods and Service Tax	**-**	1.26
	Net Revenue from Services	**-**	**7.04**
	(c) Other Operating Income		
	Export Incentives	**415.51**	463.25
	Total Net Revenue from Operations (a+b+c)	**25,692.42**	**34,415.16**

Notes to the Standalone Financial Statements

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

Note No.	Particulars	Current Year 2019-20	Previous Year 2018-19
29	**Other Income**		
	(a) Interest Income	**23.70**	23.57
	(b) Profit on Sale of Assets	**8.23**	-
	(c) Net Gain on Foreign Exchange	**126.85**	196.49
	(d) Miscellaneous Income (Net of GST)	**29.54**	32.81
	Total	**188.31**	**252.87**
30	**Cost of Materials Consumed**		
	Raw Materials & Packing Materials		
	Stock at the Beginning of the Year	**3,181.87**	1,537.85
	Add: Purchases	**14,901.35**	25,491.17
	Less: Stock at the End of the Year	**(2,508.06)**	(3,181.86)
	Total Materials Consumed	**15,575.16**	**23,847.16**
31	**Changes in Inventory**		
	(a) Opening Stock of Inventory:		
	Finished Goods	**2,040.91**	937.03
	Stock in Process	**2,154.32**	2,439.62
	Sub Total (a)	**4,195.23**	**3,376.65**
	(b) Closing Stock of Inventory		
	Finished Goods	**1,347.62**	2,040.91
	Stock in Process	**2,218.33**	2,154.32
	Sub Total (b)	**3,565.95**	**4,195.22**
	(Increase)/Decrease in Stocks (a) - (b)	**629.28**	**(818.57)**
32	**Manufacturing Expenditure**		
	Power and Fuel	**1,731.90**	2,243.32
	Consumable Stores	**156.78**	117.39
	Testing Charges	**34.20**	21.90
	Water Charges	**141.43**	167.77
	Conversion Charges	**1,085.45**	1,487.37
	Effluent Treatment Charges	**218.35**	304.41
	Repairs and Maintenance		
	to Plant & Machinery	**274.05**	349.77
	to Buildings	**57.63**	27.54
	Factory Maintenance	**56.13**	57.92
	Total	**3,755.92**	**4,777.39**

Notes to the Standalone Financial Statements

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

Note No.	Particulars	Current Year 2019-20	Previous Year 2018-19
33	**Employee Benefit Expenses**		
	Salaries, Wages and Bonus	**2,040.08**	1,819.78
	Contribution to Provident Fund	**130.44**	112.36
	Contribution to ESI	**12.67**	17.00
	Staff Welfare Expenses	**143.83**	114.00
	Total	**2,327.02**	**2,063.14**
34	**Finance Cost**		
	Interest on Non Current Borrowings	**309.62**	232.48
	Interest on Current Borrowings	**129.27**	172.05
	Interest on Lease Liability	**13.22**	-
	Interest on Others	**1.13**	21.86
	Bank Charges	**55.64**	119.83
	Total	**508.88**	**546.22**
35	**Depreciation and Amortisation Expense**		
	Depreciation on Property, Plant and Equipment	**673.74**	**575.34**
	Depreciation on Investment Property	**-**	**1.03**
	Amortisation of Right to use of Assets	**47.43**	**-**
	Amortisation of Intangible Assets	**3.22**	**0.61**
	Total	**724.39**	**576.98**
36	**Other Expenses**		
	Rent	**2.31**	27.89
	Rates and Taxes	**51.24**	50.69
	Repairs & Maintenance to Other Assets	**8.71**	6.45
	Insurance	**84.06**	46.74
	Directors Remuneration	**241.25**	272.02
	Travelling and Conveyance	**21.42**	13.26
	Communication Expenses	**10.34**	8.25
	Printing and Stationery	**24.90**	33.94
	Payments to Auditors (Refer Note:36.1)	**8.00**	8.00
	Cost Audit Fee	**0.50**	0.50
	Vehicle Maintenance	**35.04**	25.74
	Interest on Indirect Taxes	**1.26**	-
	Loss on Sale of Assets	**-**	8.74
	General Expenses	**100.88**	77.10
	Business Promotion Expenses	**12.16**	20.14
	Sales Commission	**165.97**	311.09
	Carriage Outward	**241.88**	331.89
	Provision for Doubtful Debts	**7.56**	40.14
	Corporate Social Responsbility (Refer Note:36.2)	**8.83**	17.32
	Total	**1,026.31**	**1,299.90**

Notes to the Standalone Financial Statements

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

Note No.	Particulars	Current Year 2019-20	Previous Year 2018-19
36.1	**Details of payment to Auditors**		
	Statutory Audit fee	**6.00**	6.00
	Tax Audit fee	**2.00**	2.00
	Total	**8.00**	**8.00**
36.2	**Corporate Social Responsibility Expenditure**		
	Amount required to be spent as per section 135 of the Companies Act, 2013	**32.26**	16.36
	Amount spent during the year on		
	(i) Construction/Acquisition of an Asset	**-**	14.82
	(ii) For other than (i) above	**8.83**	2.50
	Total	**41.09**	33.69
	Amount unspent during the year	**23.43**	**-**
36.2.1	The Company has initiated for laying a road in Kazipally village in the vicinity area of its unit-I with an estimate of Rs. 20.00 Lakhs.		
37	**Income Tax Expense**		
	Current Tax		
	Current Tax on Profits for the Year	**325.00**	630.00
	Adjustments for Current Tax of Prior Years	**4.61**	(0.57)
	Total Current Tax	**329.61**	**629.43**
	Deferred Tax		
	Increase/(Decrease) in Deferred Tax Liabilities	**118.81**	109.48
	Decrease/(increase) in Deferred Tax Assets	**(42.67)**	(28.98)
	Actuarial (Gain)/Loss	**13.29**	2.58
	Total Deferred Tax Expense/(Benefit)	**89.43**	**83.08**
	Total Tax Expenses	**419.04**	**712.51**
37.1	**Reconciliation of Tax Expense with Tax on Accounting Profits at normal rate is as follows:**		
	(a) Profit before Income Tax Expenses	**1,333.77**	2,375.83
	(b) Enacted Tax Rate in India	**29.12%**	29.12%
	(c) **Expected Tax Expenses (a)x(b)**	**388.39**	**691.84**
	(d) Tax Effect on Permanent Difference:		
	Expenses not allowed under Income Tax Act	**7.59**	20.59
	Expenses allowed under Income Tax Act		
	Adjustment of Current Tax of Prior Periods	**4.61**	(0.57)
	Others	**18.45**	0.65
	Total Adjustments	**30.65**	20.66
	Curent Tax Expenses as per Profit & Loss	**419.04**	**712.51**
	Effective Tax Rate	**31.42%**	29.99%

Notes to the Standalone Financial Statements

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

Note No.	Particulars	Current Year 2019-20	Previous Year 2018-19
38	**Other Comprehensive Income**		
	Actuarial Gain/(Loss) on Post Employment Benefit Expenses	**45.15**	9.33
	Return on Plan Assets, excluding net interest	**0.48**	(0.47)
		45.63	**8.86**
	Deferred Taxes on above	**(13.28)**	(2.58)
	Net Comprehensive Income	**32.35**	**6.28**
39	**Earning Per Share (Basic and Diluted)**		
	(a) Net profit for Basic & Diluted EPS	**914.73**	1,663.33
	(b) Weighted average number of equity shares of Rs.10/- each	**3,023,287**	3,023,287
	(c) Earnings Per Share Basic /Diluted	**30.26**	55.02

40 Post Employment Benefits

40.1 Defined Contribution Plans

40.1.1 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.130.44 Lakhs (31st March, 2019-20 Rs. 112.36 Lakhs).

40.1.2 Employer's Contribution to State Insurance Scheme:

Contributions are made to State Insurance Scheme in India for employees at the rate of 2.25%. 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.12.67 Lakhs (31st March, 2019 - Rs. 17.00 Lakhs).

40.2 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 entilted 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:

Notes to the Standalone Financial Statements

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

	Particulars	31st March, 2020		31st March, 2019	
		Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
40.2.1	**Net Employee Benefit Expense**				
	(recognised in Employee Benefit Expenses)				
	Current Service Cost	**21.70**	**9.59**	17.32	7.37
	Interest Cost	**16.74**	**3.39**	15.13	4.02
	Contribution Paid	**(33.03)**	**(2.81)**	(22.18)	(1.45)
	Adjustment to Opening Balance	**-**	**-**	1.64	-
	Acturial Gain/(Loss) other than OCI	**-**	**(3.22)**	-	(6.29)
	Net Employee Benefit Expenses	**5.41**	**6.95**	**11.91**	**3.65**
40.2.2	**Other Comprehensive Income**				
	Actuarial Gain/(Loss)	**45.15**		9.33	-
	Actual return on plan asset	**0.48**	**-**	(0.47)	-
	Total Actuarial (Gain)/Loss recognized in (OCI)	**45.63**	**-**	8.86	-
40.2.3	**Amount recognised in the Balance Sheet**				
	Defined Benefit Obligation	**324.28**	**63.70**	256.37	56.75
	Fair Value of Plan Assets	**(46.00)**	**-**	(29.13)	-
		278.28	**63.70**	**227.24**	**56.75**
40.2.4	**Change in the Present Value of the Defined Benefit Obligation**				
	Opening Defined Benefit Obligation	**256.37**	**56.75**	219.57	53.09
	Adjustment to Opening Balance	**-**	**-**	-	-
	Current Service Cost	**21.70**	**9.59**	17.32	7.37
	Interest Cost	**18.29**	**3.39**	16.62	4.02
	Past Service Cost	**-**	**-**	-	-
	Contribution Paid	**(17.23)**	**-**	(6.47)	-
	Benefits Paid	**-**	**(2.81)**	-	(1.45)
	Net Acturial (gain)/ losses on Obligation for the year recognised under OCI	**45.15**	**(3.22)**	9.33	(6.29)
	Closing Defined Benefit Obligation	**324.28**	**63.70**	**256.37**	**56.75**

Notes to the Standalone Financial Statements

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

	Particulars	31st March, 2020		31st March, 2019	
		Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
40.2.5	**Change in the Fair Value of Plan Assets**				
	Opening Fair Value of Plan Assets	**29.13**	**-**	13.10	-
	Adjustment to Opening Fair Value of Plan Asset	**-**	**-**	(1.64)	-
	Return on Plan Assets Excluding Intererst Income	**(0.48)**	**-**	0.47	-
	Interest Income	**1.55**	**-**	1.48	-
	Contributions	**33.03**	**-**	22.18	-
	Benefits Paid	**(17.23)**	**-**	(6.47)	**-**
	Closing Fair Value of Plan Assets	**46.00**	**-**	**29.12**	**-**
40.2.6	**Acturial (Gain)/Loss on Obligation**				
	Due to Demographic Assumption	**-**	**-**	-	-
	Due to Financial Assumption	**21.61**	**3.34**	0.39	0.07
	Due to Experience	**23.54**	**(6.66)**	8.94	(6.36)
	Return on Plan Assets excluding Interest		**-**		-
	Total Acturial (Gain)/Loss	**45.15**	**(3.32)**	**9.33**	**(6.29)**

40.2.7 The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	31st March, 2020	31st March, 2019
State Govt Security	**22.87**	14.48
Central Govt Security	**8.64**	5.47
NCD/Bonds	**10.42**	6.60
Others	**4.07**	2.58
Total	**46.00**	**29.13**

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

40.2.8 Acturial Assumptions for estimating Company's Defined Benefit Obligation:

Particulars	31st March 2020	31st March 2019
Discount rate	**6.76%**	7.66%
Attrition Rate	**PS : 0 to 40 : 2%**	PS : 0 to 40 : 2%
Expected rate of increase in Salary	**3.00%**	3.00%
Mortality Table	**IALM (2012-14) Ult.**	IALM (2006-08) Ult.
Expected average remaining Service (Yrs)	**17.89**	17.82

Notes to the Standalone Financial Statements

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

(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. .

