The information in this Preliminary Placement Document is not complete and may be changed. The Issue is meant only for Eligible QIBs under Chapter VI of the SEBI ICDR Regulations, on a private placement basis and is not an offer to the public or to any other class of investors to purchase the Equity Shares. This Preliminary Placement Document is not an offer to sell any Equity Shares and is not soliciting an offer to subscribe to or buy the Equity Shares in any jurisdiction where such offer, sale or subscription is not permitted. It is being issued for the sole purpose of information or discussion relating to the Equity Shares that may be issued through the Placement Document.

Preliminary Placement Document
Subject to Completion
Not for Circulation and Strictly Confidential
Serial Number: _____

SHILPA MEDICARE LIMITED

Registered and Corporate Office: 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur, 584 135, Karnataka, India; **Tel**: +91 85 3223 8704
Contact Person: Ritu Tiwary, Company Secretary and Compliance Officer
E-mail: cs@vbshilpa.com | **Website**: www.vbshilpa.com | **Corporate Identity Number**: L85110KA1987PLC008739
(Incorporated in the Republic of India as a public company with limited liability under the Companies Act, 1956)

Shilpa Medicare Limited (our "**Company**" or the "**Issuer**") was originally incorporated as "*Shilpa Antibiotics Private Limited*" on November 20, 1987, a private limited company, under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated November 20, 1987, issued by the Registrar of Companies, Karnataka at Bangalore. The name of the Company was subsequently changed to "*Shilpa Antibiotics Limited*", upon conversion of our Company from a private limited to a public limited company, and a fresh certificate of incorporation was issued on November 3, 1993, by the Registrar of Companies, Karnataka at Bangalore. Further, pursuant to a fresh certificate of incorporation dated December 13, 2002, issued by the Registrar of Companies, Karnataka at Bangalore, the name of the Company was changed to "*Shilpa Medicare Limited*". For details of changes in registered office of our Company, see "*General Information*" on page 245.

Our Company is issuing up to [●] equity shares of face value of ₹1 each (the "**Equity Shares**") at a price of ₹[●] per Equity Share (the "**Issue Price**"), including a premium of ₹[●] per Equity Share, aggregating up to ₹[●] lakh (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 33.

THE ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT, 2013"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE. THE ISSUE, AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER THE SEBI ICDR REGULATIONS ("QIBs") IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS AND SECTION 42 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH BIDDER AND DOES NOT CONSTITUTE AN OFFER OR INVITATION TO OFFER OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO ELIGIBLE QIBs (AS DEFINED HEREINAFTER).

YOU ARE NOT AUTHORISED TO, AND MAY NOT (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILISE ANY MEDIA MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION, OR REPRODUCTION, OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND BIDDERS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL, OR PART, OF THEIR INVESTMENT. BIDDERS ARE ADVISED TO CAREFULLY READ "*RISK FACTORS*" ON PAGE 43 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THIS ISSUE. EACH BIDDER IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS ISSUE. BIDDERS OF THE EQUITY SHARES OFFERED SHOULD CONDUCT THEIR OWN DUE DILIGENCE OF THE COMPANY. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PRELIMINARY PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISER.

The Equity Shares are listed on the National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**", together with NSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE on April 5, 2024 was ₹494.70 and ₹495.90 per Equity Share, respectively. In-principle approvals under Regulation 28(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**SEBI Listing Regulations**") for listing of the Equity Shares being Allotted pursuant to the Issue have been received from each of BSE and NSE on April 5, 2024. Applications shall be made for obtaining the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of the business of our Company or the Equity Shares.

A copy of this Preliminary Placement Document dated April 8, 2024 (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) has been delivered to the Stock Exchanges and a copy of the Placement Document (which will include disclosures prescribed under Form PAS-4) will also be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules (as defined thereinafter). This Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Invitations for subscription, offers and sales of the Equity Shares to be issued pursuant to this Issue shall only be made pursuant to this Preliminary Placement Document together with the Application Form, the Placement Document and the Confirmation of Allocation Note (each as defined hereinafter). For further details, see "*Issue Procedure*" on page 205. This Preliminary Placement Document and the Placement Document relates to an issue made to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and no offer is being made to the public or any other class of investors. The distribution of this Preliminary Placement Document and the Placement Document or the disclosure of its contents without our Company's prior consent to any person, other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their subscription to Equity Shares, is unauthorised and prohibited. This Preliminary Placement Document shall be circulated only to such Eligible QIBs whose names are recorded by our Company prior to making an invitation to subscribe to the Equity Shares. Each Bidder, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The information on the websites of our Company or our Subsidiaries (as defined hereinafter), as applicable or any website directly or indirectly linked to such websites or the website of the Lead Manager or its affiliates does not constitute nor should form part of this Preliminary Placement Document and Bidders should not rely on such information contained in, or available through, any such websites for investment in this Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the Securities Act ("**Regulation S**") and the applicable laws of the jurisdictions where those offers and sales are made. For the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" on page 219. See "*Transfer Restrictions*" on page 226 for information about transfer restrictions that apply to the Equity Shares sold in this Issue.

LEAD MANAGER TO THE ISSUE

DAM CAPITAL ADVISORS LIMITED

This Preliminary Placement Document is dated April 8, 2024.

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Preliminary Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company and the Equity Shares, which we consider material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Company, its Subsidiaries, its Associates and its Joint Ventures (collectively, the "**Group**") and the Equity Shares are in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Preliminary Placement Document with regard to the Group and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company. There are no other facts in relation to the Group and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

DAM Capital Advisors Limited (the "**Lead Manager**") has not separately verified the information contained in this Preliminary Placement Document (financial, legal, or otherwise). Accordingly, neither the Lead Manager, nor any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Lead Manager or any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information supplied in connection with the Issue of the Equity Shares or their distribution or in connection with the Group.

Each person receiving this Preliminary Placement Document acknowledges that such person has not relied on the Lead Manager, our Group or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Group and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

This Preliminary Placement Document is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider subscribing for the Equity Shares in this Issue. No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company, or by or on behalf of the Lead Manager. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the United States Securities and Exchange Commission, any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction and any other United States or non-United States regulatory authority, including SEBI. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The information contained in this Preliminary Placement Document has been provided by our Company and from other sources identified herein. The distribution of this Preliminary Placement Document, or the disclosure of its contents, without the prior consent of the Company to any person, other than Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue in consultation with the Lead Manager and its representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and not to further distribute or make any copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document. Any reproduction or distribution of this Preliminary Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Preliminary Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Lead Manager that would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document, nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For further details, see "*Selling Restrictions*" on page 219. The Equity Shares purchased in the Issue are transferable only in accordance with the restrictions described under the sections "*Selling Restrictions*" and "*Transfer Restrictions*" beginning on pages 219 and 226, respectively.

The Equity Shares offered in the Issue have not been and will not be registered under the Securities Act, or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

In making an investment decision, the prospective investors must rely on their own examination of our Group and the Equity Shares and the terms of the Issue, including the merits and risks involved. The prospective investor should not construe the contents of this Preliminary Placement Document as legal, business, tax, accounting or investment advice. The prospective investors should consult their own counsel and advisors as to the business, investment, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Lead Manager are making any representation to any prospective investor, purchaser, offeree or subscriber to the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares by such prospective investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Group.

Each prospective investor, purchaser, offeree or subscriber of the Equity Shares is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and it is eligible to invest in India and in our Company under Indian law, including under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013 and rules made thereunder, and that it is not prohibited by the SEBI or any other statutory, regulatory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities, including the Equity Shares, or otherwise accessing the capital markets in India.

This Preliminary Placement Document contains summaries of certain terms of documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

Our Company does not undertake to update the Placement Document to reflect subsequent events after the date of the Placement Document. Neither the delivery of this Preliminary Placement Document, the Placement Document nor any issue of Equity Shares made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Group since the date hereof.

Our Company and the Lead Manager are not liable for any amendment or modification or change to applicable laws or regulations, that occurs after the date of the Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply to purchase Equity Shares in the Issue. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations (as defined hereinafter) and the Eligible QIB shall be solely responsible for compliance with the provisions of the SEBI Takeover Regulations, SEBI Insider Trading Regulations (as defined hereinafter) and other applicable laws, rules, regulations, guidelines and circulars.

The information on our Company's website, www.vbshilpa.com, any website directly and indirectly linked to the websites of our Company or our Subsidiaries, as applicable or on the respective websites of the Lead Manager and its affiliates, does not constitute nor forms a part of this Preliminary Placement Document. The prospective investors should not rely on any such information contained in, or available through, any such websites.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

This Preliminary Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information in relation to prospective investors in certain other jurisdictions, see "*Selling Restrictions*" on page 219.

REPRESENTATIONS BY INVESTORS

All references to "you" and "your" in this section are to the prospective investors in the Issue. By Bidding for and/or subscribing to any Equity Shares in this Issue, you are deemed to have represented, warranted, acknowledged and agreed with our Company and the Lead Manager, as follows:

1. you are a "Qualified Institutional Buyer" as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under the applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (as hereinafter defined) to you in accordance with Chapter VI of the SEBI ICDR Regulations, and other applicable laws including the FEMA Rules (as defined hereinafter), the Companies Act, 2013 and all other applicable laws; and (ii) comply with all requirements under applicable law in this relation, including reporting obligations, requirements/ making necessary filings, if any, with appropriate authorities, including the RBI and the Stock Exchanges, in connection with the Issue;

2. you are eligible to invest in India under applicable law, including the FEMA Rules and any notifications, circulars or clarifications issued thereunder, each as amended, and have not been prohibited by the SEBI, the RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India. You acknowledge that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis;

3. if you are not a resident of India, but are an Eligible QIB, you are a foreign portfolio investor, and you confirm that you are an Eligible FPI (as defined hereinafter) and have a valid and existing registration with SEBI under the applicable laws in India, or a multilateral or bilateral development financial institution and can participate in the Issue only under Schedule II of the FEMA Rules and any other notifications, circulars or clarifications issued thereunder. You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required, pursuant to applicable laws. You have not been prohibited by the SEBI, the RBI or any other regulatory authority, from buying, selling or dealing in securities or otherwise accessing the capital markets. Since FVCIs are not permitted to participate in the Issue, you confirm that you are not an FVCI;

4. you confirm that neither is your investment as an entity from a country which shares a land border with India nor is the beneficial owner of your investment situated in or is a citizen of such country (in each which case, investment can only be through the Government approval route), and that your investment is in accordance with the consolidated FDI Policy, issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India and Rule 6 of the FEMA Rules;

5. you will provide the information required under the Companies Act, 2013, the PAS Rules, the applicable provisions of the SEBI ICDR Regulations and any other applicable rules for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number (if applicable) and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue and the list of Eligible QIBs including the aforementioned details shall be filed with the RoC and SEBI, as may be required under the Companies Act and other applicable laws;

6. if you are Allotted Equity Shares pursuant to the Issue, you shall not sell the Equity Shares so acquired, for a period of one year from the date of Allotment, except on the Stock Exchanges;

7. you are aware that this Preliminary Placement Document and the Placement Document has not been, and will not be, filed as a prospectus with the RoC under the Companies Act, 2013, the SEBI ICDR Regulations or under any other law in force in India and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of prospective investors other than Eligible QIBs. This Preliminary Placement Document has not been reviewed, verified or affirmed by the SEBI, the Stock Exchanges, RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs. The Placement Document shall be filed with the Stock Exchanges for record purposes only and be displayed on the websites of our Company and the Stock Exchanges;