40.2.9 Sensitivity analysis

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

Particulars	31st March 2020	31st March 2019
Defined Benefit Obligation	**278.28**	227.24
Effect of 1% change in assumed discount rate on defined benefit obligation		
Increase : +1%	**300.43**	238.05
Decrease: -1%	**351.76**	277.38
Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
Increase : +1%	**351.08**	276.99
Decrease: -1%	**300.66**	238.09

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 acturial assumptions, the same method (Projected Unit Credit Method) has been applied while calculating the defined benefit liability recognised within the Balance Sheet.

40.2.10 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 increased from 7.68% to 7.66% and hence there is a decrease in liability leading to acturial gain due to change in discount rate.

Notes to the Standalone Financial Statements

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

(iv) Present Value of Defined Benefit Obligation:

Present value of the deined 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 acturial present value of the "Projected accrued benefits" as of the begining of the year for active members.

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

The average remaining service can be arithmatically arrived by deducting current age from normal retirement age whereas the expected average remaining service is arrived acturially 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 8.92 years(31st March, 2019 8.90 years). The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	31st March, 2020	31st March, 2019
1st Year	**55.99**	35.11
2nd Year	**11.05**	26.68
3rd Year	**10.89**	9.63
4th Year	**27.33**	9.51
5th Year	**41.26**	25.59
beyond 5th Year	**113.46**	102.78

Notes to the Standalone Financial Statements

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

40.2.11 Risk Exposure

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

(a) Investment / Interest Risk:

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

(b) Longevity Risk:

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

(c) Risk of Salary Increase

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

41 Assets pledged as Security

For Non Current Borrowings

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

For Current Borrowings

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

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings of an amount of Rs.4,379.81 Lakhs (Previous year Rs.4,078.88 Lakhs) are as follows:

Particulars	31st March, 2020	31st March, 2019
Property, Plant and Equipment	9,344.45	8,708.49
Investment Property	-	91.31
Sub Total	**9,344.45**	**8,799.80**
Current Assets	10,120.69	12,953.53
Total Assets Pledged as Security	**19,465.14**	**21,753.33**

Notes to the Standalone Financial Statements

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

Financial Instruments and Risk Management

42 Categories of Financial Instrument

Particulars	Notes	Level	As at 31st March, 2020		As at 31st March, 2019	
			Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial Assets						
a. Measured at amortised cost						
(i) Non Current						
(a) Investment in Equity Instruments	8	3	2,581.40	2,581.40	2,581.40	2,581.40
(b) Bank Balances	9	3	-	-	104.88	104.88
(c) Other Financial Assets	10	3	217.48	217.48	216.46	216.46
Sub - Total			**2,798.88**	**2,798.88**	**2,902.74**	**2,902.74**
(ii) Current						
(a) Trade Receivables	13		2,202.24	2,202.24	3,657.65	3,657.65
(b) Cash and Cash Equivalents	14	refer note	65.44	65.44	203.07	203.07
(c) Other Bank Balances	15	42.2	164.60	164.60	43.63	43.63
(d) Other Financial Assets						
Sub - Total			**2,432.28**	**2,432.28**	**3,904.35**	**3,904.35**
Total Financial Assets			**5,231.16**	**5,231.16**	**6,807.09**	**6,807.09**
B. Financial Liabilities						
a. Measured at amortised cost						
(i) Non Current						
(a) Borrowings	20	3	2,366.54	2,366.54	2,720.46	2,720.46
(ii) Current						
(a) Borrowings	23	refer note	2,095.96	2,095.96	1,276.62	1,276.62
(b) Trade Payables	24	42.2	4,533.30	4,533.30	8,382.70	8,382.70
(c) Other Financial Liabilities	25		589.80	589.80	878.78	878.78
Sub - Total			**7,219.06**	**7,219.06**	**10,538.10**	**10,538.10**
Total Financial Liabilities			**9,585.60**	**9,585.60**	**13,258.56**	**13,258.56**

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 form 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 consits 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: 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 price 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 adversley 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 creditwrothiness 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) majorily 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 Standalone Financial Statements

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

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

Particulars	31st March, 2020	31st March, 2019
Gross Carrying Amount	2,298.20	3,746.05
Expected Credit Losses (Loss allowance Provision)	95.96	88.40
Net Carrying Amount of Trade Receivables	**2,202.24**	**3,657.65**

Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	Outstanding			Total
	for < 90 days	> 90 days & < 180 days	for > 180 days	
a. Otherthan Product Specific				
Gross Carrying Amount of Trade Receivables	1,451.01	344.14	43.30	1,838.45
Expected Loss Rate	2.09%	2.09%	2.09%	2.09%
Expected Credit Losses (Loss Allowance Provision)	30.38	7.21	0.91	38.49
Net Carrying Amount of Trade Receivables (Otherthan Product Specific)	**1,420.62**	**336.93**	**42.40**	**1,799.95**
b. Product Specific				
Ranitidine Export Debtors	95.56	-	364.19	459.75
Expected Loss Rate	12.50%	12.50%	12.50%	12.50%
Expected Credit Losses (Loss Allowance Provision)	11.95	-	45.52	57.47
Net Carrying Amount of Trade Receivables (Product Specific)	83.62	-	318.67	402.29
Total Expected Credit Losses (Loss Allowance Provision)	42.33	7.21	46.43	95.96
Net Carrying Amount of Trade Receivables	**1,504.24**	**336.93**	**361.07**	**2,202.24**

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 continously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Notes to the Standalone Financial Statements

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

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, 2020					
Non Current Borrowings (including Current Maturities)	452.59	792.25	873.93	700.35	2,819.13
Current Borrowings	2,095.96				2,095.96
Trade Payables	4,533.30				4,533.30
Other Financial Liabilities	136.78				136.78
Total	**7,218.63**	**792.25**	**873.93**	**700.35**	**9,585.17**
31st March, 2019					
Non Current Borrowings (including Current Maturities)	712.27	835.18	873.93	1,011.35	3,432.73
Current Borrowings	1,276.62				1,276.62
Trade Payables	8,382.70				8,382.70
Other Financial Liabilities	166.51				166.51
Total	**10,538.10**	**835.18**	**873.93**	**1,011.35**	**13,258.56**

44.3 Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial isntrument 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 ineterest 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
31st March, 2020	0.50%	0.50%	(24.27)	24.27
31st March, 2019	0.50%	0.50%	(22.77)	22.77

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

(ii) Foreign Currency Exchange Rate Risk:

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

Notes to the Standalone Financial Statements

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

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, 2020				
Trade Receivables	USD	**11.06**	**819.36**	**74.05**
Trade Receivables	EURO	**0.40**	**32.08**	**80.20**
Trade Payables	USD	**13.83**	**1,047.62**	**75.75**
31st March, 2019				
Trade Receivables	USD	**21.90**	**1,496.72**	**68.35**
Trade Payables	USD	**38.27**	**2,678.95**	**70.00**

(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, 2020	31st March, 2019
USD Sensitivity		
Rs/USD - Increases by 1%	**(2.60)**	**(10.53)**
Rs/USD - Decreases by 1%	**2.60**	**10.53**

(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.

Notes to the Standalone Financial Statements

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

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	31st March, 2020	31st March, 2019
Borrowings including Interest Accrued	**4,935.34**	4,739.22
Less: Cash and Short Term Deposits	**65.44**	203.07
Net Debt	**4,869.90**	**4,536.15**
Equity	**302.33**	302.33
Other Equity	**11,023.24**	10,195.53
Total Equity	**11,325.57**	**10,497.86**
Total Capital Employed	**16,195.47**	**15,034.01**
Gearing Ratio (Net Debt/((Net Debt +Total Equity))	**0.30**	**0.30**

46 Related Party Transactions

(a) Key Management Personnel(KMP)

Name	Relationship
Sri TVVSN Murthy	Managing Director
Sri N Rajendra Prasad	Chief Financial Officer
Mr. P Pavan	Company Secretary (Up to 22.01.2020)
Mr. Trupti R Mohanty	Company Secretary (From 14.02.2020)

(b) Relatives of KMP

Sri. T V Praveen

Smt .G.Sudeepthi

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

Relationship	Name of the Company
Wholly Owned Subsidiary Company	1. Mahi Drugs Pvt Ltd
Enterprises overwhich KMP are able to Exercise Significant Influence	1. SMS Pharmaceutials Limited 2. Rchem(Somanahalli) Private Limited 3. VKT Pharma Private Limited

Notes to the Standalone Financial Statements

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

(d) Transactions with Related Parties:

Name of the Company	31st March 2020	31st March 2019
	Amount	Amount
Key Management Personnel		
Remuneration (Short Term Employee Benefits)	**263.23**	294.30
Interest on Unsecured Loan	**47.03**	47.03
Relatives of KMP		
Remuneration - (Short Term Employee Benefits)	**77.70**	67.18
Subsidary Company		
Purchases	**1,589.26**	420.66
Sales	**621.85**	447.26
Enterprise with Significant Influence		
Purchases	**95.42**	71.90
Sales	**1,660.73**	2,489.54
Conversion Charges	**816.62**	1,217.58
Rent Paid	**-**	21.85
Balance (Payable)/Receivable at the year end		
Key Management Personnel		
Remuneration Payable	**26.21**	41.75
Interest payable	**0.35**	10.44
Unsecured Loan Payable	**495.00**	495.00
Relatives of KMP		
Remuneration Payable	**4.27**	3.77
Subsidary Company	**394.41**	160.00
Enterprise with Significant Influence	**598.81**	1,323.48

(e) 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 acturial 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.

Notes to the Standalone Financial Statements

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

47 Contingent Liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Guarantees issued by the Bankers	**32.00**	32.00
Letter of credit opened in favor of suppliers for which goods are yet to be received	**234.04**	93.35
Disputed Income Tax Demands	**22.62**	22.62
Interest dues in respect of disputed demands of Income Tax and Central Excise	**204.74**	195.73
Interest dues in respect of disputed demands of Central Excise (Refer Note 42)	**16.40**	16.40
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 Subsidary	**1,449.84**	-

Note: Provident Fund

Pursuant to Supreme Court Judgement dated 28 February 2019, regarding the provident fund contribution wherein there has been a clarification provided of the inclusions of basic wages for the purpose of computation of contribution towards provident fund, the Company has been legally advised that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has assessed the impact of the judgement only from the year ended March 31, 2019 and concluded that there was no impact. Further, no contingent liability has been recognised based on retrospective application as amount cannot be reliably measured.

48 Commitments

	Particulars	As at 31st March, 2020	As at 31st March, 2019
48.1	Capital Commitments	**114.62**	208.41
48.2	Export Obligations	**6,200.83**	4,816.70

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: 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 within India – Domestic

(ii) Revenue from customers outside India – Exports

(iii) Revenue from customers EOU – Deemed Exports

(iv) Revenue from customers EOU – Export Incentives

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

Particulars	Current Year 2019-20		Previous Year 2018-19	
	Revenue	%	Revenue	%
Exports	**8,933.00**	**34.76%**	16,667.68	48.43%
Deemed Exports	**5,327.52**	**20.74%**	5,985.62	17.39%
Domestic	**11,016.39**	**42.88%**	11,298.61	32.83%
Export Incentive	**415.51**	**1.62%**	463.25	1.35%
Total	**25,692.42**	**100.00%**	**34,415.16**	**100.00%**

50 Payables to Micro, Small & Medium Enterprises

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	**20.68**	**15.00**
(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;	**0.69**	**2.69**
(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: Indian Rupees in Lakhs, unless otherwise stated)

51 Impact of Covid-19 Pandemic

The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of its inventories, receivables and investments. As the company is into essential manufacturing service which is exempt from lockdown restrictions, there has been minimal impact in its operations and its supply chain. In this regard, the Company has considered internal and external information while finalizing various estimates in relation to its financial statements up to the date of approval by the Board of Directors and has not identified any material impact on the carrying value of assets, liabilities or provisions. As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

52 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 : 27th July, 2020

For and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

RAMESH BABU POTLURI
Director
DIN: 00166381

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

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 Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of SMS Lifesciences India Limited (***"the Company")*** and its Subsidiary Company Mahi Drugs Private Limited which is Audited by us (collectively referred to as "the Group") which comprise the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, the consolidated statement of changes in equity and the consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (here in referred as "the consolidated Ind AS 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its consolidated Profit (including other comprehensive income), consolidated changes in equity and its consolidated Cash Flow for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

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" (new revenue accounting standard)	Principal Audit Procedures We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.

		• 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: 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our 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 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 and its subsidiary companies 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. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

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 are circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We have audited the financial statements/financial information of Mahi Drugs Private Limited whose financial statements/financial information reflects total assets of Rs. 3,690.68 lacs as at 31st March 2020, total expenses Rs. 2,140.89 lacs and total revenue 2,299.3 lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, we report that:

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. The consolidated Balance Sheet, the consolidated Statement of Profit and Loss, consolidated statement of changes in equity and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account

   d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of written representations received from the directors of the Company and its subsidiary as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 Holding Company the operating effectiveness of such controls, refer to our separate Report in **"Annexure A**".

   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 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 and in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations as at 31st March, 2020 on its consolidated financial position in its financial statements as referred to in note 51 to the financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund for the year ending 31st March, 2020.

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

Place: Hyderabad
Date: 27-07-2020

GVL Prasad
Partner
M. No. 026548

UDIN: 20026548AAAACB7747

"Annexure A" to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of SMS Lifesciences India Limited ("the Holding Company") in respect of standalone Financial Statements as at March 31, 2020 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 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 ispositions 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 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, 2020, 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.

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

Place: Hyderabad
Date: 27-07-2020

GVL Prasad
Partner
M. No. 026548

UDIN: 20026548AAAACB7747

Consolidated Balance Sheet as at 31st March, 2019

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

Sl. No.		Particulars	Note	As at 31st March, 2020	As at 31st March, 2019
I		**ASSETS**			
1		**Non-Current Assets**			
	(a)	Property, Plant and Equipment	5	**10,612.56**	10,043.90
	(b)	Right-of-use Assets	6A	**86.95**	-
	(c)	Capital Work-in-Progress	5	**1,576.24**	329.34
	(d)	Intangible Assets	7	**18.29**	4.47
	(e)	Goodwill	8	**1,694.79**	1,694.79
	(f)	Investment Property		**-**	91.31
	(g)	Financial assets			
		(i) Investments	9	**4.11**	4.11
		(ii) Bank Balances	10	**-**	104.88
		(iii) Other Financial Assets	11	**238.64**	228.11
	(h)	Other Non-Current Assets	12	**329.28**	261.88
		Total		**14,560.86**	**12,762.79**
2		**Current Assets**			
	(a)	Inventories	13	**6,429.84**	8,116.78
	(b)	Financial Assets			
		(i) Trade Receivables	14	**2,160.81**	4,132.06
		(ii) Cash and Cash Equivalents	15	**214.78**	217.48
		(iii) Bank Balances other than (ii) above	16	**544.60**	43.63
	(c)	Other Current Assets	17	**1,372.14**	1,704.65
	(d)	Current Tax Assets	18	**-**	1.51
		Total		**10,722.17**	**14,216.12**
		Total Assets		**25,283.03**	**26,978.91**

Consolidated Balance Sheet as at 31st March, 2020 (Contd.)

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

Sl. No.	Particulars	Note	As at 31st March, 2020	As at 31st March, 2019
II	**EQUITY AND LIABILITIES**			
1	**Equity:**			
	(a) Equity Share Capital	19	**302.33**	302.33
	(b) Other Equity	20	**11,270.98**	10,330.57
	Total		**11,573.31**	**10,632.90**
2	**LIABILITIES**			
A	**Non-Current Liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	21	**3,670.70**	2,720.46
	(ii) Lease Liabilities	6B	**93.59**	-
	(b) Provisions	22	**269.51**	233.01
	(c) Deferred Tax Liabilities (Net)	23	**972.23**	906.21
	Total		**5,006.03**	**3,859.68**
B	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	24	**2,095.96**	1,276.62
	(ii) a. Trade Payables MSME	25	**21.24**	36.40
	b. Trade Payables Otherthan MSME	25	**4,881.86**	9,754.68
	(iii) Other Financial Liabilities	26	**866.96**	878.78
	(b) Provisions	22	**83.56**	59.80
	(c) Other Current Liabilities	27	**690.05**	480.05
	(d) Current Tax Liabilities (Net)	28	**64.06**	-
	Total		**8,703.69**	**12,486.33**
	Total Liabilities		**13,709.72**	**16,346.01**
	Total Equity and Liabilities		**25,283.03**	**26,978.91**
	Significant Accounting Policies	4		

The accompanying notes are an integral part of the financial statements

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

G.V.L. PRASAD
Partner
M No. 026548

Place : Hyderabad
Date : 27th July, 2020

For and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

RAMESH BABU POTLURI
Director
DIN: 00166381

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, 2020

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

Sl. No.	Particulars	Note	Current Year 2019-20	Previous Year 2018-19
1	**Income**			
	Revenue from Operations	29	**26,078.12**	37,785.22
	Other Income	30	**228.08**	251.43
	Total Income		**26,306.20**	**38,036.65**
2	**Expenses**			
	Cost of Materials Consumed	31	**14,704.39**	26,879.44
	Change in Inventories	32	**1,083.68**	(1,291.81)
	Manufacturing Expenses	33	**4,029.75**	5,054.41
	Employee Benefits Expenses	34	**2,656.31**	2,311.08
	Finance Costs	35	**513.72**	550.68
	Depreciation and Amortization Expense	36	**786.15**	638.04
	Other Expenses	37	**1,065.40**	1,356.31
	Total Expenses		**24,839.40**	**35,498.15**
3	**Profit Before Tax (1-2)**		**1,466.80**	**2,538.50**
4	**Tax Expense**			
	(a) Current Tax			
	(i) relating to Current Year	38	**365.00**	670.00
	(ii) relating to Earlier Year		**4.61**	(8.38)
	(b) Deferred Tax		**78.88**	92.15
	Total Taxes		**448.49**	**753.77**
5	**Profit for the Year (3-4)**		**1,018.31**	**1,784.73**
	Other Comprehensive Income/(Loss)			
	Items that will not be reclassified to Profit/(Loss)			
6	Remeasurement Gain/(Loss) of the defined benefit plans	39	**(44.14)**	(3.69)
7	Income Tax effect on the above		**(12.87)**	(1.14)
8	**Other Comprehensive Income /(Loss) after tax for the Year (6-7)**		**(31.27)**	**(2.55)**
9	**Total Comprehensive Income/ (Loss) for the Year (5+8)**		**987.04**	**1,782.18**
10	**Earnings per Share (Face Value of Rs.10 each)**	40		
	Basic / Diluted		**33.68**	59.03
	Significant Accounting Policies	4		

The accompanying notes are an integral part of the financial statements

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

G.V.L. PRASAD
Partner
M No. 026548

Place : Hyderabad
Date : 27th July, 2020

For and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

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Company Secretary
M.No. 60358

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Chief Financial Officer
M.No. 026567

Consolidated Statement of Changes in Equity for the Year Ended 31st March, 2020

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

a. Equity Share Capital

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of Shares	Amount	Number of Shares	Amount
At the Beginning of the Year	**3,023,287**	**302.33**	3,023,287	302.33
Changes in Equity Share Capital	**-**	**-**	-	-
At the End of the Year	**3,023,287**	**302.33**	**3,023,287**	**302.33**

b. Other Equity

	Capital Reserve	General Reserve	Retained Earnings	Total Other Equity
Balance as at 01st April, 2018	**1.00**	**6,516.02**	**2,173.25**	**8,690.27**
Profit for the Year	-	-	1,784.72	1,784.72
Dividend & Dividend Tax	-	-	(141.88)	(141.88)
Other Comprehensive Income for the Year, net of Income Tax	-	-	(2.55)	(2.55)
Total Comprehensive Income for the Year			**1,640.29**	**1,640.29**
Balance as at 01st April, 2019	**1.00**	**6,516.02**	**3,813.55**	**10,330.57**
Balance as at 01st April, 2019	1.00	6,516.02	3,813.55	10,330.57
Profit for the Year			1,018.31	1,018.31
Dividend & Dividend Tax			(54.67)	(54.67)
Other Comprehensive Income for the Year, net of Income Tax			(31.26)	(31.26)
Total Comprehensive Income for the Year			**940.41**	**940.41**
Balance as at 31st March, 2020	**1.00**	**6,516.02**	**4,753.96**	**11,270.98**

The accompanying notes are an integral part of the financial statements

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

G.V.L. PRASAD
Partner
M No. 026548

Place : Hyderabad
Date : 27th July, 2020

For and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

RAMESH BABU POTLURI
Director
DIN: 00166381

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

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

Consolidated Statement of Cash Flow for the Year Ended 31st March, 2020

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

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A. Cash Flow from Operating Activities		
Profit Before Tax	**1,466.81**	2,538.49
Adjustments for:		
Depreciation and amortisation expense	**786.15**	638.04
Interest Income	**(11.55)**	(11.60)
Loss on Sale of Property Plant and Equipent	**4.12**	-
Allowance for Doubtful Debts	**7.56**	40.14
Interest on Non Current Borrowings	**309.62**	232.48
Provision for Employee Benefits	**8.05**	41.02
Term Loan Processing Fee	**6.41**	(5.68)
Interest on Lease Liability	**13.22**	-
	2,590.39	**3,472.89**
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Trade Receivables	**2,034.86**	(1,152.87)
(Increase)/Decrease in Inventories	**1,694.98**	(3,044.07)
Increase/(Decrease) in Trade Payables	**(5,011.60)**	4,973.62
(Increase)/Decrease in Other Non Current Financial Assets	**(10.54)**	(19.77)
(Increase)/Decrease in Other Non Current Asset	**(67.40)**	99.67
(Increase)/Decrease in Other Current Financial Assets	**(350.00)**	3.98
(Increase)/Decrease in Other Current Asset	**(15.58)**	(534.60)
(Increase) Decrease in Prepaid Taxes	**-**	(38.77)
Increase/(Decrease) in Provisions	**3.76**	(2.80)
Increase/(Decrease) in Other Current Financial Liabilities	**339.91**	-
Increase/(Decrease) in Other Current Liabilities	**551.81**	(90.55)
	(829.80)	193.84
Cash generated from Operations	**1,760.61**	3,666.74
Income Taxe Paid	**(305.94)**	(667.47)
Net Cash Inflow from Operating Activities "A"	**1,454.67**	**2,999.27**

(Contd.)

Consolidated Statement of Cash Flow (Contd.)

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

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
B. Cash flows from Investing Activities		
Purchase for Property, Plant and Equipment	**(2,335.35)**	(2,441.78)
Proceeds from sale of Property, Plant and Equipment	**13.23**	12.37
Payments for Purchase of Investments	**-**	(2,097.26)
Margin Money Deposits	**(3.63)**	125.15
Fixed Deposits made	**(380.00)**	-
Interest Received on Margin Money Deposit	**3.83**	0.49
Net Cash Outflow from Investing Activities - "B"	**(2,701.92)**	**(4,401.03)**
C. Cash flows from Financing Activities		
Proceeds from Long Term Borrowings	**1,549.56**	1,922.00
Repayment of Long Term Borrowings	**(719.74)**	(619.60)
Proceeds from Short Term Borrowings	**944.77**	677.31
Repayment of Short term Borrowings	**(125.43)**	(81.81)
Interest paid	**(309.16)**	(219.23)
Repayment of Lease Liability	**(40.78)**	-
Dividends paid to company's shareholders	**(54.67)**	(141.88)
Net Cash (Outflow) from Financing Activities - "C"	**1,244.55**	**1,536.79**
Net Increase (Decrease) in Cash and Cash Equivalents - (A+B+C)	**(2.70)**	135.03
Cash and Cash Equivalents at the beginning of the Financial Year	**217.48**	82.46
Cash and Cash Equivalents at End of the Year (Refer Note: 13)	**214.78**	**217.48**

The accompanying notes are an integral part of the financial statements

1. The Cash Flow statement has been prepated under the inditect method as set out in Indian Accounting Standard (IND AS 7) Statement of Cash Flows.
2. Previous year figures have been regruped/reclassified to confirm to current year classification.