8. you are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions applicable to you and that you have fully observed such laws and you have all necessary capacity and have obtained all necessary consents and authorities, as may be required and complied and shall comply with all necessary formalities to enable you to participate in the Issue and to perform your obligations in relation thereto (including without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;

9. neither our Company, the Lead Manager nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents, associates or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions you may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares, be a client of the Lead Manager. Neither the Lead Manager nor any of its shareholders, directors, officers, employees, counsel, representatives, agents, associates or affiliates has any duty or responsibility to you for providing the protection afforded to its clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

10. you are aware that the Equity Shares being issued pursuant to this Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association of our Company and shall rank *pari passu* in all respects with the existing Equity Shares, including the right to receive all dividends and other distributions declared, made, or paid in respect of the Equity Shares after the date of Allotment of the Equity Shares, as applicable;

11. all statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Preliminary Placement Document. Neither our Company, nor the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates assumes any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

12. you are aware that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public or any other category of investors other than Eligible QIBs and the Allotment shall be on a discretionary basis at the discretion of our Company in consultation with the Lead Manager;

13. you have made, or have been deemed to have made, as applicable, the representations, warranties, acknowledgments and undertakings as set out in "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 219 and 226, respectively;

14. you have been provided a serially numbered copy of this Preliminary Placement Document, and have read it in its entirety including, in particular, the "*Risk Factors*" on page 43;

15. in making your investment decision, you have (i) relied on your own examination of the Group, the Equity Shares, and the terms of the Issue, including the merits and risks involved, (ii) made, and will continue to make, your own assessment of the Group, the Equity Shares and the terms of the Issue based on such information contained in this Preliminary Placement Document, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, the effects of local laws (including tax laws), (iv) relied solely on the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

16. neither our Company nor the Lead Manager nor their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, has provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including the Issue and the use of proceeds from the sale of the Equity Shares). You will obtain your own independent tax advice and will not rely on our Company, the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the sale of the Equity Shares). You waive, and agree not to assert any claim against, either our Company, the Lead Manager or their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

17. you are a sophisticated investor and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any managed accounts for which you are subscribing for the Equity Shares: (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company and/or the Lead Manager and their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, for all or part of any such loss or losses that you may suffer, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in a similar jurisdiction. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute;

18. if you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each such managed account and make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;

19. you are not a 'promoter' of our Company (as defined under Section 2(69) of the Companies Act, 2013 and under Regulation 2(oo) of the SEBI ICDR Regulations), and are not a person related to the Promoters (as defined hereinafter), either directly or indirectly and your Bid (hereinafter defined) does not directly or indirectly represent any Promoters or members of the Promoter Group (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

20. you have no rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board of Directors of our Company, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoters);

21. you are eligible to Bid for and hold Equity Shares so Allotted together with any Equity Shares held by you prior to the Issue. You further confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible in accordance with any applicable law;

22. to the best of your knowledge and belief, your aggregate holding, together with other Eligible QIBs in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size (as defined hereinafter). For the purposes of this representation:

    a. Eligible QIBs "belonging to the same group" shall mean entities where: (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, among an Eligible QIB, its subsidiary or holding company and any other Eligible QIB; and

    b. 'Control' shall have the same meaning as is assigned to it under the SEBI Takeover Regulations;

23. you are aware that: (i) applications for in-principle approval, in terms of Regulation 28 of the SEBI Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges, and (ii) after Allotment, final applications will be made for obtaining listing and trading approvals from the Stock Exchanges, and that there can be no assurance that such approvals will be obtained on time or at all. Neither our Company nor the Lead Manager nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising therefrom;

24. you shall not undertake any trade in the Equity Shares credited to your beneficiary account with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

25. you are aware that in terms of the requirements of the Companies Act, 2013, upon Allocation, the Company will be required to disclose names and percentage of the post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Lead Manager;

26. you agree in terms of Section 42 of the Companies Act, 2013 and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act, 2013;

27. you acknowledge that this Preliminary Placement Document does not, and the Placement Document shall not, confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

28. you will make the payment for subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies shall be paid from the bank account of the person whose name appears first in the application;

29. you are aware that if you, together with any other Eligible QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, our Company shall be required to disclose the name of such Allottees and the number of Equity Shares Allotted, to the Stock Exchanges and the Stock Exchanges will make such information available on their websites and you consent to such disclosures being made by our Company;

30. you are aware and understand that the Lead Manager has entered into the Placement Agreement with our Company whereby the Lead Manager has, subject to the satisfaction of certain conditions set out therein, undertaken to manage the Issue and use its reasonable efforts to seek to procure subscription for the Equity Shares on the terms and conditions set out therein;

31. the contents of this Preliminary Placement Document are exclusively the responsibility of our Company and that neither the Lead Manager nor any person acting on its behalf or any of the counsel or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting participation in the Issue, you agree to such condition and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, and you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Lead Manager or our Company or any other person and neither our Company nor the Lead Manager or any of their respective affiliates, including any view, statement, opinion or representation expressed in any document published or distributed by them, and the Lead Manager and its affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion that you may have obtained or received;

32. you understand that neither the Lead Manager nor any of its affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly

sustained or incurred by you for any reason whatsoever in connection with the Issue, including on account of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

33. you are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act, 2013;

34. you confirm that either (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents with regard to our Company or this Issue; or (ii) if you have participated in or attended any such Company presentations: (a) you understand and acknowledge that the Lead Manager may not have the knowledge of the statements that our Company or its agents may have made at such Company presentations and is therefore unable to determine whether the information provided to you at such meetings or presentations included any material misstatements or omissions, and, accordingly you acknowledge that the Lead Manager has advised you not to rely in any way on any such information that was provided to you at such meetings or presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material information that was not publicly available;

35. you are outside the United States, and you are purchasing the Equity Shares in an "offshore transaction" as defined in, and in reliance on Regulation S and in compliance with laws of all jurisdictions applicable to you;

36. you are not acquiring or subscribing for the Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the Securities Act;

37. you understand that the Equity Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state securities laws. For more information, see "*Selling Restrictions*" on page 219;

38. you have no right to withdraw your Application Form or revise your Bid downwards after the Issue Closing Date (as defined herein);

39. each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue. You agree to indemnify and hold our Company and the Lead Manager and their respective affiliates, directors, officers, employees and controlling persons harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

40. our Company, the Lead Manager, their respective affiliates, directors, officers, employees and controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Lead Manager on its own behalf and on behalf of our Company, and are irrevocable. You agree that the terms and provisions of the foregoing representations, warranties, acknowledgements and undertakings, shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by our Company and the Lead Manager and their permitted assigns, and the terms and provisions hereof shall be binding on our permitted assigns and permitted transferees;

41. you agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have sole and exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document and the Placement Document;

42. the Bid made by you would not result in triggering a tender offer under the SEBI Takeover Regulations and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations; and

43. you are aware that the pre-Issue and post-Issue shareholding pattern of our Company, as required under the SEBI Listing Regulations, will be filed by our Company with the Stock Exchanges.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines, and approvals in terms of Regulation 21 of the SEBI FPI Regulations and the SEBI circular dated November 5, 2019 on the operational guidelines for FPIs, designated depository participants and eligible foreign investors, as amended (the "**FPI Operational Guidelines**"), FPIs, including the affiliates of the Lead Manager, who are registered as category I FPIs may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations, *i.e.*, as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) (all such offshore derivative instruments are referred to herein as "**P-Notes**") and persons who are eligible for registration as category I FPIs can subscribe to or deal in such P-Notes, provided that in the case of an entity that has an investment manager who is from a Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned category I FPIs may receive compensation from the purchasers of such instruments. Such P-Notes can be issued post compliance with all applicable laws, KYC norms and such other conditions as specified by the SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any persons unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to persons eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of the SEBI FPI Regulations. P-Notes have not been, and are not being offered, or sold pursuant to this Preliminary Placement Document. This Preliminary Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including, without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or above of our post-Issue Equity Share capital on a fully diluted basis. The SEBI has issued the FPI Operational Guidelines to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above mentioned restrictions shall also apply to subscribers of offshore derivative instruments and two or more subscribers of offshore derivative instruments having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the offshore derivative instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of offshore derivative instruments, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying company. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA Rules. These investment restrictions shall also apply to subscribers of offshore derivative instruments. Affiliates of the Lead Manager which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Lead Manager do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Lead Manager and does not constitute any obligation of or claim on the Lead Manager.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

Also see "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 219 and 226, respectively.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges.

The Stock Exchanges do not in any manner:

(a) warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document;

(b) warrant that the Equity Shares to be issued pursuant to the Issue will be listed or will continue to be listed on the Stock Exchanges; or

(c) take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of our Company,

and it should not for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the Eligible QIBs who are the prospective investors in the Equity Shares proposed to be issued pursuant to the Issue, references to the 'Company', 'or the 'Issuer' are to Shilpa Medicare Limited and references to 'we', 'us' or 'our' are to Shilpa Medicare Limited together with its Subsidiaries and Associates on a consolidated basis.

In this Preliminary Placement Document, references to "US$", "U.S.$", "USD" and "U.S. dollars" are to the legal currency of the United States of America, references to "₹", "INR", "Rs.", "Indian Rupees" and "Rupees" are to the legal currency of the Republic of India.

All references herein to the "US" or "U.S." or the "United States" are to the United States of America and its territories and possessions, including any state of the United States of America, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and the District of Columbia. All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the "Government" or "GoI" or the "Indian Government" or "Central Government" or the "State Government" are to the Government of India, or the governments of any state in India, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

The financial year of our Company commences on April 1 of each Calendar Year and ends on March 31 of the following Calendar Year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', 'Fiscal Year', 'Fiscal' or 'FY' are to the twelve-month period ended on March 31 of that year and references to a particular 'year' are to the Calendar Year ending on December 31 of that year.

Our Company publishes its financial statements in Indian Rupees in lakh. As required under applicable regulations, and for the convenience of prospective investors, we have included the following in this Preliminary Placement Document:

(a) audited consolidated financial statements of our Group as at and for the financial year ended March 31, 2021 prepared in accordance with Indian Accounting Standards ("**Ind AS**") notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended (the "**Ind AS Rules**") and Section 133 of the Companies Act, 2013, which comprises the consolidated statement of assets and liabilities of our Group as at March 31, 2021, and the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of our Group for the year then ended, along with notes to the consolidated financial statements, a summary of significant accounting policies and other explanatory information (the "**Fiscal 2021 Audited Consolidated Financial Statements**");

(b) audited consolidated financial statements of our Group as at and for the financial year ended March 31, 2022 prepared in accordance with Ind AS notified under the Ind AS Rules and Section 133 of the Companies Act, 2013, which comprises the consolidated statement of assets and liabilities of our Group as at March 31, 2022, and the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of our Group for the year then ended, along with notes to the consolidated financial statements, a summary of significant accounting policies and other explanatory information (the "**Fiscal 2022 Audited Consolidated Financial Statements**");

(c) audited consolidated financial statements of our Group as at and for the financial year ended March 31, 2023 prepared in accordance with Ind AS notified under the Ind AS Rules and Section 133 of the Companies Act, 2013, which comprises the consolidated statement of assets and liabilities of our Group as at March 31, 2023, and the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of our Group for the year then ended, along with notes to the consolidated financial statements, a summary of significant accounting policies and other explanatory information (the "**Fiscal 2023 Audited Consolidated Financial Statements**", and collectively, together with the Fiscal 2022 Audited Consolidated Financial Statements and the Fiscal 2021 Audited Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**"); and

(d) unaudited consolidated financial statements of our Group as at and for the six-month period ended September 30, 2023 which comprise the consolidated statement of assets and liabilities of the Group as at September 30, 2023, the consolidated statement of profit and loss (including other comprehensive income) and statement of cash flows of our Group for the six-month period ended September 30, 2023, prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (Ind AS 34), Interim Financial Reporting, prescribed under Section 133 of the Companies Act ("**Ind AS 34**"), other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI Listing Regulations (the "**Unaudited H1FY2024 Consolidated Financial Statements**").

(e) unaudited consolidated financial results of our Group for the nine-month period ended December 31, 2023, prepared in accordance with Ind AS 34, other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI Listing Regulations (the "**Unaudited 9MFY2024 Consolidated Financial Results**", and together with the Unaudited H1FY2024 Consolidated Financial Statements, the "**Unaudited Consolidated Financial Results**", and the Unaudited Consolidated Financial Results together with the Audited Consolidated Financial Statements, the "**Financial Information**").

The Audited Consolidated Financial Statements should be read along with the respective audit reports and the Unaudited Consolidated Financial Results should be read along with the respective limited review reports of our Auditors. The Unaudited 9MFY2024 Consolidated Financial Results also include the comparative information of the unaudited consolidated financial results of our Group for the nine-month period ended December 31, 2022 and the Unaudited H1FY2024 Consolidated Financial Results also include the comparative information of the unaudited consolidated financial results of our Group for the six-month period ended September 30, 2022.

Our Company prepares its financial statements in accordance with Ind AS, Companies Act, 2013 and other applicable statutory and/or regulatory requirements. The Company publishes its financial statements in Indian Rupees. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards of the International Accounting Standards Board ("**IFRS**"). Our Company does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor does our Company provide a reconciliation of its Financial Information to IFRS or U.S. GAAP. Accordingly, the degree to which the Financial Information, as included in this Preliminary Placement Document, prepared in accordance with Ind AS, will provide meaningful information is entirely dependent on the reader's familiarity with the respective Indian accounting policies and practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited. See "*Risk Factors—Significant differences exist between Ind AS used to prepare our financial information and other accounting principles, such as IFRS and U.S. GAAP, with which investors may be more familiar*" on page 65.

Figures in this Preliminary Placement Document have been presented in lakh or in whole numbers where the numbers have been too small to present in lakh unless stated otherwise. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources or presented in figures other than ₹ lakh. Our Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results are prepared in lakh and have been presented in this Preliminary Placement Document in lakh for presentation purposes.

In this Preliminary Placement Document, references to "lakh" represents "1,00,000" and "crore" represents "1,00,00,000". Certain figures contained in this Preliminary Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal.

In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Non-GAAP financial measures

Certain non-GAAP measures and certain other statistical information relating to our financial performance and financial condition such as EBIT, EBITDA, EBITDA Margin, Net Profit Margin, Net Profit Ratio, R&D Expense to Revenue, Interest Coverage Ratio, Debt Service Coverage Ratio, Inventory Turnover Ratio, Current Ratio, Fixed

Assets Turnover Ratio, Debt to EBITDA Ratio, Debt to Equity Ratio, Trade Receivables Turnover Ratio, Trade Payables Turnover Ratio, Net Capital Turnover Ratio, Return on Equity Ratio, Return on Capital Employed and Return on Net Worth, have been included in this Preliminary Placement Document. These non-GAAP measures are not defined under and are not required by Ind AS and are not presented in accordance with Ind AS, IFRS or U.S. GAAP. We compute and disclose such non-GAAP measures relating to our financial performance and financial condition as we consider such information to be useful measures of our business and financial performance. See "*Definitions and Abbreviations*", "*Risk Factors—Certain non-GAAP measures used in this Preliminary Placement Document to review and analyse our financial performance and financial condition may have limitations as analytical tools, may vary from any standard methodology applicable across the wind energy industry, and may not be comparable with financial or statistical information of similar nomenclature computed and presented by other wind energy companies.*" and "*Management's Discussion and Analysis of Financial Condition and Result of Operations—Non-GAAP Financial Measures*" on pages 63 and 98, respectively, for the definitions and the manner of calculation of certain non-GAAP measures.

These non-GAAP measures have limitations as analytical tools and should not be considered in isolation from or as a substitute for analysis of our historical financial performance, as reported and presented in our financial information presented in accordance with Ind AS and included in this Preliminary Placement Document.

These non-GAAP measures may not reflect:

- our cash expenditures or future requirements for capital expenditure or contractual commitments;
- changes in, or cash requirements for, our working capital needs, or
- the finance cost, or the cash requirements necessary to service our debt.

These non-GAAP measures may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures or statistical information of similar nomenclature that may be computed and presented by other companies and may not be comparable to similarly titled measures presented by other companies. Therefore, these non-GAAP measures should not be viewed as substitutes for performance or profitability measures under Ind AS or as indicators of our operating performance, cash flows, liquidity or profitability. Prospective investors should read this information in conjunction with the Financial Information included in "*Financial Information*" on page 248.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates, other industry data and certain industry forecasts pertaining to our business contained in this Preliminary Placement Document consists of estimates based on data reports compiled by government bodies, professional organisations and industry publications, data from other external sources and knowledge of the markets in which we compete.

Unless stated otherwise, the industry, market and economic data included in this Preliminary Placement Document has been copied from or derived from the report titled "*Assessment of the global pharmaceuticals industry*" dated March, 2024 (the "**CRISIL Report**"), which was prepared by CRISIL MI&A, a division of CRISIL Limited ("**CRISIL**"), and exclusively commissioned and paid for by us in connection with the Issue pursuant to an engagement letter dated February 26, 2024. The CRISIL Report is subject to the following disclaimer:

"CRISIL Market Intelligence & Analytics (CRISIL MI&A), a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Shilpa Medicare Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL MI&A operates independently of, and does not have access to information obtained by CRISIL Ratings Limited, which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL MI&A and not of CRISIL Ratings Limited. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."

CRISIL is not in any manner related to our Company, our Directors, our Promoters, our Key Managerial Personnel, our Senior Management or our Subsidiaries. The CRISIL Report is not exhaustive, is subject to various limitations and is based upon certain assumptions that are subjective in nature. While our Company has taken reasonable care in the reproduction of the information from the CRISIL Report, none of our Company, the Lead Manager, or their respective affiliates or advisors or any other person connected with the Issue has independently verified the data and statistics obtained from the CRISIL Report. While our Company has no reason to believe the data and statistics in the CRISIL Report to be incorrect, our Company cannot assure you that it is accurate, complete or reliable and, therefore, our Company makes no representation or warranty, express or implied, as to the accuracy, completeness or reliability of such data or statistics. Therefore, discussions of matters relating to India, its economy and the industry in which we currently operate are subject to the caveat that the data and statistics upon which such discussions are based may be inaccurate, incomplete or unreliable. Further, there can be no assurance that such data and statistics are stated or compiled on the same basis or with the same degree of accuracy as may be the case in other reports. Statements from third-parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Preliminary Placement Document.

The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Accordingly, investment decisions should not be based solely on such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors—This Preliminary Placement Document contains information from the industry report from CRISIL* MI&A. *Investors are advised not to base their investment decision solely on such information*" on page 64.

Unless otherwise indicated, all industry and other related information derived from the CRISIL Report and included herein with respect to any particular 'year', refers to such information for the Calendar Year ending on December 31 of that year.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute 'forward-looking statements'. The prospective investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'goal', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'seek to', 'should', 'will', 'will continue', 'will pursue', 'would', 'are likely', 'likely', 'expected to', 'will likely result' or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. The forward-looking statements appear in a number of places throughout this Preliminary Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, among other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition, even if the results of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Preliminary Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our expected financial condition, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

- The pharmaceutical industry being subject to extensive regulation and periodic inspections from various local, state, federal and national regulatory authorities and our business activities requiring various approvals, licenses, registrations and permissions.
- Us deriving a significant portion of our revenue from our API vertical.
- Us being subject to strict technical specifications, quality requirements, regular inspections and audits by our customers.
- Any manufacturing or quality control concerns or our inability to deliver products on a timely basis, or at all.
- The usage of cytotoxic products and other hazardous material in our manufacturing and R&D process.
- Us deriving a significant portion of our revenue from operations from outside India and any adverse developments in markets outside India.
- Us having incurred losses during Fiscal 2023, and the possibility of incurring losses in the future.
- Us relying on third-party suppliers and logistics providers for the supply of raw materials and transportation of our manufactured products.
- Us being susceptible to product liability claims and associated risks of litigation and failure to obtain product liability insurance.
- Our inability to collect receivables and default in payment from our customers.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed in "*Risk Factors*", "*Industry Overview*", "*Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 43, 132, 169 and 89, respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, any future gains, losses or impact on net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure the prospective investors that such expectations will prove to be correct. Given these uncertainties, the prospective investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as at the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and our Company or the Lead Manager undertake no obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. As disclosed in "*Board of Directors and Senior Management*" on page 194, a majority of our Directors, Key Managerial Personnel and Senior Management are resident citizens of India and a substantial portion of the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, as amended ("**Civil Procedure Code**"). Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

(a) where the judgment has not been pronounced by a court of competent jurisdiction;

(b) where the judgment has not been given on the merits of the case;

(c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;

(e) where the judgment has been obtained by fraud; and

(f) where the judgment sustains a claim founded on a breach of any law in force in India.

A foreign judgment which is conclusive under Section 13 of the Civil Procedure Code may be enforced either by a fresh suit upon the judgment or by proceedings in execution.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, the Republic of Singapore, the United Arab Emirates and Hong Kong, among others, has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a foreign court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws. We cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable. Our Company and the Lead Manager cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth, for the period indicated, information with respect to the exchange rates between the Rupee and the U.S. Dollar (in ₹ per U.S.$). The exchange rates are based on the reference rates released by the RBI and Financial Benchmark India Private Limited ("**FBIL**"), which are available on the website of FBIL. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. Dollars at any particular rate, the rates stated below, or at all.

	Period end(1)	**Average**(2)	**High**(3)	**Low**(4)
	(₹ per U.S.$)			
Fiscal*^				
2024	83.38	82.79	83.60	81.69
2023	82.22	80.39	83.20	75.39
2022	75.81	74.51	76.92	72.48
2021	73.50	74.27	76.81	72.29
Month ended*^				
March 31, 2024	83.38	83.07	83.60	82.75
February 29, 2024	82.92	82.96	83.09	82.84
January 31, 2024	83.08	83.12	83.33	82.85
December 31, 2023	83.12	83.28	83.40	83.02
November 30, 2023	83.35	83.30	83.39	83.13
October 31, 2023	83.27	83.24	83.27	83.15
September 30, 2023	83.06	83.05	83.26	82.66

Source: www.rbi.org.in and www.fbil.org.in

(1) *The price for the period end refers to the price as at the last trading day of the respective fiscal year or monthly periods.*
(2) *Average of the official rate for each working day of the relevant period.*
(3) *Maximum of the official rate for each working day of the relevant period.*
(4) *Minimum of the official rate for each working day of the relevant period.*

Notes:

* *If the RBI/ FBIL reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed.*

^ *The RBI/ FBIL reference rates have been rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

This Preliminary Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalized terms used in this Preliminary Placement Document is intended for the convenience of the reader/ prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Preliminary Placement Document shall have the meaning as defined hereunder. Further any references to any agreement, document, statute, rules, guidelines, regulations or policies shall include amendments made thereto, from time to time.