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 : 27th July, 2020

For and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

RAMESH BABU POTLURI
Director
DIN: 00166381

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

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, Jubliee Hills, and Hyderabad. The Equity Shares of the Company are listed in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is engaged in the business of manufacturing of Active Pharma Ingredients and their intermediates. The Company is having manufacturing facilities at Khazipally and Jeedimetla, Hyderabad.

The consolidated financial statements are approved for issue by the company's Board of Directors on 27th July, 2020.

2. Basis of preparation of Consolidated Financial Statements

2.1 Statement of Compliance

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

These consolidated financial statements of Group and its Wholly Owned Subsidiary have been prepared as a going concern on the basis of relevant IND AS that are effective at the Group's annual reporting date. These Consolidated Financial Statements for the year ended 31st March, 2019 were authorized and approved for issue by the Board of Directors on 29th May, 2019.

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 wholly owned Subsidiary Company, M/s. Mahi Drugs Pvt Ltd, Parawada, Visakhapatnam.

Subsidiaries are all entities over which the group has control. The group controls as 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 group.

2.3 Historical Cost Convention:

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

- Certain Financial Assets and Liabilities measured at Fair Value; (refer accounting policy regarding financial instruments).
- 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.

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. New Standards adopted by the Group :

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019:

- IND AS 116, Leases
- Long-term Interests in Associates and Joint Ventures - Amendments to IND AS 28, Investments in Associates and Joint Ventures
- Uncertainty over Income Tax Treatments - Appendix C to IND AS 12, Income Taxes
- Plan Amendment, Curtailment or Settlement - Amendments to IND AS 19, Employee Benefits
- Amendment to IND AS 12, Income Taxes
- Amendment to IND AS 23, Borrowing costs

The amendments listed above did not have material impact on the financial statements.

4. Summary of Significant Accounting Policies:

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

4.1 Revenue Recognition:

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. To recognise revenues, we apply 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) recognise revenues when a performance obligation is satisfied.

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

The Group's revenue is derived from sale of goods, service income and income from licensing arrangements. Most of such revenue is generated from the sale of goods. Accounting policies relating to revenue for the periods with effect from 01st April, 2018 are as follows:

(i) Revenue from Sale of Goods:

Revenue is recognised when the control of the goods has been transferred to a third party. This is usually when the title passes to the customer, either upon shipment or upon receipt of goods by the customer. At that point, the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

In arriving at the transaction price, the Group considers the terms of the contract with the customers and its customary business practices. The transaction price is the amount of consideration the Group is entitled to receive in exchange for transferring promised goods or services, excluding amounts collected on behalf of third parties. The amount of consideration varies because of estimated rebates, returns and chargebacks, which are considered to be key estimates. Any amount of variable consideration is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur. The Group estimates the amount of variable consideration using the expected value method

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

Particu-lars	Point of recognition of revenue
Domestic Sales	Upon delivery of products to customers (generally formulation manufacturers), from the factories of Group.
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 comprise of Duty draw back and MEIS (Merchandise Exports Incentive scheme) scrips. Duty drawback is recognised as income when the right to receive credit as per the terms is established in respect of the exports made.

MEIS is recognised as income on receipt of said scrips which will be after receipt of export proceeds. These scrips are freely transferable or can be utilized for the payment of customs duty on Imports.

(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).

4.2 Foreign Currency Transactions:

i. Functional and Reporting 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.

4.3 Property, Plant and Equipment:

(a) Recognition and Initial Measurement

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

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

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress. Advances paid towards acquisition of assets are shown as Capital Advances.

Borrowing Cost relating to acquisition of Property, Plant and Equipment which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

Subsequent Costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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.

4.4 Investment Property:

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

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

Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life of buildings, classified as Investment properties, is considered as 30 years. The useful life has been determined based on technical evaluation performed by the management's expert.

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

4.5 Intangible Assets:

(a) Recognition and Initial Measurement

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

(b) Subsequent measurement (amortization):

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

4.6 Leases:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Effective 1st April, 2019, the Group adopted IND AS 116 ""Leases"", applied to all lease contracts existing on 1st April, 2019 using the modified retrospective method.

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 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 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 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 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.

4.7 Inventories:

Raw material, packaging material, are carried at cost. Stores and spares are being charged to revenue as and when purchased. Cost includes purchase price excluding taxes those are subsequently recoverable by the 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, stores and spare parts are appropriately written down when there is a decline in replacement cost of such materials and finished products in which they will be incorporated are expected to be sold below cost.

4.8 Cash and Cash Equivalents:

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

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

4.9 Financial Instruments

(a) Financial Assets

(i) Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

(ii) Subsequent measurement

a. Debt instruments –

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

b. Equity investments –

All equity investments in scope of IND AS 109 are measured at fair value. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Group 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 Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

(ii) 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 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 Group in accordance with the contract and all the cash flows that the Group expects to receive. When estimating the cash flows, the Group Company is required to consider –

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

(f) Trade Receivables

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

(g) Other Financial Assets

For recognition of impairment loss on other financial assets and risk exposure, the 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.

4.10 Income Taxes:

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

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where a component has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

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

4.11 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman and managing director has been identified as being the Chief Operating Decision Maker (CODM). The 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.

4.12 Government Grants:

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

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

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

Government grants relating to loans or similar assistance with an interest rate below the current applicable market rate are initially recognized and measured at fair value. The effect of this favorable interest is regarded as a government grant and is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

4.13 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

4.14 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing

costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

4.15 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.

4.16 Dividends

The Group recognises a liability to make cash to equity holders when the distribution is authorized and the distribution is no longer at the discretion of 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 Group's Board of Directors.

4.17 Research and Development:

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

4.18 Retirement and Other Employee Benefits:

(a) Defined Contribution Plan:

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

(a) Defined Benefit Plan:

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-measurements of the liability are included in other comprehensive income.

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 Group makes contributions to the Gratuity Fund.

(b) Other Long-Term Employee Benefits

The Group also provides benefit of compensated absences to its employees

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

(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.

4.19 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

4.20 Contingent Liabilities and Commitments:

Where it is not probable that an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of balance sheet and is disclosed as a contingent liability.

Possible outcomes on obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities.

Contingent Assets are neither recognized nor disclosed. However, when realization of Income is virtually certain, related asset is recognized.

4.21 Fair Value Measurement

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 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.

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.

4.22 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. 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 Group.

(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 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 Group can control the timing of reversal of deferred tax calculation on undistributed profits of its subsidiaries requires judgement.

(iii) Evaluation of Indicators for Impairment of Assets:

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

(iv) Recoverability of Advances/Receivables:

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

(v) Useful lives of Depreciable/Amortisable Assets:

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

(vi) Defined Benefit Obligation (DBO):

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

(vii) Fair Value Measurements:

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

(viii) Provisions:

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

Notes to the Consolidated Financial Statements

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

Note No. 5: Property, Plant and Equipment

Particulars	Land	Buildings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
I. Year ended 31st March, 2019											
a. Gross Carrying Amount											
1 Opening Gross Carrying Amount	476.61	1,675.85	6,929.87	94.11	29.92	49.06	4.54	157.41	13.48	9,430.85	708.80
2 Additions	-	873.04	1,520.66	-	19.08	30.68	10.07	31.42	20.73	2,505.68	2,036.22
3 Disposals	-	-	(46.66)	-	-	-	(0.00)	(15.52)	-	(62.18)	(2,415.69)
4 **Closing Gross Carrying Amount as at 31st March, 2019 (1+2+3)**	**476.61**	**2,548.89**	**8,403.88**	**94.11**	**49.00**	**79.74**	**14.61**	**173.31**	**34.21**	**11,874.35**	**329.34**
b. Accumulated Depreciation and Impairment											
5 Opening Accumulated Depreciation	-	128.50	974.20	35.25	21.05	8.62	1.88	31.66	3.08	1,204.24	-
6 Depreciation Charge during the Year	-	79.36	505.96	13.72	8.02	6.36	0.98	20.18	1.82	636.40	-
7 Disposals	-	-	(7.19)	-	-	-	-	(3.01)	-	(10.20)	-
8 **Closing Accumulated Depreciation and Impairment as at 31st March, 2019 (5+6+7)**	**-**	**207.86**	**1,472.97**	**48.97**	**29.07**	**14.98**	**2.86**	**48.83**	**4.90**	**1,830.45**	**-**
c. Net Carrying Amount as at 31st March, 2019 (4-8)	**476.61**	**2,341.03**	**6,930.91**	**45.14**	**19.93**	**64.76**	**11.75**	**124.48**	**29.31**	**10,043.90**	**329.34**

Notes to the Consolidated Financial Statements

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

Particulars	Land	Buildings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equip-ment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
II. Year ended 31st March, 2020											
a. Gross Carrying Amount											
1 Opening Gross Carrying Amount	539.09	2,569.02	8,403.88	94.11	49.00	79.74	14.61	173.31	34.21	11,956.95	341.12
2 Additions	-	218.49	996.49	-	19.19	15.52	5.60	-	-	1,255.29	2,458.18
3 Disposals/Transfers	-	-	(48.54)	-	-	-	-	(8.56)	-	(57.10)	(1,223.06)
4 **Closing Gross Carrying Amount as at 31st March, 2020 (1+2+3)**	**539.09**	**2,787.50**	**9,351.83**	**94.11**	**68.19**	**95.25**	**20.21**	**164.75**	**34.21**	**13,155.14**	**1,576.24**
b. Accumulated Depreciation											
5 Opening Accumulated Depreciation	-	210.94	1,472.97	48.97	29.07	14.98	2.86	48.83	4.90	1,833.53	-
6 Depreciation Charge during the Period	-	100.12	578.81	7.49	11.03	8.43	2.23	21.71	5.69	735.51	-
7 Disposals/Transfers/ Adjustments	-	-	(18.33)	-	-	-	-	(8.14)	-	(26.46)	-
8 **Closing Accumulated Depreciation as at 31st March, 2020 (5+6+7)**	**-**	**311.07**	**2,033.45**	**56.47**	**40.10**	**23.40**	**5.09**	**62.41**	**10.59**	**2,542.57**	**-**
c. Net Carrying Amount as at 31st March, 2020 (4-8)	**539.09**	**2,476.43**	**7,318.38**	**37.64**	**28.09**	**71.85**	**15.12**	**102.34**	**23.62**	**10,612.57**	**1,576.24**

5.1 Property, Plant and Equipment pledged as Security

Refer Note 42 for information on Property, Plant and Equipment pledged as security by the Company

5.2 Refer Note 48.1 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

5.3 The Gros Carrying amount of land Rs 20.00 Lakhs situated at Plot No.D-63, Phase-I, IDA Jeedimetla, Hyderabad, acquired from M/s Divya Enterprises Limited on which the company does not have title, in view of issues pending between TSIIC and M/s Divya Enterprises Limited, the vendor. The Company is Pursuing with TSIIC to sort out the issue.

5.4 The Land and Buildings Situated at Plot No.C 23, Industrial Estate Sanathnagar, Hyderabad, which was let out to M/s Aurore life Sciences Private Limited, they have vacated the premises on our request, w.e.f 01.06.2019. The Company has started its R & D activities in the month of June 2019.

Note No. 6: Right of Use Assets and Lease Liabilites

The Company has adopted IND AS 116 - Leases with effect from 01.04.2019 using modified retrospective method. This has resulted in recognizing right of use assets and lease liability as on 01.04.2019.