The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in "Taxation", "Industry Overview", "Financial Information" and "Legal Proceedings" on pages 233, 132, 248 *and* 239*, respectively, shall have the meaning given to such terms in such sections.*

General Terms

Term	Description
Company or Our Company or the Company or SML	Shilpa Medicare Limited, a company incorporated under the Companies Act, 1956, whose Registered and Corporate Office is situated at 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur, 584 135, Karnataka, India
We or Our or Us or our Group	Unless the context otherwise indicates or implies or unless otherwise specified, our Company along with our Subsidiaries, Joint Ventures and Associates, on a consolidated basis, as applicable, as at and for the relevant financial period

Company Related Terms

Term	Description
Articles or Articles of Association or AoA	Articles of association of our Company, as amended
Associates	Reva Pharmachem Private Limited* and Maia Pharmaceuticals INC __________ * *Reva Pharmachem Private Limited has filed an application dated February 27, 2024 with the RoC in accordance with section 248(2) of the Companies Act for removing its name from the register of companies*
Audit Committee	The audit committee of the Board of Directors of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations, and as described in "*Board of Directors and Senior Management*" on page 194
Audited Consolidated Financial Statements	Collectively, the Fiscal 2023 Audited Consolidated Financial Statements, the Fiscal 2022 Audited Consolidated Financial Statements and the Fiscal 2021 Audited Consolidated Financial Statements
Auditors or Statutory Auditors	Bohara Bhandari Bung and Associates LLP, Chartered Accountants, the statutory auditors of our Company
Board of Directors or Board or our Board	The board of directors of our Company or any duly constituted committee thereof
CFO	Chief financial officer
Chairman	The non-executive chairman of the Board, being Omprakash Inani
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board of Directors of our Company constituted in accordance with the applicable provisions of the Companies Act, 2013 and as described in "*Board of Directors and Senior Management*" on page 194
Directors	The directors on the Board of our Company
Equity Shares	Equity shares of our Company of face value ₹1 each
Fiscal 2021 Audited Consolidated Financial Statements	The consolidated financial statements of our Group as at and for the financial year ended March 31, 2021 prepared in accordance with Ind AS, which comprises the consolidated statement of assets and liabilities as at March 31, 2021, and the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, along with notes to the consolidated financial statements, a summary of significant accounting policies and other explanatory information

Term	Description
Fiscal 2022 Audited Consolidated Financial Statements	The audited consolidated financial statements of our Group as at and for the financial year ended March 31, 2022 prepared in accordance with Ind AS, which comprises the consolidated statement of assets and liabilities as at March 31, 2022, and the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, along with notes to the consolidated financial statements, a summary of significant accounting policies and other explanatory information
Fiscal 2023 Audited Consolidated Financial Statements	The audited consolidated financial statements of our Group as at and for the financial year ended March 31, 2022 prepared in accordance with Ind AS, which comprises the consolidated statement of assets and liabilities as at March 31, 2022, and the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, along with notes to the consolidated financial statements, a summary of significant accounting policies and other explanatory information
FTF Pharma	FTF Pharma Private Limited
Independent Director(s)	Independent directors on the Board, as disclosed in "*Board of Directors and Senior Management*" on page 194
Joint Venture	Reva Medicare Private Limited, Sravathi Advance Process Technologies Private Limited and Sravathi AI Technology Private Limited
Key Managerial Personnel	Key managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations as disclosed in "*Board of Directors and Senior Management*" on page 194
Material Subsidiary	Our Subsidiary, Shilpa Pharma Lifesciences Limited
Memorandum or Memorandum of Association or MoA	Memorandum of association of our Company, as amended
Nomination and Remuneration Committee	Nomination and remuneration committee of our Board of Directors of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations and as described in "*Board of Directors and Senior Management*" on page 194
Promoters	The promoters of our Company, being Om Prakash Inani, Natamal Inani, Kamalkishore Inani and Vishnukant Chaturbhuj Bhutada
Promoter Group	Entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations
Registered and Corporate Office	Registered office of our Company situated at 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur, 584 135, Karnataka, India. For details of changes in registered office of our Company, see "*General Information*" on page 245
Registrar of Companies or RoC	Registrar of Companies, Karnataka at Bangalore
Risk Management Committee	The risk management committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Board of Directors and Senior Management*" on page 194
Securities Issue Committee	The committee of our Board constituted through the resolution dated February 8, 2024 of our Board
Senior Management	Members of senior management of our Company in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations as disclosed in "*Board of Directors and Senior Management*" on page 194
Shareholders	Shareholders of our Company from time to time
Shilpa Biocare	Shilpa Biocare Private Limited
Shilpa Biologicals or SBPL	Shilpa Biologicals Private Limited
Shilpa Pharma Lifesciences or SPLL	Shilpa Pharma Lifesciences Limited
Shilpa Therapeutics	Shilpa Therapeutics Private Limited
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Board of Directors of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Board of Directors and Senior Management*" on page 194
Subsidiaries	Subsidiaries of our Company as defined under the Companies Act, 2013 and the applicable Accounting Standards. For details, see *"Organisational Structure"* on page 190

Term	Description
Unaudited 9MFY2024 Consolidated Financial Results	The unaudited consolidated financial results of the Group for the nine-month period ended December 31, 2023, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI Listing Regulations
Unaudited H1FY2024 Consolidated Financial Results	The unaudited consolidated financial statements of the Group as at and for the six-month period ended September 30, 2023 which comprise the consolidated statement of assets and liabilities of the Group as at September 30, 2023, the consolidated statement of profit and loss (including other comprehensive income) and statement of cash flows of the Group for the six-month period ended September 30, 2023, prepared in accordance with recognition and measurement principles laid down in Ind AS 34, other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI Listing Regulations
Unaudited Consolidated Financial Results	Unaudited H1FY2024 Consolidated Financial Statements and 9MFY2024 Consolidated Financial Results, taken together

Issue Related Terms

Term	Description
Allocated or Allocation	Allocation of Equity Shares, in consultation with the Lead Manager, following the determination of the Issue Price to Eligible QIBs on the basis of Application Forms submitted by them, in compliance with Chapter VI of the SEBI ICDR Regulations
Allotment or Allotted	Allotment and issue of Equity Shares pursuant to the Issue
Allottees	Bidders to whom Equity Shares of our Company are issued pursuant to the Issue
Application Form	Form (including any revisions thereof) which will be submitted by the Eligible QIBs for registering a Bid in the Issue
Bid Amount or Application Amount	With respect to a Bidder shall mean the aggregate amount paid by such Bidder at the time of submitting a Bid in the Issue, including any revisions thereof
Bid(s)	Indication of an Eligible QIB's interest, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly
Bidder(s)	Any prospective investor, being an Eligible QIB, who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form
CAN or Confirmation of Allocation Note	Note, advice or intimation confirming the Allocation of Equity Shares to Successful Bidders after determination of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, *i.e.*, on or about April [●], 2024
Designated Date	The date of credit of Equity Shares pursuant to the Issue to the demat accounts of the Allottees, as applicable, to the respective Allottees
Eligible FPIs	FPIs under FEMA, the SEBI FPI Regulations and any other applicable law, that are eligible to participate in this Issue in terms of applicable laws, other than individuals, corporate bodies and family offices
Eligible QIBs	QIBs, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations that are eligible to participate in the Issue and which are (a) not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations or (b) restricted from participating in the Issue under applicable laws. However, FVCIs are not permitted to participate in the Issue. In addition, QIBs outside the United States in "offshore transactions" in compliance with Regulation S under the Securities Act
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheque or overdraft facilities, opened in the name and style "SHILPA MEDICARE LIMITED QIP ESCROW ACCOUNT 2024" with the Escrow Bank, subject to the terms of the Escrow Agreement
Escrow Agreement	Agreement dated April 8, 2024 entered into by and among our Company, the Escrow Bank and the Lead Manager for collection of the Bid Amount and remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank	Axis Bank Limited
Floor Price	Floor price of ₹477.33 for each Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in

Term	Description
	accordance with the approval of the Shareholders accorded on March 14, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations
Issue	Offer, issuance and allotment of up to [●] Equity Shares aggregating up to ₹[●] lakh to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act, 2013 and the rules made thereunder
Issue Closing Date	April [●], 2024, the date after which our Company (or Lead Manager on behalf of our Company) shall cease acceptance of Application Forms and the Bid Amount
Issue Opening Date	April 8, 2024 the date on which our Company (or the Lead Manager on behalf of our Company) shall commence acceptance of the Application Forms and the Bid Amount
Issue Period	Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids along with the Bid Amount
Issue Price	A price per Equity Share of ₹[●], at a premium of ₹[●] per Equity Share
Issue Size	Aggregate size of the Issue, up to ₹[●] lakh
Lead Manager	DAM Capital Advisors Limited
Monitoring Agency	India Ratings and Research Private Limited, a SEBI registered credit rating agency, appointed by the Company in accordance with the provisions of the SEBI ICDR Regulations
Mutual Fund	A mutual fund registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Placement Agreement	Placement agreement dated April 8, 2024 entered into by and between our Company and the Lead Manager
Placement Document	Placement document to be issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
Preliminary Placement Document	This preliminary placement document along with the Application Form, dated April 8, 2024 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
QIB or Qualified Institutional Buyer	Qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 read with Rule 14 of the PAS Rules
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Bid Amount submitted by such Bidder pursuant to the Issue
Refund Intimation	The intimation from the Company to relevant Bidders confirming refund of the Refund Amount to their respective bank accounts
Relevant Date	April 8, 2024, being the date of the meeting in which the Securities Issue Committee decides to open the Issue
Stock Exchanges	BSE and NSE
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Bid Amount and who will be Allocated Equity Shares in the Issue
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorized or obligated by law to remain closed in Mumbai, India

Business and Industry Related Terms

Term/Abbreviation	Description/ Full Form
ANDA	Abbreviated new drug application
ANVISA Brazil	Agência Nacional de Vigilância Sanitária, the National Health Surveillance Agency in Barazil
APIs	Active pharmaceutical ingredients
B2B	Business-to-business
CAPA	Corrective and preventive actions
CDMO	Contract development and manufacturing organization
CDSCO	Central Drugs Standard Control Organization of India
COFEPRIS	Mexican Health Authority
CRAMS	Contract research and manufacturing services

Term/Abbreviation	Description/ Full Form
CRISIL	CRISIL Limited
CRISIL MI&A	CRISIL Market Intelligence & Analytics, a division of CRISIL Limited
CRISIL Report	The report titled "*Assessment of the global pharmaceuticals industry*" dated March, 2024 that has been prepared by CRISIL MI&A
CSR Policy	Corporate social responsibility policy
DGCI	Drugs Controller General of India
DMF	Drug Master File
DSIR	Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India
EDQM	European Directorate for the Quality of Medicines and HealthCare
EMA	European Medicines Agency
ESG	Environmental, Social and Governance
FD&C Act	Federal Food, Drug, and Cosmetic Act, 1938
FPS	Focus Product Scheme
GLP	Good laboratory practices
GMP	Good manufacturing practices
Formulations	Finished dosage formulations
MAB	Monoclonal antibody biologicals
MEIS	Merchandise Export Incentive Scheme
NDDS Formulations	Formulations utilizing novel-drug delivery systems
Oncology	A branch of medicine that specialises in the diagnosis and treatment of cancer
PMDA	Pharmaceutical and Medical Devices Agency, Japan
R&D	Research and Development
TDP Canada	Therapeutic Products Directorate, Canada
TGA Australia	Therapeutic Goods Administration, Australia
UK MHRA	Medicines and Healthcare products Regulatory Agency in the United Kingdom of Great Britain and Northern Ireland
U.S. FDA	United States Food and Drug Administration
U. S. FDA Import Alert	U. S. FDA import alert dated February 16, 2021
U.S. FDA Warning Letter	U.S. FDA warning letter dated October 9, 2020

Conventional and General Terms/ Abbreviations

Term	Description
AGM	Annual general meeting
AI	Artificial Intelligence
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS or Accounting Standards	Accounting standards issued by the ICAI
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CGU	Cash Generating Unit
CIN	Corporate identification number
Civil Procedure Code	The Code of Civil Procedure, 1908
Client ID	The client identification number maintained with one of the Depositories in relation to the demat account
Current Ratio	Total current assets divided by the total current liabilities
Companies Act, 1956	The erstwhile Companies Act, 1956 and the rules made thereunder

Term	Description
Companies Act or Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder
CSR	Corporate social responsibility
CY or Calendar Year	Unless stated otherwise, the period of 12 months ending December 31 of that particular year
Debt to Equity Ratio	Total borrowings divided by total equity
Debt Service Coverage Ratio	Sum of (i) profit after tax, (ii) depreciation, (iii) interest, (iv) loss on sale of assets divided by the sum of (i) total finance cost and (ii) principal repayment
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
Depository Participant or DP	A depository participant as defined under the Depositories Act
DIN	Director identification number
DP ID	Depository participant identification number
DPIIT	Department for Promotion of Industry and Internal Trade
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBITDA Margin	EBITDA during a given period as a percentage of revenue from operations during that period
ECB	External Commercial Borrowings
ECB Guidelines	The FEMA, the FEMA Borrowing and Lending Regulations, the ECB Master Directions and the FEMA Reporting Master Directions, taken together
ECB Master Directions	Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019 issued by the RBI
EGM	Extraordinary general meeting
EPS	Earnings per share
FDI	Foreign direct investment
FDI Policy	Consolidated FDI policy issued by the Department for Promotion of Industry and Internal Trade Ministry of Commerce and Industry, Government of India, with effect from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999 and the regulations issued thereunder
Financial Year or Fiscal Year(s) or Fiscal or FY	Period of 12 months ended March 31 of that particular year, unless otherwise stated
FIR	First information report
Form PAS-4	Form PAS-4 as prescribed under the PAS Rules
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
FPI Operational Guidelines	SEBI Circular No. IMD/FPI&C/CIR/P/2019/124 dated November 5, 2019 on Operational Guidelines for FPIs, DDPs and EFIs
Fraudulent Borrower	An entity or person categorised as a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Fugitive Economic Offender(s)	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI(s)	Foreign venture capital investors as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 and registered with SEBI thereunder
GDP	Gross domestic product
Government	Central Government and/ or the State Government, as applicable, unless otherwise specified
Gross Margin	Difference between net sales and cost of goods sold
GST	Goods and services tax
HUF	Hindu undivided family
IBC	The Insolvency and Bankruptcy Code, 2016
ICAI	The Institute of Chartered Accountants of India
IEPF	Investor Education and Protection Fund
IFRS	International Financial Reporting Standards

Term	Description
Income Tax Act	The Income-tax Act, 1961
Ind AS	Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013
Interest Coverage Ratio	Cash profit after tax plus total finance cost divided by total finance cost
Inventory Turnover Ratio	Revenue from operations divided by average inventory
ISIN	International securities identification number
IST	Indian standard time
IT	Information Technology
KYC	Know Your Customer
MCA	The Ministry of Corporate Affairs, Government of India
NAV	Net Asset Value per Equity Share at a particular date computed based on Total Equity divided by number of Equity Shares
NEFT	National Electronic Fund Transfer
Net Capital Turnover Ratio	Revenue from operations divided by our working capital (*i.e.*, current assets less current liabilities)
Net Profit Margin	Profit for the year/period divided by our revenue from operations
Net Profit Ratio	Net profit after taxes divided by total revenue
NPCI	National Payments Corporation of India
NR	Non-resident or person(s) resident outside India, as defined under the FEMA
NRE	Non- Residential External
NRE Account	Non-resident external account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO	Non- Resident Ordinary
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCBs or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
ODI	Off-shore Derivate Instruments
p.a.	Per annum
PAN	Permanent account number
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014
PAT	Profit after tax
PMLA	Prevention of Money Laundering Act, 2002
R&D Expenses to Revenue	Research and development expenses divided by the revenue from operations, expressed as a percentage
RBI	The Reserve Bank of India
Regulation S	Regulation S under the Securities Act
Return on Net Worth	Net profit after tax attributable to our equity shareholders divided by our Net Worth (total shareholders' equity)
RoCE	EBIT during a given period by Capital Employed (*i.e.*, total assets less current liabilities)
RoE	Profit for the year/ period divided by our net worth (*i.e.*, share capital plus other equity) during that year/ period and is expressed as a percentage
Rs. or ₹ or Rupees or INR	Indian Rupee
RTGS	Real time gross settlement

Term	Description
SCR (SECC) Regulations	The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, read with the FPI Operational Guidelines
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEC	The United States Securities and Exchange Commission
Securities Act	The United States Securities Act of 1933
SI-NBFC	Systematically important non-banking financial company
State Government	Government of a State of India
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
TAN	Tax deduction account number
TDS	Tax deductible at source
Trade Receivables Turnover Ratio	Revenue from operations divided by average trade receivables
Trade Payables Turnover Ratio	Revenue from operations by average trade payables
Trademarks Act	Trade Marks Act, 1999
UoI	Union of India
U.S.$ or U.S. Dollar or USD	United States Dollar, the legal currency of the United States of America
USA or U.S. or United States	The United States of America, its territories or possessions, any state of the United States, and the District of Columbia
VCF	Venture capital fund as defined and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations

SUMMARY OF BUSINESS

In this Preliminary Placement Document, unless specified otherwise, any reference to the "the Company" or "our Company" refers to Shilpa Medicare Limited, on a standalone basis, and a reference to "we", "us" or "our" is a reference to our Company together with our Subsidiaries, Joint Ventures and Associates, on a consolidated basis, as applicable, as at and for the relevant Fiscal. In addition, please refer to "Definitions and Abbreviations" on page 22 for certain terms used in this section.

Certain information in the following discussion, including information with respect to our plans and strategies, contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. See "Forward Looking Statements" and "Risk Factors" on pages 18 and 43, respectively, for a discussion of certain factors that may affect our business, results of operations or financial condition. To obtain a complete understanding of our business, please read this section in conjunction with "Risk Factors", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" on pages 43, 132, 89 and 169, respectively, as well as the financial, statistical and other information included in this Preliminary Placement Document.

Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results included in this Preliminary Placement Document. For further information, see "Financial Information" on page 248.

Industry and market data used in this section have been extracted from the CRISIL Report. For further details and risks in relation to the CRISIL Report, see "Risk Factors—This Preliminary Placement Document contains information from the industry report from CRISIL MI&A. Investors are advised not to base their investment decision solely on such information" on page 64.

In evaluating our business, we consider and use certain non-GAAP measures that are presented herein as supplemental measures to review and assess our financial performance and financial condition and are not required by, or presented in accordance with, Ind AS. These non-GAAP measures have limitations as analytical tools and should not be considered in isolation, or as a substitute for financial information presented in accordance with Ind AS. These non-GAAP measures may not fully reflect our financial performance, liquidity, profitability or cash flows and may differ from similar information used by other companies, including peer companies, and hence their comparability may be limited.

Overview

We are an integrated pharmaceutical company which manufactures active pharmaceutical ingredients ("**APIs**"), finished dosage formulations ("**Formulations**"), biologicals and other allopathic pharmaceutical preparations. Our development and manufacturing capabilities span various therapeutic areas and dosage forms. Our manufacturing facilities have been approved for export by various regulatory bodies including the United States Food and Drug Administration ("**U.S. FDA**"), the European Medicines Agency ("**EMA**"), the Pharmaceutical and Medical Devices Agency, Japan ("**PMDA**"), the Ministry of Food and Drug Safety, Korea ("**MFDS Korea**"), the Therapeutic Products Directorate, Canada ("**TPD Canada**"), the Therapeutic Goods Administration, Australia ("**TGA Australia**"), Mexican Health Authority ("**COFEPRIS**") and the Medicines and Healthcare products Regulatory Agency in the United Kingdom of Great Britain and Northern Ireland ("**UK MHRA**"), among others.

Our Company was established in 1987 and began commercial operations as a manufacturer of antibiotics in 1989. We have since expanded our offerings to include manufacture of APIs, biologicals and Formulations (including those using novel drug-delivery systems), along with the provision of contract development and manufacturing organization ("**CDMO**") services. We are also investing in developing our capabilities in the manufacture of peptides and polymers. We sell our products and services, primarily on a business-to-business model ("**B2B**"), across 65 countries.

A break-down of our revenue from operations has been provided below for the periods indicated.

Particulars	**For the nine-month period ended December 31,**				**For the financial year ended March 31,**					
	2023		**2022**		**2023**		**2022**		**2021**	
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Pharmaceuticals	85,646.89	99.63	78,116.12	99.31	1,04,152.67	99.18	1,13,542.02	99.12	89,504.24	99.32
Power sales*	239.81	0.28	539.81	0.69	191.87	0.18	462.91	0.40	511.66	0.57
Others**	76.62	0.09	-	-	666.70	0.63	547.35	0.48	97.11	0.11
Total	**85,963.32**	**100**	**78,655.93**	**100**	**1,05,011.24**	**100.00**	**1,14,552.27**	**100.00**	**90,113.01**	**100.00**

**Revenue generated through sale of electricity generated by wind turbines owned by our Company.*
*** Revenue received from export incentives including Merchandise Exports from India Scheme and the Service Exports from India Scheme.*

We operate across three verticals in our pharmaceutical business: (a) APIs; (b) Formulations; and (c) Emerging Business. We conduct our operations through a network of 18 Subsidiaries (nine Indian Subsidiaries and nine foreign Subsidiaries), three Associates and three Joint Ventures, as at December 31, 2023.

***APIs**:* Our API business is carried out through our wholly owned subsidiary, Shilpa Pharma Lifesciences Limited ("**Shilpa Lifesciences**"), and includes the manufacture of APIs, intermediates and provision of CDMO services.

As at December 31, 2023, we manufactured 29 Oncology APIs including products such as Capecitabine, Gemcitabine Hydrochloride, Pemetrexed, Axitinib, Erlotinib Hydrochloride and Irinotecan Hydrochloride. In addition to India, we cater to other regulated and semi-regulated international markets including the United States, Europe, Japan, South Korea, Russia, Mexico, Brazil and various emerging markets. On the non-Oncology API front, we manufactured 20 APIs as at December 31, 2023 including key molecules such as Ambroxol, Tranexamic Acid and Ursodeoxycholic Acid. We are also investing in developing our capabilities in the manufacture of peptides and polymers.

Our API manufacturing facilities are located in Raichur, Karnataka and comprise two units with an aggregate installed capacity of 583.05 metric tons as at December 31, 2023. Our facilities hold export clearances from various regulatory bodies including the U.S. FDA, EMA, PMDA, COFEPRIS, MFDS Korea and TGA Australia. As at December 31, 2023, we had a total of 196 DMF filings across various countries comprising 44 DMFs with the U.S. FDA, 52 DMFs with the EMA, 19 DMFs with TPD Canada, 12 DMFs with TGA Australia and 69 DMFs in the rest of the world.