6.A Right of Use Assets

Following are the changes in the carrying value of right of use assets for the year ended 31st March 2020:

Particulars	Category of ROU asset
Balance as at 1st April, 2019	
On account of adoption of IND AS	134.38
Additions	-
Deletions : Depreciation	47.43
Balance as at 31st March, 2020	**86.95**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

6.B Lease Liabilites

The following is the movement in lease liabilities during the year ended 31st March , 2020:

Particulars	As at 31st March, 2020
Balance as at 1st April, 2019	
On account of adoption of IND AS 116	134.38
Additions	-
Deletions : Payment of lease liabilities	40.78
Balance as at 31st March, 2020	**93.59**

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2020 on an undiscounted basis

Particulars	Total
Less than one year	54.00
One to five years	50.40
More than five years	-
Total	**104.40**

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.

6.1 Operating Lease Commitments - Company as Lessor : The Company has not given any of its assets on Lease basis.

Notes to the Consolidated Financial Statements

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

Note No. 7: Intangible Assets

	Particulars	Computer Software
	(1)	(2)
	Year ended 31st March, 2019	
	Gross Carrying Amount	
1	Opening Gross Carrying Amount	2.66
2	Additions	2.70
3	Disposals	-
4	Closing Gross Carrying Amount as at 31st March, 2019 (1+2-3)	5.36
	Accumulated Amortisation and Impairment	
5	Opening Accumulated Amortisation	0.28
6	Amortisation Charge during the year	0.61
7	Disposals	-
8	Closing Accumulated Amortisation and Impairment as at 31st March, 2019 (5+6-7)	0.89
9	**Closing Net Carrying Amount as at 31st March, 2019 (4-8)**	**4.47**
	Year ended 31st March, 2020	
	Gross Carrying Amount	
1	Opening Gross Carrying Amount	5.36
2	Additions	17.03
3	Disposals	-
4	Closing Gross Carrying Amount as at 31st March, 2020 (1+2-3)	22.39
	Accumulated Amortisation	
5	Opening Accumulated Amortisation	0.88
6	Amortisation Charge during the year	3.22
7	Disposals	-
8	Closing Accumulated Amortisation as at 31st March, 2020 (5+6-7)	4.10
9	**Closing Net Carrying Amount as at 31st March, 2020 (4-8)**	**18.29**

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
8	**Good Will**		
	Gross Carrying Value (At Cost)		
	At the beginning of the year	**1,694.79**	-
	Acquisition through Business Combination	**-**	1,694.79
	Additions/ (Disposals)	**-**	-
	At the end of the year	**1,694.79**	1,694.79

8.1 Good will amount represents acquisition cost incurred by the company over the value of assets of M/s Mahi Drugs Pvt Limited, Wholly Owned Subsidiary

Notes to the Consolidated Financial Statements

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

Non Current Financial Assets - Unsecured, Considered Good

Note No.	Particulars	As at 31st March, 2020		As at 31st March, 2019	
		Shares	Amount	Shares	Amount
9	**Non-Current Investments**				
	(Un quoted fully paidup and considered at cost)				
	Investment in Equity Instruments				
	Equity Shares of Rs.100/- each in				
	M/s. Jeedimetla Effluent Treatment Ltd	**2,253**	**2.25**	2,253	2.25
	Equity Shares of Rs.10/- each in				
	M/s. Patancheru Envirotech Ltd	**17,538**	**1.76**	17,538	1.76
	M/s Sireen Drugs Private Ltd	**1,000**	**0.10**	1,000	0.10
	Total		**4.11**		**4.11**
	Aggregate amount of unquoted investments		**-**		**-**
	Aggregate amount of quoted investments and market value thereof		**-**		**-**
	Aggregate amount of impairment in the value of investment		**-**		**-**

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
10	**Bank Balances**		
	Margin Money Deposits	-	104.09
	Fixed Deposit	-	0.79
	Total	**-**	**104.88**
11	**Other Non-Current Financial Assets**		
	Security Deposits	**238.64**	**228.11**
	Total	**238.64**	**228.11**
12	**Other Non-Current Assets**		
	Capital Advances	**329.28**	**261.88**
	Total	**329.28**	**261.88**

12.1 An amount of Rs.251.88 Lakhs (Previous Year Rs. 251.88 Lakhs) was included in the Capital Advances paid on account of land admeasuring AC 19.00 in JNPC, Parawada, Visakhapatnam District, and the amount so paid is equivalent to 100% land cost to APIIC and about 80% of development cost to Ramky Pharmacity. Due to the Cancellation of part of land alloted to the company earlier, the comapny has filed a writ petition before the Hon'ble High Court. The Court has granted stay and the case is pending.

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
13	**Inventories**		
	(Cost or Net Realizable Value, whichever is lower and as valued and certified by the Management)		
	(a) Raw Materials	**2,689.40**	3,313.74
	(b) Stock in Process	**2,266.09**	2,482.93
	(c) Finished Goods	**1,443.32**	2,310.16
	(d) Coal & Fuel	**31.03**	9.95
	Total	**6,429.84**	**8,116.78**

13.1 Finished Goods includes stock in transit of Rs.347.85 Lakhs (31st March, 2019 Rs. 1,155.49 Lakhs).

14	**Trade Receivables**		
	Trade Receivables	**1959.37**	3,096.05
	Receivables from related part(Refer Note:14.3)	**297.40**	1,124.41
	Less: Allowance for Doubtful Debts	**(95.96)**	(88.40)
	Less: Bad Debts	**-**	-
	Total	**2,160.81**	**4,132.06**
	Current receivables	**2,160.81**	4,132.06
	Non Current receivables	**-**	-
	Break-up of security details		
	Trade Receivables considered Good-Secured	**19.75**	178.51
	Trade Receivables considered Good-Un Secured	**2,237.01**	4,041.95
	Trade Receivables which have significant increase in credit risk	**-**	-
	Trade Receivables - credit impaired	**-**	-
	Total	**2,256.76**	4,220.46
	Less: Loss Allowance.	**95.96**	88.40
	Total Trade receivables	**2,160.80**	**4,132.06**

14.1 "The Group has computed the expected credit loss allowance for doubtful trade receivables based on past experience. During the year a spcial provision of 12.5% has been made on the Ranitidine HCL export receivables as the said material is beeing returned due to NDMA impurity limits issue in the regulatory markets.

In calculating expected credit loss, the Group has also considered credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

14.2 Trade Receivables considered good amounting Rs. 19.75 Lakhs (31st Mach, 2019 Rs. 178.51 Lakhs) is held against letter of credit provided by customers of the Group.

14.3 Trade Receivables recoverable from related parties represnts Rs 63.48 Lakhs (Previous Year Rs 1,046.77 Lakhs) due from M/s. SMS Pharmaceuticals Limited and Rs 233.91 Lakhs (previous year Rs 77.64 Lakhs) due from M/s. R Chem (Somanahalli) Private Limited.

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
15	**Cash and Cash Equivalents**		
	(a) Balances with Banks		
	- in Current Accounts	**193.51**	83.39
	- in EEFC account	**13.82**	130.32
	(b) Cash in Hand	**7.45**	3.77
	Total	**214.78**	**217.48**
16	**Bank Balances other than Cash and Cash Equivalents**		
	Margin Money Deposits	**543.38**	**43.63**
	Fixed Deposit	**0.79**	**-**
	Balance of Unclaimed Dividend	**0.43**	**-**
	Total	**544.60**	**43.63**
16.1	Margin Money deposits are subject to the first charge against Bank Gurantee and/or letter of credits.		
17	**Other Current Assets**		
	(Unsecured Considered Good)		
	GST Credit Receivable	**391.09**	550.16
	GST Refund Receivable	**70.04**	355.94
	Advance Paid to Suppliers	**626.39**	574.03
	Export Incentives Receivable	**59.20**	131.95
	Income Tax Refund Receivable	**67.56**	40.95
	Prepaid Expenses	**34.63**	21.52
	Interest Receivable	**10.00**	11.17
	Other Advances and Receivables	**113.23**	18.93
	Total	**1,372.14**	**1,704.65**

17.1 Advance to Suppliers includes an amount of Rs.300.00 Lakhs (31st March, 2019 Rs. 199.07 Lakhs) to M/s. R Chem (Somanahalli) Pvt Ltd, a related Party.

17.2 An amount of Rs.133.39 Lakhs was included in the Advances to suppliers paid on account of import of raw materials. The imported materials were kept with Universal Logisitics, a Customs notified godown, Chennai where the said material got damaged due to fire accident. Consequent upon the refusal of insurance claim by Cholamandalam MS General Insurance Company. Universal Logistics has filed a case against insurance copany before the National Consumer Disputes Redressal Commission (NCDRC), New Delhi, and made the Company as one of the party. Subsequently, the company has also filed a case against the Universal Logistics for recovery before the said authority. The said cases are still pending.

18	**Current Tax Assets (Net)**	**-**	**1.51**
18.1	**Current Tax Assets/(Liabilities)**		
	Advance Tax	**298.08**	661.92
	TDS Receivable	**7.86**	9.59
	Less: Provision for Income Tax	**(370.00)**	(670.00)
	Sub Total	**(64.06)**	**1.51**
	Amount disclosed under current tax Liabilities (Refer Note 28)	**64.06**	-
	Total	**-**	**1.51**

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31st March, 2020		As at 31st March, 2019	
		Number of shares	Amount	Number of shares	Amount
19	**Equity Share Capital**				
	Authorised Share Capital				
	Equity Shares of Rs. 10/- each	**3,250,000**	**325.00**	3,250,000	325.00
	Issued, Subscribed and fully Paid Up				
	Equity Shares of Rs. 10/- each	**3,023,287**	**302.33**	3,023,287	302.33
	Total	**3,023,287**	**302.33**	**3,023,287**	**302.33**

19.1 All the above Shares were issued for consideration other than cash during the year 2016-17 in pursuance of de-merger scheme

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

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
At the beginning of the Year	3,023,287	302.33	3,023,287	302.33
Issued/(Reduced) during the Year	-	-	-	-
At the end of the Year	**3,023,287**	**302.33**	**3,023,287**	**302.33**

19.3 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.

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

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	Amount	Number of shares	Amount
Ramesh Babu Potluri	5,18,105	17.14%	5,18,105	17.14%
Hima Bindu Potluri	291,905	9.66%	441,905	14.62%
TVVSN Murthy*	436,012	14.42%	436,012	14.42%
T. Annapurna	306,797	10.15%	156,797	5.19%
Potluri Infra Projects LLP	213,213	7.05%	213,213	7.05%

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

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
20	**Other Equity**		
	Reserves and Surplus		
	Capital Reserve	**1.00**	1.00
	General Reserve	**6,516.02**	6,516.02
	Retained Earnings	**4,753.96**	3,813.55
	Total	**11,270.98**	**10,330.57**
20.1	**Capital Reserve**		
	Opening balance	**1.00**	1.00
	Adjustments-	**-**	-
	Closing Balance	**1.00**	**1.00**
20.2	**General Reserve**		
	Opening balance	**6,516.02**	6,516.02
	Adjustments	**-**	-
	Closing Balance	**6,516.02**	**6,516.02**
20.3	**Retained Earnings**		
	Opening balance	**3,813.55**	2,173.25
	Net profit for the year	**1,018.31**	1,784.72
	Dividend	**(45.35)**	(117.87)
	Dividend Distribution Tax	**(9.32)**	(24.00)
	Items of Other Comprehensive Income	**-**	**-**
	Remeasurement Gain/(Loss) of the Defined Benefit Plans, net of tax	**(31.26)**	(2.55)
	Closing balance	**4,753.96**	**3,813.55**

20.4 Nature and Purpose of Reserves

(i) Capital Reserve

Capital Reserve was created on cancellation of share capital existing as on the date of issue of share capital in pursuance of Demerger Scheme. The Company uses this reserve for transactions in accordance with the provisions of the Companies Act, 2013.

(ii) General Reserve:

The Company generally appropriates a portion of its earnings to the general reserve to be used for contingencies. These reserves are freely available for use by the Company.

(iii) Retained Earnings:

These are the accummulated 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: 39)
Re-measurements of defined plans comprises actuarial gains and losses and return on plan assets.