***Formulations**:* Our Formulations business is carried out by our Company and primarily comprises: (i) manufacture of oral solids (tablets and capsules), liquid injections (aseptically and terminally sterilised) and lyophilised injectables for pharmaceutical organizations in various countries; and (ii) the manufacture of specialized Oncology formulations for cancer treatment facilities across India. Our Formulations products are designed with a patient centric approach with a focus on patient outcomes and enabling patient compliance.

Our Formulations manufacturing facilities are located in Hyderabad and Jadcherala in Telangana. Our Formulations facilities have been accredited by regulators in various countries including the EMA, TPD Canada, TPG Australia, ANVISA Brazil, COFEPRIS, UK MHRA and regulators in the UAE. As at December 31, 2023, we had an aggregate of 141 filings with regulatory agencies in various countries including 30 filings in the United States, 28 filings in the European Union, 9 filings in Canada, 34 filings in India and 40 filings in the rest of the world.

***Emerging Business**:* Our Emerging Business vertical comprises two segments, (i) biologicals, and (ii) formulations utilizing novel-drug delivery systems ("**NDDS Formulations**"). Our biologicals segment includes the production of biosimilars (monoclonal antibodies ("**MAB**"), microbial and vaccine manufacturing), CDMO operations, production of excipient and therapeutic grade recombinant albumin for use in Formulations while the NDDS Formulations segment includes offerings such as transdermal patches, sprays and orally dispersible films.

The manufacturing of biosimilars is carried out by our wholly-owned subsidiary, Shilpa Biologicals Private Limited ("**Shilpa Biologicals**") and the production of excipient and therapeutic grade recombinant albumin is carried out by Shilpa Biocare Private Limited ("**Shilpa Biocare**"), while operations in the NDDS Formulations segment are carried out by our Company and our wholly-owned subsidiary, Shilpa Therapeutics Private Limited ("**Shilpa Therapeutics**").

Our seven manufacturing facilities (six operational and one under development) are located in India in the states of Telangana and Karnataka. Our facilities are certified compliant with ISO 9001-2015 for Quality system, ISO 14001-2015 for Environment management system, OSHAS 18001-2007 for Occupational Health & Safety systems and our R&D facilities are certified by DSIR and adhere to good laboratory practices.

We operate five research and development ("**R&D**") facilities in the states of Karnataka, Telangana and Gujarat in India, and as at December 31, 2023, we had an R&D team comprising 310 personnel, representing approximately 12.28% of our total on-roll manpower as at that date. Our R&D operations are primarily carried out through our subsidiary, FTF Pharma Private Limited ("**FTF Pharma**"), which operates dedicated formulations and development labs, applied R&D labs and a facility for handling high potent drugs and our R&D facility in Bengaluru, Karnataka operated by our Company. Our R&D facilities are DSIR certified.

The global API market is connected through supply chains across the different parts of the world and the supply chains for API are constantly evolving according to demand-supply trends in the industry. Price and regulatory compliances are also one of the key elements that affects the global API market. The global API market consists of regional hubs in which manufacturers specialize in producing different types of ingredients for different sections of the global pharma market. In Asia particularly in China, the API industry is known for low-cost, high-volume API manufacturing and it is one of the key global source for the global pharmaceutical industry. The pandemic highlighted the global reliance on China for APIs for various drugs. However, the COVID-19 pandemic has given opportunities for pharmaceutical players to tap into the opportunities created by players diversifying the supply chains especially in the API segment where globally players are diversifying the sourcing from a single source like China. India being one of the key manufacturing hubs for pharmaceutical production, Indian pharmaceutical players can benefit from such diversification. *(Source: CRISIL Report)*

The Formulation market in India has seen healthy growth in the recent years. As of Fiscal 2023, the Indian Formulations market contributed approximately 2 to 3% of the total global pharmaceutical market. Indian Formulations market (consumption) increased at CAGR of 9% from Fiscal 2018 to Fiscal 2023 and is expected to increase at a CAGR of 9 to 10% over the next five years to reach approximately ₹2.8 to 3.0 trillion in Fiscal 2028, supported by strong demand because of rising incidence of chronic diseases, increased awareness and access to quality healthcare. *(Source: CRISIL Report)*

The global Biologics and biosimilar market is expected to reach approximately USD 750 to 800 billion by 2028 growing at approximately CAGR of 10-11% between 2023 and 2028, driven by the launch of new biologics. Higher effectiveness of biologics over conventional drugs has prompted global players to undertake more research and development in the segment. According to CRISIL Report, the share of biopharmaceuticals is expected to increase approximately 39 to 42% by 2028 from approximately 31% in 2023. *(Source: CRISIL Report)*

We endeavour to leverage our established presence in the API and formulations markets, particularly our strong capabilities in the therapeutic areas of Oncology, to cater to the growing demand in India and international markets while also placing emphasis on R&D to enable the development of innovative products in our emerging business segment such as biologicals and novel-drug delivery system formulations.

Our Strengths

- Integrated business model facilitating operational synergies with strong capabilities in APIs, Formulations and Biologicals
- Strong R&D, manufacturing and CDMO service capabilities
- Established presence in high-potency Oncology segments in both APIs and Formulations markets
- Curated formulations portfolio and a focus on key molecules going off-patent
- Niche biologicals portfolio and capabilities in novel drug-delivery systems for formulations
- Professional management and experienced leadership

Our Strategies

- Strengthen position in the formulations and complex Oncology API businesses by expanding our product and service offerings
- Optimising our manufacturing processes to enable competitive manufacturing and cost-effective R&D
- Pursuing niche non-Oncology APIs and peptides along with opportunities in biologicals, biosimilars and drug-delivery systems
- Further diversify our business presence by expanding operations in international markets

SUMMARY OF THE ISSUE

Set forth below is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including "*Risk Factors*", "*Use of Proceeds*", "*Placement and Lock-Up*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 43, 74, 217, 205 and 231, respectively.

Issuer	Shilpa Medicare Limited
Face Value	₹1 per Equity Share
Issue Price	₹[●] per Equity Share (including a premium of ₹[●] per Equity Share)
Floor Price	₹477.33 per Equity Share, calculated in accordance with Regulation 176 of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. However, our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the Shareholders of our Company accorded through their resolution dated March 14, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Size	Issue of up to [●] Equity Shares, aggregating up to approximately ₹[●] lakh, including a premium of ₹[●] lakh. A minimum of 10% of the Issue Size, *i.e.,* up to [●] Equity Shares, shall be available for Allocation to Mutual Funds only and the balance [●] Equity Shares will be available for Allocation to all QIBs, including Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion mentioned above, such minimum portion or part thereof may be Allotted to other QIBs.
Date of Board resolution	February 8, 2024
Date of Shareholders' resolution	March 14, 2024
Eligible Investors	QIBs as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations, to whom this Preliminary Placement Document and the Application Form are circulated and who are eligible to bid and participate in the Issue. FVCIs are not permitted to participate in the Issue. The list of QIBs to whom this Preliminary Placement Document and Application Form is delivered shall be determined by our Company, in consultation with the Lead Manager, at its discretion. For further details, see "*Issue Procedure—Qualified Institutional Buyers*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 209, 219 and 226, respectively.
Dividend	See "*Description of the Equity Shares*" and "*Dividends*" on pages 231 and 88, respectively.
Indian taxation	See "*Taxation*" on page [●].
Equity Shares issued, subscribed, paid-up and outstanding immediately prior to the Issue	8,68,01,898
Equity Shares issued, subscribed, paid-up and outstanding immediately after the Issue	[●]
Issue Procedure	The Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act, 2013, read with rules made thereunder, including Rule 14 of the PAS Rules, and Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" on page 205.
Listing and trading	Our Company has obtained in-principle approvals each dated April 5, 2024 in terms of Regulation 28(1)(a) of the SEBI Listing Regulations from the Stock Exchanges, for listing of the Equity Shares to be issued pursuant to the Issue. Our Company will make applications to each of the Stock Exchanges after Allotment to obtain final listing and trading approval for the Equity Shares after the Allotment and after the credit of the Equity Shares to the beneficiary account of the Allottee with its Depository Participant, respectively. The trading of the Equity Shares would be in dematerialized form and only in the cash segment of each of the Stock Exchanges.

Lock-up	For details in relation to lock-up, see "*Placement and Lock-up*" on page 217 for a description of restrictions on our Company in relation to the Equity Shares.	
Transferability restrictions	The Equity Shares to be issued pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges. Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. For details in relation to other transfer restrictions, see "*Transfer Restrictions*" on page 226.	
Use of Proceeds	The gross proceeds from the Issue will be approximately ₹[●] lakh. The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, will be approximately ₹[●] lakh. See "*Use of Proceeds*" on page 74 for additional information regarding the use of net proceeds from the Issue.	
Risk factors	See "*Risk Factors*" on page 43 for a discussion of risks you should consider before investing in the Equity Shares.	
Closing Date	The Allotment of the Equity Shares pursuant to the Issue is expected to be made on or about April [●], 2024.	
Ranking	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company, including in respect of voting rights and dividends. The holders of Equity Shares (as at the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in Shareholders' meetings in accordance with the provisions of the Companies Act, 2013. For further details, see "*Dividends*" and "*Description of the Equity Shares*" on pages 88 and 231, respectively.	
Voting Rights	See "*Description of the Equity Shares—Voting Rights*" on page 231.	
Security codes for the Equity Shares	ISIN	INE790G01031
	BSE Code	530549
	NSE Symbol	SHILPAMED

SELECTED FINANCIAL INFORMATION

The following tables set out selected financial information derived from our Audited Consolidated Financial Statements prepared in accordance with the applicable accounting standards and the Companies Act, 2013, and presented in "Financial Information" on page 248. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 89, for further details.

Summary of audited consolidated balance sheet as at September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021

Particulars	As at September 30, 2023	As at March 31,		
		2023	2022	2021
	(₹ lakh)			
Assets				
Non-current assets				
Property, plant and equipment	1,13,236.72	1,15,148.02	1,18,243.34	96,663.57
Right-of-use assets	2,758.51	2,796.90	3,117.05	2,582.16
Capital work-in-progress	38,909.30	35,803.85	19,004.20	30,213.50
Investment properties	-	-	-	-
Goodwill	4,552.67	4,552.67	4,571.87	4,419.78
Intangible assets	15,545.34	14,335.86	8,251.56	7,387.76
Intangible assets under development	29,210.72	29,728.91	31,614.26	23,915.57
Investments in an associate and joint venture	4,521.49	4,265.82	3,422.86	2,121.81
Financial assets				
a) Investments	-	-	-	-
b) Other financial assets	624.88	626.60	568.64	1,805.78
Other non-current assets	8,531.99	6,178.55	10,036.62	3,849.80
Total non-current assets	**2,17,891.63**	**2,13,437.18**	**1,98,830.41**	**172,959.73**
Current assets				
Inventories	33,160.05	31,982.10	35,523.84	31,683.73
Financial assets				
a) Investments	-	-	-	-
b) Trade receivables	35,538.73	32,434.91	38,632.59	21,749.80
c) Cash and cash equivalents	2,373.12	2,131.82	3,382.90	12,284.57
d) Bank balance other than above	24.64	24.64	28.34	26.08
e) Loans		-	-	122.22
f) Other financial assets	723.26	292.63	246.13	4,060.78
Other current assets	10,692.01	9,206.19	10,001.23	11,110.19
Current tax assets, net	-	728.79	904.41	861.17
Assets included in disposal group classified as held for sale	-	-	-	8,378.30
Total current assets	**82,511.81**	**76,801.08**	**88,719.44**	**90,276.84**
Total assets	**3,00,403.43**	**2,90,238.26**	**2,87,549.84**	**263,236.56**
Equity and liabilities				
Equity				
a) Equity share capital	868.02	868.02	868.02	815.27
b) Other equity	1,77,479.47	1,77,459.68	1,81,351.46	147,051.39
Equity attributable to owners of the Company	1,78,347.49	1,78,327.70	1,82,219.48	147,866.66
Non-controlling interest	(888.55)	(892.05)	(1,104.78)	(1,117.00)
Total equity	**1,77,458.94**	**1,77,435.65**	**1,81,114.70**	**146,749.66**
Liabilities				
Non-current liabilities				
a) Financial liabilities				

Particulars	As at September 30, 2023	As at March 31,		
		2023	2022	2021
	(₹ lakh)			
(i) Borrowings	55,683.18	28,881.89	35,360.24	47,422.29
(ii) Lease liabilities	194.26	180.14	113.30	158.49
(iii) Other financial liabilities	-	500.00	500.00	500.00
b) Provisions	2,106.16	1,764.90	1,907.63	1,547.57
c) Deferred tax liabilities, net	241.13	1,405.08	5,473.75	4,728.24
d) Other non-current liabilities	1,699.36	1,779.29	1,926.60	1,780.01
Total non-current liability	**59,924.10**	**34,511.30**	**45,281.52**	**56,136.61**
Current liabilities				
a) Financial liabilities				
(i) Borrowings	30,666.51	50,690.29	32,830.99	36,986.71
(ii) Lease liabilities	-	36.56	24.32	-
(iii) Trade payables				
- Total outstanding dues of micro and small enterprises	3,090.44	3,486.27	2,609.91	1,355.27
- Total outstanding dues of other than micro and small enterprises	15,388.69	10,955.12	11,994.55	5,370.09
(iv) Other financial liabilities	9,340.40	8,358.39	8,050.03	7,256.12
b) Other current liabilities	1,923.47	2,694.88	3,397.76	2,030.25
c) Provisions	2,500.73	2,069.80	2,246.06	1,330.86
Liabilities included in disposal group classified as held for sale		-	-	6,020.99
Current tax liability (net)	110.15	-	-	-
Total current liabilities	**63,020.40**	**78,291.31**	**61,153.62**	**60,350.29**
Total equity and liabilities	**3,00,403.43**	**2,90,238.26**	**2,87,549.84**	**263,236.56**

Summary of audited consolidated statement of profit and loss for the nine-month period ended December 31, 2023 and the Fiscals 2023, 2022 and 2021

Particulars	Nine-month period ended December 31, 2023	Fiscal		
		2023	2022	2021
	(₹ lakh)			
Income				
a) Revenue from operations	85,963.32	1,05,011.24	1,14,552.27	90,113.01
b) Other income	595.40	1,739.97	1,424.55	3,014.16
Total income	**86,558.72**	**1,06,751.21**	**1,15,976.82**	**93,127.17**
Expenses				
a) Cost of raw materials, components consumed and services rendered	32,315.46	37,043.76	38,174.89	31,888.45
b) Purchases of stock-in trade	1,265.73	3,398.52	849.07	1,067.66
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2,533.60)	1,150.02	(702.15)	(5,883.03)
d) Employee benefits expense	21,504.29	28,733.09	26,448.65	23,530.71
e) Finance costs	6,760.56	5,865.21	4,116.52	2,186.87
f) Depreciation and amortisation expense	8,124.48	9,549.90	7,980.19	5,397.67
g) Other expenses	15,995.28	24,457.70	29,396.25	21,344.06
Total expenses	**83,432.21**	**1,10,198.19**	**1,06,263.42**	**79,532.39**
Profit/ (loss) before share of profit/ (loss) in Associates and Joint Ventures, exceptional items and tax	**3,126.50**	**(3,446.98)**	**9,713.40**	**13,594.78**
Share of profit / (loss) in Associates and Joint Ventures, net of tax	(463.81)	(380.97)	(366.03)	(173.58)
Profit before exceptional item and tax	2,662.69	(3,827.95)	9,347.37	13,421.03
Exceptional income/ (expense)	-		879.11	(6,084.00)
Profit/ (loss) before tax	2,662.69	**(3,827.95)**	**10,226.48**	**19,505.20**
Tax expense				
a) Current tax	3,451.46	3,413.10	3,404.31	4,523.00
b) Deferred tax (net of minimum alternate tax)	(1,533.99)	(4,149.46)	763.96	361.83
Total tax expenses	**1,917.47**	**(736.36)**	**4,168.27**	**4,884.83**
Profit/ (loss) for the year	**745.23**	**(3,091.59)**	**6,058.21**	**14,620.37**
Other comprehensive income				
a) Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Re-measurement of the defined benefit liability/asset gain/(loss), net of tax	3.16	322.64	(159.06)	10.48
b) Items that will be reclassified subsequently to profit or loss	-	-	-	-
Effective portion of gains/ (losses on hedging instrument in cash flow hedges, net of tax)	-	-	22.73	16.59
Total other comprehensive income / (loss) for the year	**3.16**	**322.64**	**(136.33)**	**27.07**
Total comprehensive income / (loss) for the year	**748.40**	**(2,768.95)**	**5,921.88**	**14,647.44**
Profit/ (loss) for the year attributable to				
Owners of the Company	737.15	(3,247.63)	6,066.23	14,778.03
Non-controlling interest	(8.09)	156.04	(8.02)	(157.67)
Other comprehensive income for the year attributable to				
Owners of the Company	3.16	322.64	(136.33)	27.07
Non-controlling interest	-	-	-	-

Particulars	Nine-month period ended December 31, 2023	Fiscal		
		2023	2022	2021
	(₹ lakh)			
Total comprehensive income for the year attributable to:				
Owners of the Company	740.30	(2,924.98)	5,929.91	14,805.10
Non-controlling interest	(8.09)	156.04	(8.02)	(157.67)
Earnings/ (loss) per equity share (EPS)				
Basic earnings per share (Nominal value of share ₹1)	0.85	(3.74)	7.26	18.13
Diluted earnings per share (Nominal value of share ₹1)	0.85	(3.74)	7.26	18.13

Summary of audited consolidated cash flow statement for the six-month period ended September 30, 2023 and for Fiscals 2023, 2022 and 2021

Particulars	Six-month period ended September 30, 2023	Fiscal		
		2023	2022	2021
	(₹ lakh)			
Cash flow from operating activities				
Profit/ (loss) before tax	**1,246.18**	**(3,827.95)**	**10,226.48**	**19,505.20**
Adjustments for:				
Depreciation and amortisation expense	5,453.56	9,549.90	7,980.19	5,397.66
Interest income	(68.15)	(101.45)	(206.66)	(353.17)
Liabilities / provision written back	(48.17)	(1,024.97)	(501.46)	(701.64)
Finance Cost	4,138.79	5,865.21	4,116.52	2,186.87
(Profit)/Loss on sale of asset	(27.01)	26.48	160.22	57.68
Share of (profit)/loss of Associates and Joint ventures	357.07	380.97	366.03	173.58
Bad debts/ advances written off	28.83	44.54	419.25	53.04
Unrealized foreign exchange (gain)/loss	(31.11)	(372.45)	(379.70)	(108.23)
Net gain recognized on sale of stake in group company	-	-	(879.11)	(6,084.00)
Corporate Guarantee fees	-	-	-	-
Provision for doubtful debts	80.75	128.40	-	-
Government grant	(79.92)	(156.50)	(141.05)	(45.57)
Provision for advances to suppliers	84.08	94.70	-	-
Provision for gratuity and compensated absence	317.02	379.87	-	-
Operating profit before working capital changes	**11,451.93**	**10,986.75**	**21,160.72**	**20,081.41**
Movement in working capital				
Decrease/(increase) in inventories	(1,177.95)	3541.73	(3,840.10)	(10,634.32)
Decrease/(increase) in trade receivables	(3,432.77)	6506.36	(16,827.15)	1,304.82
Increase / (decrease) trade payables	4,099.04	(232.28)	8,372.57	(630.22)
Decrease / (Increase) in financial and non-financial assets	(2,074.82)	4431.58	1,969.29	(3,395.81)
Increase / (decrease) in financial liabilities and other liabilities	1,380.53	620.49	3,126.27	2,726.91
Cash Generated from Operations	10,405.59	25,854.63	13,961.60	9,452.78
Taxes Paid	**(1,339.36)**	**(3,237.48)**	**(3,448.27)**	**(4,760.00)**
Net Cash flow generated /(used) from operating activities	**8,906.61**	**22,617.15**	**10,513.33**	**4,692.78**
Cash Flow From Investing Activities				
Purchase of property, plant and equipment, and intangible assets	(10,869.86)	(27,253.87)	(33,182.61)	(35,424.21)
Proceeds from sale of property, plant and equipment	470.40	120.87	61.11	480.94
Acquisition of Subsidiaries, net of cash acquired		-	-	(6,243.93)
(Increase)/ decrease in investment	(612.74)	(892.97)	(1,732.38)	(1,416.70)
(Investment in)/ redemption of fixed deposits		-	3,163.60	(4,151.61)
Movement in other bank balances		-	(2.26)	(1.22)
Proceeds from sale of stake in group company		-	2,841.27	6,084.00
Interest received	173.85	127.62	201.42	196.66
Dividend received from equity accounted investees		50.00	100.02	48.47
Net cash (used in) / generated from investing activities	**(10,838.35)**	**(27,848.35)**	**(28,549.84)**	**(40,427.61)**
Cash flows from financing activities	-	-	-	-
Proceeds from issue of shares	-	-	29,683.96	-
Proceeds from/(repayment of) long-term loans and borrowings (net)	10,579.61	(2,745.29)	(12,149.26)	38,052.39
Proceeds from/(repayment of) short-term loans and borrowings (net)	(3,777.39)	14,126.24	(4,155.72)	7,813.05
Payment of lease liabilities	(13.84)	(54.41)	(58.36)	(41.16)
Dividend paid, including dividend distribution tax	-	(954.82)	(896.80)	-
Interest paid	(4,367.03)	(5,791.91)	(4,137.98)	(2,186.87)

Particulars	Six-month period ended September 30, 2023	Fiscal		
		2023	2022	2021
	(₹ lakh)			
Net cash flow generated/(used) from financing activities	2,421.35	4,579.81	8,285.83	43,637.41
Net increase in cash and cash equivalents	**489.10**	**(651.39)**	**(9,750.67)**	**7,902.59**
Cash and cash equivalents at the beginning of year	1,882.50	2,533.89	12,284.57	4,431.43
Cash and cash equivalents at the end of year	**2.372.10**	**1,882.50**	**2,533.90**	**12,334.02**
Component of cash and cash equivalent	**2,372.10**	**1,882.50**	**2,533.90**	**12,334.02**
Cash in hand	40.96	30.13	33.86	34.46
Balance with banks in current account	2,299.73	1,952.70	3,004.15	1,318.04
Deposits with original maturity of less than 3 month	32.43	148.99	344.89	10,932.06
Bank overdraft	(1.02)	(249.32)	(849.01)	-
Cash balance included in disposal group classified as held for sale	-	-	-	49.46

Summary of unaudited consolidated financial results for the nine-month periods ended December 31, 2023 and December 31, 2022