Notes to the Consolidated Financial Statements

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

Financial Liabilities

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
21	**Non - Current Borrowings**		
21.1	**Secured**		
	(i) Rupee Term Loans from Banks		
	(a) Export Import Bank of India TL-I	**-**	293.09
	(b) Export Import Bank of India TL-II	**1,866.27**	1,864.73
	(ii) Foreign Curency Term Loans from Banks	**-**	-
	(c) RBL Bank Loan	**1,304.16**	-
	(iii) Hire Purchase Loans	**5.27**	24.72
	Sub Total	**3,175.70**	**2,182.54**
21.2	**Unsecured**		
	(i) Sales Tax Deferment	**-**	42.92
	(ii) From Directors	**495.00**	495.00
	Sub Total	**495.00**	537.92
	Total	**3,670.70**	**2,720.46**

21.3 The Foreign Curency Loan (ECB) has been fully hedged and rate of conversion fixed @ Rs.69.37/-

21.4	**Current Maturities of Non Current Borrowings**		
	Secured		
	(i) Rupee Term Loans from Banks		
	(a) Export Import Bank of India TL I	**297.68**	600.00
	(b) Export Import Bank of India TL II	**100.00**	25.00
	(ii) Foreign Curency Term Loans from Banks	**-**	-
	(a) RBL Bank Limited TL	**145.68**	-
	(iii) Hire Purchase Loans	**11.98**	17.64
	Unsecured	**-**	**-**
	(a) Sales Tax Deferment	**42.92**	**69.63**
	Total	**598.27**	**712.27**
	Amount disclosed under the head "Other Current Financial Liabilities"	**(598.27)**	**(712.27)**
	Total	**-**	**-**

Notes to the Consolidated Financial Statements

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

21.1.1 Security Terms

(i) Rupee Term Loans from Banks

(a) Term Loan I availed from Export-Import Bank of India is secured by first charge of all movable and immovable fixed assets both present and future and second charge of all current assets both present and future and guaranteed by Sri P.Ramesh Babu, Director and Sri TVVSN Murthy, Managing Director of the company in their personal capacity..

(b) Term Loan II 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 of the company and T.V.Praveen, Vice President of the Company, and reletive of Mangind Director in their personal capacity.

(ii) Foreign Curency 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 of all current assets both present and future relating to Whollu Owned Subsiadiary Company and guaranteed by Sri TVVSN Murthy, Director of the said subsiadiary, Manging Director of the Company and T.V.Praveen, reletive of a Direcotr i.e sri. TVVSN Murthy, in their personal capacity.

(b) Corporate Gaurantee of the SMS Lifesciences India Limited, Holding Company.

(iii) Hire Purchase Loans

Hire Purchase Loans availed from ICICI Bank Ltd and Yes Bank Ltd, are secured by the respective vehicles.

(iv) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 42.

21.1.2 Rate of Interest:

(i) Rupee Term Loan

(a) Exim Bank Term Loan I carries an interest rate @ 11.5% p.a (LTMLR+250 bps p.a.)

(b) Exim Bank Term Loan II carries an interest rate @ 10.35% p.a (LTMLR+115 bps p.a.)

(ii) Foreign Curency Term Loan

(a) RBL Bank Term Loan carries an interest rate @ 10.40% p.a

21.1.3 Terms of Repayment

(i) Rupee Term Loan

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

(b) Term Loan -II 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

Notes to the Consolidated Financial Statements

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

(ii) Foreign Curency Term Loan

(c) 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, Wholly Owned Subsiadiary Company situated at JN Pharmacity, Parawada, Visakhapatnam. The amount disbursed as on 31st March, 2020 is Rs.1,456.77 Lakhs. 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

21.2.1 Un-Secured Loans

(a) The Company has taken Unsecured Loan from Sri TVVSN Murthy, Managing Director for an amount of Rs. 495.00 Lakhs. The said loan is carrying interest rate of 9.50% pa.

(b) Sales Tax (deferment) Loan liability availed in 2007-08 of Rs. 42.92 Lakhs is due for repayment on or before 31st March,2021 .

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening Borrowings	**2,720.46**	1,519.07
Add: Opening Current Maturities	**712.27**	616.93
Add: Amortisation of Transaction Cost	**6.41**	(5.67)
Add: Received during the year	**1,549.56**	1,922.00
Less: Paid during the year	**719.74**	619.60
Closing Borrowings	**4,268.97**	**3,432.73**
Less: Closing Current Maturities	598.27	712.27
Non Current Borrowings as per Balance Sheet	**3,670.70**	**2,720.46**

22 Provisions

Employee Benefit Obligations		
Non Current		
Gratuity	**224.61**	192.67
Leave Encashment	**44.90**	40.34
Sub Total	**269.51**	**233.01**
Current		
Gratuity	**56.43**	35.11
Leave Encashment	**27.14**	24.69
Sub Total	**83.56**	**59.80**
Total		
Gratuity	**281.04**	227.78
Leave Encashment	**72.04**	65.03
Grand Total	**353.08**	**292.81**

Notes to the Consolidated Financial Statements

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

22.1 For details of Post Employment Benfits. Refer Note 41.

23 Deferred Tax Liabilities (net)

The balance comprises Temporary Differences attributable to:

	Particulars	As at 31st March, 2020	As at 31st March, 2019
(a)	**Deferred Tax Liability**		
	(i) Property, Plant and Equipment	**1,253.62**	1,144.21
	(ii) Other Items	**5.22**	5.00
	Total	**1,258.84**	**1,149.21**
(b)	**Deferred Tax Asset**		
	(i) Expenses allowable on Payment basis	**108.02**	94.61
	(ii) Other Items giving raise to temporary differances	**178.59**	148.39
	Total	**286.61**	**243.00**
	Net Deferred Tax Liabilities (a)-(b)	**972.23**	**906.21**

(c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Other Items	Total
As at 01st April, 2018	**1,027.82**	**3.20**	**1,031.02**
Charged/(Credited)	116.39	1.80	118.19
As at 31st March, 2019	**1,144.21**	**5.00**	**1,149.21**
Charged/(Credited)	109.41	0.22	109.63
As at 31st March, 2020	**1,253.62**	**5.22**	**1,258.84**

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on Payment basis	Other Items	Total
As at 01st April, 2018	**85.60**	**121.33**	**206.93**
(Charged)/Credited	9.01	27.06	36.07
As at 31st March, 2019	**94.61**	**148.39**	**243.00**
(Charged)/Credited	13.41	30.20	43.61
As at 31st March, 2020	**108.02**	**178.59**	**286.61**

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
24	**Current Borrowings**		
	Secured		
	Working Capital Loans from Banks		
	- RBL Bank Ltd	**2,095.96**	1,276.62
	Total	**2,095.96**	**1,276.62**

24.1.1 Security Terms

(a) Working capital facilities sanctioned by RBL Bank Limited are secured by first charge on pari-passu basis of all current assets both present and future. These facilities are further secured by way of second charge on pari-passu basis of all movable and immovable fixed assets of the company both present and future and also guaranteed by Sri TVVSN Murthy, Managing Director and Sri T V Praveen, Senior Vice President of the Company and relative of the Managing Director in their personal capacities.

(b) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 42.

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

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

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening Balance	**1,276.62**	681.12
Add: Received during the year	**944.77**	677.31
Less: Paid during the year	**(125.43)**	(81.81)
Current Borrowings as per Balance Sheet	**2,095.96**	**1,276.62**

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
25	**Trade Payables**		
	(a) Creditor for Supply of Materials		
	(i) Due to Micro, Small and Medium Enterprises	**21.24**	36.40
	(ii) Other than MSME	**4,347.59**	9,310.24
	(b) Creditors for Expenses	**534.27**	444.44
	Total	**4,903.10**	**9,791.08**

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
26	**Other Financial Liabilities**		
	Current		
	Current Maturities of Long-Term Debt (Refer Note: 21.4)	**598.27**	712.27
	Capital Creditors	**248.01**	136.63
	Interest Accrued but not due	**19.90**	19.44
	Interest on Unsecured Loan	**0.35**	10.44
	Balance of Unclaimed Dividend	**0.43**	-
	Total	**866.96**	**878.78**
27	**Other Current Liabilities**		
	Statutory Liabilities	**87.15**	135.32
	Advance received from Customers	**584.41**	312.11
	Employee Benefits Payable	**18.48**	32.62
	Total	**690.05**	**480.04**
28	**Current Tax Liabilities (Net)**	**64.06**	-
28.1	Current Tax (Assets)/Liabilities. (Refer Note: 18.1)		

Note No.	Particulars	Current Year 2019-20	Previous Year 2018-19
29	**Revenue from Operations**		
	(a) Sale of Products	**28,637.53**	41,170.73
	Less: Goods and Service Tax	**2,974.92**	3,855.80
	Net Revenue from Sales	**25,662.61**	**37,314.93**
	(b) Income from Services		
	(i) Conversion Charges	**-**	8.30
	Less: Goods and Service Tax	**-**	1.26
	Net Revenue from Services	**-**	**7.04**
	(c) Other Operating Income		
	Export Incentives	**415.51**	463.25
	Total Net Revenue from Operations (a+b+c)	**26,078.12**	**37,785.22**

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	Current Year 2019-20	Previous Year 2018-19
30	**Other Income**		
	(a) Interest Income	**29.06**	24.34
	(b) Profit on Sale of Asset	**8.23**	-
	(c) Net Gain on Foreign Exchange	**126.85**	193.28
	(d) Miscellaneous Income (Net of GST)	**63.94**	33.81
	Total	**228.08**	**251.43**
31	**Cost of Materials Consumed**		
	Raw Materials & Packing Materials		
	Stock at the Beginning of the Year	**3,321.78**	1,562.36
	Add: Purchases	**14,072.01**	28,638.86
	Less: Stock at the End of the Year	**2,689.40**	3,321.78
	Total Materials Consumed	**14,704.39**	**26,879.44**
32	**Changes in Inventory**		
	(a) Opening Stock of Inventory:		
	Finished Goods	**2,310.16**	937.03
	Stock in Process	**2,482.93**	2,564.25
	Sub Total (a)	**4,793.09**	**3,501.28**
	(b) Closing Stock of Inventory		
	Finished Goods	**1,443.32**	2,310.16
	Stock in Process	**2,266.09**	2,482.93
	Sub Total (b)	**3,709.41**	**4,793.09**
	(Increase)/Decrease in Stocks (a) - (b)	**1,083.68**	**(1,291.81)**
33	**Manufacturing Expenses**		
	Power and Fuel	**1,893.40**	2,419.27
	Consumable Stores	**167.01**	136.38
	Testing Charges	**35.77**	21.91
	Water Charges	**154.34**	173.30
	Conversion Charges	**1,085.45**	1,487.37
	Effluent Treatment Charges	**251.60**	342.07
	Repairs and Maintenance		
	to Plant & Machinery	**310.92**	373.93
	to Buildings	**59.32**	30.76
	Factory Maintenance	**71.94**	69.42
	Total	**4029.75**	**5,054.41**

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	Current Year 2019-20	Previous Year 2018-19
34	**Employee Benefit Expenses**		
	Salaries, Wages and Bonus	**2,329.27**	2,037.58
	Contribution to Provident Fund	**144.82**	124.32
	Contribution to ESI	**14.87**	19.58
	Staff Welfare Expenses	**167.35**	129.60
	Total	**2,656.31**	**2,311.08**
35	**Finance Cost**		
	Interest on Non Current Borrowings	**309.62**	232.47
	Interest on Current Borrowings	**129.28**	174.60
	Interest on Others	**14.85**	22.21
	Bank Charges	**59.97**	121.40
	Total	**513.72**	**550.68**
36	**Depreciation and Amortisation Expense**		
	Depreciation on Property, Plant and Equipment	**735.50**	**636.40**
	Depreciation on Investment Property	**-**	**1.03**
	Right to use of Assets	**47.43**	**-**
	Amortisation of Intangible Assets	**3.22**	**0.61**
	Total	**786.15**	**638.04**
37	**Other Expenses**		
	Rent	**2.56**	27.87
	Rates and Taxes	**57.25**	54.44
	Repairs & Maintenance to Other Assets	**8.98**	6.56
	Insurance	**88.06**	48.74
	Directors Remuneration	**241.25**	294.22
	Sales Tax / Vat	**-**	3.29
	Travelling and Conveyance	**22.45**	14.63
	Communication Expenses	**11.00**	8.93
	Printing and Stationery	**28.24**	37.91
	Payments to Auditors (refer note: 37.1)	**11.00**	11.00
	Cost Audit Fee	**0.50**	0.50
	Vehicle Maintenance	**35.07**	25.74
	Interest on Indirect Taxes	**1.26**	0.05
	Loss on Sale of Assets	**4.12**	8.74
	General Expenses	**106.96**	85.71
	Business Promotion Expenses	**12.17**	20.14
	Sales Commission	**165.97**	311.09
	Carriage Outward	**252.17**	339.29
	Provision for Doubtful Debts	**7.56**	40.14
	Corporate Social Responsbility (refer note:37.2)	**8.83**	17.32
	Total	**1,065.40**	**1,356.31**

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	Current Year 2019-20	Previous Year 2018-19
37.1	**Details of payment to Auditors**		
	Statutory Audit fee	**8.00**	8.00
	Tax Audit fee	**3.00**	3.00
	Total	**11.00**	**11.00**
37.2	**Corporate Social Responsibility Expenditure**		
	Amount required to be spent as per section 135 of the Companies Act, 2013	**32.26**	16.36
	Amount spent during the year on		
	(i) Construction/Acquisition of an Asset	**-**	14.82
	(ii) For other than (i) above	**8.83**	2.50
	Total	**8.83**	17.32
	Amount unspent during the year	**23.43**	**-**
37.3	The Company has initiated for laying a road in Kazipally village in the vicinity area of its unit-I with an estimate of Rs. 20.00 Lakhs.		
38	**Income Tax Expense**		
	Current Tax		
	Current Tax on Profits for the Year	**365.00**	670.00
	Adjustments for Current Tax of Prior Years	**4.61**	(8.38)
	Total Current Tax	**369.61**	**661.62**
	Deferred Tax		
	Increase/(Decrease) in Deferred Tax Liabilities	**109.63**	118.49
	Decrease/(increase) in Deferred Tax Assets	**(43.62)**	(27.48)
	Actuarial (Gain)/Loss	**12.87**	1.14
	Total Deferred Tax Expense/(Benefit)	**78.88**	**92.15**
	Total Tax Expenses	**448.49**	**753.77**
38.1	**Reconciliation of Tax Expense with Tax on Accounting Profit at normal rate is as follows:**		
	(a) Profit before Income Tax Expenses	**1,466.81**	2,538.49
	(b) Enacted Tax Rate in India	**29.12%**	29.12%
	(c) **Expected Tax Expenses (a)x(b)**	**427.14**	**739.21**
	(d) Tax Effect on Permanent Difference:		
	Expenses not allowed under Income Tax Act	**10.26**	22.07
	Adjustment of Current Tax of Prior Periods	**4.61**	0.21
	Others	**6.49**	(7.72)
	Total Adjustments	**21.36**	14.56
	Expenses as per Profit & Loss	**448.49**	**753.77**
	Effective Tax Rate	**30.58%**	29.69%

Notes to the Consolidated Financial Statements

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

Note No.	Particulars	Current Year 2019-20	Previous Year 2018-19
39	**Other Comprehensive Income**		
	Actuarial Gain/(Loss) on Post Employment Benefit Expenses	**43.14**	3.83
	Return on Plan Assets, excluding net interest	**0.99**	(0.14)
		44.14	**3.69**
	Deferred Taxes on above	(12.87)	(1.14)
	Net Comprehensive Income	**31.26**	**2.55**
40	**Earning Per Share (Basic and Diluted)**		
	(a) Net profit for Basic & Diluted EPS	**1,018.31**	1,784.72
	(b) Weighted average number of equity shares of Rs.10/- each -Basic /Dilute	**3,023,287**	3,023,287
	(c) Earnings Per Share Basic /Diluted	**33.68**	59.03

41 Post Employment Benefits

40.1 Defined Contribution Plans

41.1.1 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 Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expenses recognised during the year towards PF Contribution is Rs.144.82 Lakhs (31st March, 2019- Rs. 124.32 Lakhs).

41.1.2 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 Group 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.14.87 Lakhs (31st March, 2019 - Rs. 19.58 Lakhs).

41.2 Defined Benefit Plans

The Group 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 entilted 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 Group 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:

Notes to the Consolidated Financial Statements

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

	Particulars	31st March, 2020		31st March, 2019	
		Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
41.2.1	**Net Employee Benefit Expense**				
	(recognised in Employee Benefit Expenses)				
	Current Service Cost	**27.54**	**12.38**	21.90	9.59
	Interest Cost	**16.61**	**4.02**	15.28	4.68
	Contribution Paid	**(35.03)**	**(2.45)**	(24.18)	(2.25)
	Adjustment to Opening Balance	**-**	**-**	1.64	-
	Acturial Gain/(Loss) other than OCI	**-**	**(6.22)**	-	(9.11)
	Net Employee Benefit Expenses	**9.12**	**7.73**	**14.64**	**2.91**
41.2.2	**Other Comprehensive Income**				
	Actuarial Gain/(Loss)	**43.14**	**-**	3.83	-
	Actual return on plan asset	**0.99**	**-**	(0.14)	-
	Total Actuarial (Gain)/Loss recognized in (OCI)	**44.13**	**-**	3.69	-
41.2.3	**Amount recognised in the Balance Sheet**				
	Defined Benefit Obligation	**349.57**	**72.04**	276.33	65.03
	Fair Value of Plan Assets	**(68.53)**	**-**	(48.55)	-
		281.04	**72.04**	**227.78**	**65.03**
41.2.4	**Change in the Present Value of the Defined Benefit Obligation**				
	Opening Defined Benefit Obligation	**276.34**	**65.03**	238.98	62.12
	Current Service Cost	**27.54**	**12.38**	21.90	9.59
	Interest Cost	**19.78**	**4.02**	18.10	4.68
	Contribution Paid	**(17.23)**	**-**	(6.47)	-
	Benefits Paid	**-**	**(3.17)**	-	(2.25)
	Net Acturial (gain)/ losses on Obligation for the year recognised under OCI	**43.14**	**(6.22)**	3.83	(9.11)
	Closing Defined Benefit Obligation	**349.57**	**72.04**	**276.34**	**65.03**

Notes to the Consolidated Financial Statements

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

Particulars	31st March, 2020		31st March, 2019	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
41.2.5 Change in the Fair Value of Plan Assets				
Opening Fair Value of Plan Assets	**48.55**	**-**	29.52	-
Adjustment to Opening Fair Value of Plan Asset	**-**	**-**	(1.64)	-
Return on Plan Assets Excluding Intererst Income	**(0.99)**	**-**	0.14	-
Interest Income	**3.17**	**-**	2.82	-
Contributions	**35.03**	**3.17**	24.18	2.25
Benefits Paid	**(17.23)**	**(3.17)**	(6.47)	(2.25)
Closing Fair Value of Plan Assets	**68.53**	**-**	**48.55**	**-**
41.2.6 Acturial (Gain)/Loss on Obligation				
Due to Demographic Assumption	**-**	**-**	-	-
Due to Financial Assumption	**24.58**	**4.29**	2.91	1.08
Due to Experience	**18.56**	**(10.61)**	0.92	(10.19)
Return on Plan Assets excluding Interest		**-**		-
Total Acturial (Gain)/Loss	**43.14**	**(6.32)**	**3.83**	**(9.11)**

41.2.7 The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	31st March, 2020	31st March, 2019
State Govt Security	**34.07**	24.14
Central Govt Security	**12.86**	9.11
NCD/Bonds	**15.54**	11.01
Others	**6.06**	4.29
Total	**68.53**	**48.55**

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

41.2.8 Acturial Assumptions for estimating Company's Defined Benefit Obligation:

Particulars	31st March 2020	31st March 2019
Discount rate	**6.76%**	7.66%
Attrition Rate	**PS : 0 to 40 : 2%**	PS : 0 to 40 : 2%
Expected rate of increase in Salary	**3.00%**	3.00%
Mortality Table	**IALM (2012-14) Ult.**	IALM (2006-08) Ult.
Expected average remaining Service (Yrs)	**17.89**	17.82

(Contd.)

Notes to the Consolidated Financial Statements

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

(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 Group. The Group 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.

41.2.9 Sensitivity analysis

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

Particulars	31st March, 2020	31st March, 2019
Defined Benefit Obligation	**281.04**	227.78
Effect of 1% change in assumed discount rate on defined benefit obligation		
Increase : +1%	**322.45**	255.57
Decrease: -1%	**380.99**	300.29
Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
Increase : +1%	**380.25**	299.88
Decrease: -1%	**322.66**	255.59

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 acturial assumptions, the same method (Projected Unit Credit Method) has been applied while calculating the defined benefit liability recognised within the Balance Sheet.

41.2.10 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 increased from 7.68% to 7.66% and hence there is a decrease in liability leading to actuarial gain due to change in discount rate.

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Notes to the Consolidated Financial Statements

(All amounts: 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 acturial present value of the "Projected accrued benefits" as of the begining of the year for active members.

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

The average remaining service can be arithmatically arrived by deducting current age from normal retirement age whereas the expected average remaining service is arrived acturially 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 Group 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 Group. Any deficit in the assets arising as a result of such valuation is funded by the Group. The Group 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 9.03 years(31st March, 2019 9.62 years). The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	31st March, 2020	31st March, 2019
1st Year	**56.43**	36.24
2nd Year	**11.57**	27.83
3rd Year	**11.43**	10.16
4th Year	**28.01**	10.08
5th Year	**42.02**	26.25
beyond 5th Year	**120.57**	107.59

Notes to the Consolidated Financial Statements

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

41.2.11 Risk Exposure

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

(a) Investment / Interest Risk:

The 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.

42 Assets pledged as Security

For Non Current Borrowings

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

For Current Borrowings

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

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings of Rs.5829.65 Lakhs (Previous year Rs.4,078.88 Lakhs) are as follows:

Particulars	31st March, 2020	31st March, 2019
Property, Plant and Equipment	10,612.57	10,043.90
Investment Property	-	91.31
Sub Total	**10,612.57**	**10,135.21**
Current Assets	10,722.16	14,216.12
Total Assets Pledged as Security	**21,334.73**	**24,260.03**

Notes to the Consolidated Financial Statements

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

Financial Instruments and Risk Management

43 Categories of Financial Instrument

Particulars	Notes	Level	As at 31st March, 2020		As at 31st March, 2019	
			Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial Assets						
(i) Non Current						
(a) Investment in Equity Instruments	9	3	4.11	4.11	4.11	4.11
(b) Bank Balances	10	3	-	-	104.88	104.88
(c) Other Financial Assets	11	3	238.65	238.65	228.11	228.11
Sub - Total			**242.76**	**242.76**	**337.10**	**337.10**
(ii) Current						
(a) Trade Receivables	14	refer note 43.2	2,160.80	2,160.80	4,132.06	4,132.06
(b) Cash and Cash Equivalents	15		214.78	214.78	217.48	217.48
(c) Other Bank Balances	16		544.60	164.60	43.63	43.63
Sub - Total			**2,920.18**	**2,540.18**	**4,393.17**	**4,393.17**
Total Financial Assets			**3,162.94**	**2,782.94**	**4,730.27**	**4,730.27**
B. Financial Liabilities						
(i) Non Current						
(a) Borrowings	21	3	3,670.70	3,670.70	2,720.46	2,720.46
(ii) Current						
(a) Borrowings	24	refer note 43.2	2,095.96	2,095.96	1,276.62	1,276.62
(b) Trade Payables	25		4,903.10	4,903.10	9,791.08	9,791.08
(c) Other Financial Liabilities	26		866.96	589.80	878.78	878.78
Sub - Total			**7,866.02**	**7,588.86**	**11,946.48**	**11,946.48**
Total Financial Liabilities			**11,536.72**	**11,259.56**	**14,666.94**	**14,666.94**

43.1 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 Cah Equivalents, Bank balances that derive directly form its Operations.

43.2 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.

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

43.4 Other Non Current Financial Assets consits 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: Indian Rupees in Lakhs, unless otherwise stated)

44 Fair Value Measurements

44.1 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 price 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. .

45 Financial Risk Management Objectives and Policies

Financial Risk Management Framework

The Group 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 Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

45.1 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 creditwrothiness 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) majorily constitute deposits given to State electricity departments for supply of power, which the Group 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: Indian Rupees in Lakhs, unless otherwise stated)

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

Particulars	31st March, 2020	31st March, 2019
Gross Carrying Amount	2,256.76	4,220.46
Expected Credit Losses (Loss allowance Provision)	95.96	88.40
Net Carrying Amount of Trade Receivables	**2,160.80**	**4,132.06**

Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	Outstanding			Total
	for < 90 days	> 90 days & < 180 days	for > 180 days	
a. Otherthan Product Specific				
Gross Carrying Amount of Trade Receivables	1,409.57	344.14	43.30	1,797.01
Expected Loss Rate	2.09%	2.09%	2.09%	2.09%
Expected Credit Losses (Loss Allowance Provision)	30.38	7.21	0.91	38.50
Net Carrying Amount of Trade Receivables (Otherthan Product Specific)	**1,379.19**	**336.93**	**42.39**	**1,758.51**
b. Product Specific				
Ranitidine Export Debtors	95.56	-	364.19	459.75
Expected Loss Rate	12.50%	12.50%	12.50%	12.50%
Expected Credit Losses (Loss Allowance Provision)	11.94	-	45.52	57.46
Net Carrying Amount of Trade Receivables (Product Specific)	83.62	-	318.67	402.29
Total Expected Credit Losses (Loss Allowance Provision)	42.33	7.21	46.43	95.96
Total Net Carrying Amount of Trade Receivables	**1462.81**	**336.93**	**361.06**	**2,160.80**

45.2 Liquidity Risk:

Liquidity risk refers to the risk that the Group 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 Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Notes to the Consolidated Financial Statements

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

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, 2020					
Non Current Borrowings (including Current Maturities)	598.27	1,326.40	1,650.87	693.43	4,268.97
Current Borrowings	2,095.96				2,095.96
Trade Payables	4,903.10				4,903.10
Capital Creditors	248.01				248.01
31st March, 2019					
Non Current Borrowings (including Current Maturities)	712.27	835.18	873.93	1,011.35	3,432.73
Current Borrowings	1,276.62				1,276.62
Trade Payables	9,791.08				9,791.08
Capital Creditors	136.63				136.63

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 ineterest rates. In order to optimize the Group 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
31st March, 2020	0.50%	0.50%	(24.27)	24.27
31 March, 2019	0.50%	0.50%	(22.77)	22.77

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

(ii) Foreign Currency Exchange Rate Risk:

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

Notes to the Consolidated Financial Statements

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

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

(a) Details of Unhedged Foreign Currency Exposure:

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

Particulars	Currency	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
31st March, 2020				
Trade Receivables	USD	**11.06**	**819.36**	**74.05**
Trade Receivables	EURO	**0.40**	**32.08**	**80.20**
Trade Payables	USD	**13.83**	**1,047.62**	**75.75**
31st March, 2019				
Trade Receivables	USD	**21.90**	**1,496.72**	**68.35**
Trade Payables	USD	**38.27**	**2,678.95**	**70.00**

(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 Group profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Group exposure to foreign currency changes for all other currencies is not material.

Particulars	Effect on Profit before Tax	
	31st March, 2020	31st March, 2019
Foreign Currency Sensitivity		
Rs/USD - Increases by 1%	**(2.60)**	**(10.53)**
Rs/USD - Decreases by 1%	**2.60**	**10.53**

(iii) Other Price Risk:

Other price risk is the risk that the fair value or future cash flows of the Group 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.

Notes to the Consolidated Financial Statements

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

45.4 Capital Management

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

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

Particulars	31st March, 2020	31st March, 2019
Borrowings including Interest Accrued	**6,385.17**	4,739.22
Less: Cash and Short Term Deposits	**214.78**	217.48
Net Debt	**6,170.39**	**4,521.74**
Equity	**302.33**	302.33
Other Equity	**11,270.98**	10,330.57
Total Equity	**11,573.31**	**10,632.90**
Total Capital	**17,743.70**	**15,154.64**
Gearing Ratio {Net Debt/(Net Debt +Total Equity)}	0.36	0.30

46 Related Party Transactions

(a) Key Management Personnel(KMP)

Name	Relationship
Sri TVVSN Murthy	Managing Director
Sri N Rajendra Prasad	Chief Financial Officer
Mr. P Pavan	Company Secretary (Up to 22.01.2020)
Mr. Trupti R Mohanty	Company Secretary (From 14.02.2020)

(b) Relatives of KMP

Sri. T V Praveen

Sri. G.V Chaitanya

Smt. G.Sudeepthi

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

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

Notes to the Consolidated Financial Statements

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

(d) Transactions with Related Parties:

Name of the Company	31st March 2020	31st March 2019
	Amount	Amount
Key Management Personnel		
Remuneration (Short Term Employee Benefits)	**263.23**	294.30
Interest on Unsecured Loan	**47.03**	47.03
Relatives of KMP		
Remuneration - (Short Term Employee Benefits)	**100.79**	67.18
Enterprise with Significant Influence		
Purchases	**101.16**	71.90
Sales	**1,667.17**	2,489.54
Conversion Charges	**816.62**	**1,217.58**
Rent Paid	**-**	**21.85**
Balance (Payable)/Receivable at the year end		
Key Management Personnel		
Remuneration Payable	**26.21**	41.75
Interest payable	**0.35**	10.44
Unsecured Loan Payable	**495.00**	495.00
Relatives of KMP		
Remuneration Payable	**5.56**	3.77
Enterprise with Significant Influence	**596.85**	1,323.48

(e) 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 Group 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.

Notes to the Consolidated Financial Statements

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

47 Contingent Liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Guarantees issued by the Bankers	**32.00**	32.00
Letter of credit opened in favor of suppliers for which goods are yet to be received	**234.04**	93.35
Disputed Income Tax Demands	**22.62**	22.62
Interest dues in respect of disputed demands of Income Tax and Central Excise	**204.74**	195.73
Interest dues in respect of disputed demands of Central Excise	**16.40**	16.40
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

Note: Provident Fund

Pursuant to Supreme Court Judgement dated 28 February 2019, regarding the provident fund contribution wherein there has been a clarification provided of the inclusions of basic wages for the purpose of computation of contribution towards provident fund, the Group has been legally advised that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Group has assessed the impact of the judgement only from the year ended March 31, 2019 and concluded that there was no impact. Further, no contingent liability has been recognised based on retrospective application as amount cannot be reliably measured.

48 Commitments

	Particulars	As at 31st March, 2020	As at 31st March, 2019
48.1	Capital Commitments	**361.41**	283.55
48.2	Export Obligations	**6,200.83**	4,816.70

49 Segment Information

(A) Basis for segmentation

The operations of the Group are limited to one segment viz. Pharmaceutical products including ingredients and intermediaries.. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only. The Group Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on aggregation of financial information of the Group on a periodic basis, for the purpose of allocation of resources and evaluation of performance. Accordingly, management has identified pharmaceutical segment as the only operating segment for the Group.

(B) Segment information for secondary segment reporting (by geographical segment)

Notes to the Consolidated Financial Statements

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

Revenue from one external customer exceed 10% of company's total revenue from operations of Rs.5,155.70 Lakhs for the year ended March 31, 2020 (March 31, 2019 - Rs.5,805.84 Lakhs)

The Company has reportable geographical segments based on location of its customers:

(i) Revenue from customers within India – Domestic

(ii) Revenue from customers outside India – Exports

(iii) Revenue from customers EOU – Deemed Exports

(iv) Revenue from customers EOU – Export Incentives

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

Particulars	Current Year 2019-20		Previous Year 2018-19	
	Revenue	%	Revenue	%
Exports	**8,933.00**	**34.26%**	16,667.68	44.11%
Domestic	**11,402.10**	**43.72%**	14,668.67	38.82%
Deemed Exports	**5,327.51**	**20.43%**	5,985.62	15.84%
Export Incentive	**415.51**	**1.59%**	463.25	1.23%
Total	**26,078.12**	**100.00%**	**37,785.22**	**100.00%**

50 Payables to Micro, Small & Medium Enterprises

The Group 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, 2020	As at 31st March, 2019
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	**21.26**	**36.40**
(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;	**1.16**	**3.02**
(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 Group. This has been relied upon by the auditors.

Notes to the Consolidated Financial Statements

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

51 Impact of Covid-19 Pandemic

The Group considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of its inventories, receivables and investments. As the Group is into essential manufacturing service which is exempt from lockdown restrictions, there has been minimal impact in its operations and its supply chain. In this regard, the Group has considered internal and external information while finalizing various estimates in relation to its financial statements up to the date of approval by the Board of Directors and has not identified any material impact on the carrying value of assets, liabilities or provisions. As the outbreak continues to evolve, the Group will continue to closely monitor any material changes to future economic conditions.

52 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, 2020								
Holding Company								
SMS Lifesciences India Ltd	90.01%	10,417.70	89.83%	914.72	103.45%	(32.34)	89.40%	882.38
Wholly Owned Subsidiary								
Mahi Drugs Pvt Ltd	9.99%	1,155.61	10.17%	103.59	-3.45%	1.08	10.60%	104.66
Total	**100.00%**	**11,573.31**	**100.00%**	**1,018.31**	**100.00%**	**(31.26)**	**100.00%**	**987.04**
31st March, 2019								
Hoding Company								
SMS Lifesciences India Ltd	90.35%	9,607.32	93.20%	1,663.33	246.44%	(6.28)	92.98%	1,657.05
Wholly Owned Subsidiary								
Mahi Drugs Pvt Ltd	9.65%	1,025.58	6.80%	121.39	-146.44%	3.73	7.02%	125.13
Total	**100.00%**	**10,632.90**	**100.00%**	**1,784.72**	**100.00%**	**(2.55)**	**100.00%**	**1,782.18**

Notes to the Consolidated Financial Statements

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

52.1 Sailent 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	17th December, 2012

Particulars	31st March,2020	31st March,2019
Equity	471.51	471.51
Other Equity	684.10	554.07
Total Assets	3,690.68	2,983.56
Total Current Liabilities	1,121.60	18,409.53
Investments	-	-
Turnover/Total Income	2,299.30	3,911.13
Profit/(Loss) before taxation	158.41	162.66
Provision for Taxation	29.45	41.27
Proft/(Loss) after taxation	128.96	121.39
Proposed dividend	-	-
% Share holding	100.00%	100.00%

53 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 : 27th July, 2020

For and on behalf of the Board
SMS Lifesciences India Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

RAMESH BABU POTLURI
Director
DIN: 00166381

TRUPTI R MOHANTY
Company Secretary
M.No. 60358

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

SMS LIFESCIENCES INDIA LTD

Manufacturing Excellence and Product Leadership
Strong Foundation for Future Growth

- Khazipally Unit has demonstrated 3 decades of manufacturing excellence with the best treatment facility for effluents and efficient operations.
- Leading Manufacturer of Ranitidine Hcl in the world with capacity of 2400 tons / annum.
- Leading manufacturer of Famotidine Hcl, Sildenafil and other key intermediates for regulated markets.
- Khazipally Unit with a capacity of 320 KL has been in operations for over 27 years highlighting the maturity and stability of revenue stream.
- "Vizag facility with state of art manufacturing capacity is poised for robust growth"

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