Particulars	For the nine-month period ended December 31,	
	2023	2022
	(₹ lakh)	
Income		
Revenue from operations	85,963.32	78,655.92
a) Net sales/ income from operations	70,798.28	72,681.15
b) Service income and license fee	15,165.04	5,974.77
Other income	595.40	1,522.67
Total income	**86,558.72**	**80,178.59**
Expenses		
a) Consumption of raw materials, components consumed and services rendered	32,315.46	28,864.81
b) Purchase of stock-in-trade	1,265.73	2,216.44
c) Changes in inventories of finished goods, work- in- progress and stock-in-trade	(2,533.60)	1,564.83
d) Employee benefits expense	21,504.29	21,493.15
e) Finance cost	6,760.56	4,091.33
f) Depreciation and amortisation expense	8,124.48	6,980.82
g) Foreign exchange loss / (gain)	-	-
h) Other expenses	15,995.28	18,111.12
Total expenses	**83,432.21**	**83,322.50**
Profit before share of profit of Joint Ventures and Associates	**3,216.50**	**(3,143.91)**
Share of profit / (loss) of Joint Ventures and Associates, net of tax	(463.81)	(260.28)
Profit /(loss) before exceptional items and tax	**2,662.69**	**(3,404.19)**
Exceptional items	-	-
Profit /(loss) before tax	**2,662.69**	**(3,404.19)**
Tax expenses	**1,917.47**	**(1,118.23)**
a) Current tax	3,451.46	2,325.28
b) Deferred tax (net of minimum alternate tax)	(1,533.99)	(3,443.51)
Profit for the period before non-controlling interest	**745.23**	**(2,285.96)**
Share of profit/ (loss) attributable to non-controlling interest	(8.09)	(157.46)
Profit after taxes attributable to owners of the Company	**737.15**	**(2,443.42)**
Other comprehensive income		
a) Items that will not be reclassified subsequently to profit or loss		
Re-measurement of the defined benefit liability/asset gain/(loss), net of tax	3.16	148.49
b) Items that will be reclassified subsequently to profit or loss		
Gain/ (loss) on derivative instrument, net of tax	-	-
Total other comprehensive income, net of tax	**3.16**	**148.49**
Total comprehensive income for the period	**740.30**	**(2,294.93)**
Paid up equity share capital (Face value of ₹1/- each, fully paid)	868.02	868.02
Reserves, *i.e.*, other equity		
Earnings / (loss) per equity share (EPS) (*not annualised)		
Basic (₹) (not annualised)	0.85	(2.81)
Diluted (₹) (not annualised)	0.85	(2.81)

RELATED PARTY TRANSACTIONS

For details of our related party transactions during the nine-month period ended December 31, 2023 and in the Fiscals 2023, 2022 and 2021, in accordance with the requirements under Ind AS notified under the Ind AS Rules read with Section 133 of the Companies Act, 2013, see "*Financial Information*" beginning on page 248.

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information disclosed in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only risks relevant to us or the Equity Shares or the industry in which we currently operate. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also materially and adversely affect our business prospects, cash flows, results of operations and financial condition. In order to obtain a complete understanding about us, prospective investors should read this section in conjunction with "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Industry Overview" on pages 169, 89 and 132, respectively, as well as the other financial and statistical information included in this Preliminary Placement Document. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, results of operations and financial condition could be materially and adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue.

This Preliminary Placement Document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Preliminary Placement Document. See "Forward-Looking Statements" on page 18.

Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Unaudited Interim Consolidated Financial Information and our Audited Consolidated Financial Statements included in this Preliminary Placement Document. For further information, see "Financial Information" on page 248.

Unless otherwise indicated, industry and market information included in this section is derived from the report titled "Assessment of the Global and Indian pharmaceuticals industry" dated March, 2024 prepared by CRISIL Limited and commissioned and paid for by our Company exclusively in connection with the Issue. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purpose of presentation. There are no parts, data or information (which may be relevant for the Issue), that have been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For further details and risks in relation to the CRISIL Report, see "—This Preliminary Placement Document contains information from the industry report from CRISIL MI&A. Investors are advised not to base their investment decision solely on such information." on page 64.

Unless the context otherwise requires, in this section, any reference to "the Company" or "our Company" refers to Shilpa Medicare Limited, on a standalone basis, and a reference to "we", "us" or "our" is a reference to our Company, collectively with our Subsidiaries, Joint Ventures and Associates, on a consolidated basis.

Risks relating to our Business

1. ***The pharmaceutical industry is subject to extensive regulation and periodic inspections from various local, state, federal and national regulatory authorities and our business activities require various approvals, licenses, registrations and permissions.***

We operate in a highly regulated industry and our operations are subject to extensive regulation governing the pharmaceutical market, which exposes us to a high risk of regulatory actions or claims resulting from non-compliance. The development, testing, manufacturing, marketing and sale of pharmaceutical products are subject to extensive regulation in India and other countries. We are required to comply with the regulatory requirements of various local, state, provincial and national regulatory authorities, such as, the state level food and drug administrations, the Drugs Controller General of India ("**DCGI**") and the Central Drugs Standard Control Organization of India ("**CDSCO"),** and for our manufacturing facilities involved in producing products for exports, international regulatory authorities such as the United States Food and Drug Administration ("**U.S. FDA"**), the Pharmaceutical and Medical Devices Agency, Japan ("**PMDA**"), MFDS Korea, the Therapeutic Products Directorate, Canada ("**TPD Canada**"), the Therapeutic Goods Administration, Australia ("**TGA Australia**"), Mexican Health Authority ("**COFEPRIS**"), the Medicines and Healthcare products Regulatory Agency in the United Kingdom of Great Britain and Northern Ireland ("**UK MHRA**"), the European Medicines Agency ("**EMA**"), the European Directorate for the Quality of Medicines and Health Care ("**EDQM**"), among others. Further, as we expand our operations and geographic scope, we may be exposed to more complex and new regulatory and administrative requirements and legal risks, any of which may require expertise in areas where we have limited experience as well as impose significant compliance costs on us.

These regulatory requirements impact many aspects of our operations, including manufacture, development, storage, distribution, import and export and record keeping related to our products. Regulatory agencies may delay, limit or deny approval for our products for various reasons, including:

(i) changes to the regulatory approval process, including new data requirements for product candidates in those jurisdictions, including India and United States;

(ii) concerns regarding the efficacy and safety of the products manufactured, leading to regulators requiring recall of products;

(iii) resource constraints at the agency resulting in delayed review of submitted information; and

(iv) the manufacturing processes, facilities, systems or personnel not meeting the applicable GMP requirements.

Inspections by regulatory authorities that identify any deficiencies could result in adverse actions, production stoppages or facility closures, which would disrupt the manufacturing process and supply of products and services to our customers. In addition, such failure to comply could expose us to contractual and product liability claims, including claims by customers or product recalls or other corrective actions, the cost of which could be significant.

For instance, the U.S. FDA inspected our Jadcherla Formulations unit in February 2020 and issued the U.S. FDA Warning Letter, which highlighted concerns regarding our Company's methods, facilities, controls for manufacturing, processing, packing, or holding not conforming to current Good Manufacturing Practices ("**CGMP**"), alleging that our Company was not in compliance with the applicable provisions of the Federal Food, Drug, and Cosmetic Act, 1938 (the "**FD&C Act**"), 21 U.S.C. 351(a)(2)(B). We had received 15 observations on the U.S. FDA Form 483, specifically highlighting inadequate handling of out of specification products and inadequate handling of market complaints, including the failure to file field alert reports within the stipulated time. Our Company responded to the U.S. FDA Warning Letter on October 30, 2020, along with several follow-up responses outlining the corrective and preventive actions ("**CAPA**") and the progress thereon, and also subsequently had tele-meetings with the U.S. FDA. The U.S. FDA Warning Letter recommended that our Company engage a consultant qualified to evaluate our operations to assist us in meeting the CGMP requirements and our Company had engaged such a consultant to ensure proper identification and implementation of CAPAs.

Subsequently, on February 16, 2021, the U.S. FDA imposed an import alert regarding our Formulations manufacturing facilities located at Jadcherla, Telangana, India (the "**U.S. FDA Import Alert**") for failure to comply with CGMPs, and banned import into the United States of various products manufactured at this facility, except for Azacitidine injections, Cyclophosphamide capsules and Erlotinib tablets which were excluded from the scope of the U.S. FDA Import Alert subject to certain conditions including third party certification, no out of specification/ breach of sterility, triplicate testing and concurrent stability being conducted for the first three batches. Subsequently, we had a tele-meeting with the U.S. FDA. Until the U.S. FDA conducts another inspection of our Jadcherla unit post completion of our remediation activities, the regular supply of our products to the United States will not be able to resume which could adversely affect our reputation, business, results of operations, financial condition and cash flows. We cannot assure you that when such re-inspection happens, we will be able to successfully clear such inspection or that we will not be subject to any other regulatory action or claim by the U.S. FDA or other pharmaceutical regulators in the future.

Any failure to comply with the existing and future regulatory requirements in any jurisdiction where we operate could adversely affect our business, results of operations and financial condition.

2. We derive a significant portion of our revenue from our API vertical, of which certain key products generate a significant portion of our total revenue, and our business may be adversely affected if our API business or such key products do not perform as expected.

We are dependent on our API business for a significant portion of our revenues, which exposes us to a high risk of segment concentration. The table below sets out the breakdown of our revenue from operations across our three verticals for the periods indicated.

Particulars	For the nine-month period ended,				For the Financial Year ended,					
	December 31, 2023		December 31, 2022		March 31, 2023		March 31, 2022		March 31, 2021	
	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
API	58,883.84	68.69	57,873.52	74.09	76,617.57	73.09	74,770.52	65.54	58,188.34	64.94
Formulations	22,986.80	26.82	19,117.12	24.47	26,456.27	25.24	37,292.78	32.69	31,154.94	34.77
Emerging Business	3,852.89	4.49	1,125.47	1.44	1,745.44	1.67	2,026.06	1.78	258.00	0.29
Total	**85,723.51**	**100.00**	**78,116.12**	**100.00**	**1,04,819.27**	**100.00**	**1,14,089.37**	**100.00**	**89,601.35**	**100.00**

The table below sets out the revenue from operations of our API segment, for the periods indicated.

Particulars	For the nine-month period ended December 31,				Financial Year ended,					
	2023		2022		March 31, 2023		March 31, 2022		March 31, 2021	
	Revenue	% of Total API Revenue	Revenue	% of Total API Revenue	Revenue	% of Total API Revenue	Revenue	% of Total API Revenue	Revenue	% of Total API Revenue
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Oncology APIs	28,345.86	48.14	29,022.31	50.15	37,481.75	48.92	44,751.49	59.85	34,316.74	58.98
Non-Oncology APIs	25,634.67	43.53	24,668.35	42.62	33,724.61	44.02	27,445.51	36.71	22,242.08	38.22
Others	4,903.31	8.33	4,182.86	7.23	5,411.21	7.06	2,573.52	3.44	1,629.53	2.80
Total API Revenue	**58,883.84**	**100.00**	**57,873.52**	**100.00**	**76,617.57**	**100.00**	**74,770.52**	**100.00**	**58,188.34**	**100.00**

In turn, we generate a significant portion of our total revenue from our API business from the sale of key products such as Ursodeoxycholic Acid, Capecitabine, Tranexamic Acid, Azacitidine and Pemetrexed. The table below sets out the percentage of revenue from operations of our key products of our API business, for the periods indicated.

Product	Nine-month period ended December 31,				Fiscal 2023		Fiscal 2022		Fiscal 2021	
	2023		2022							
	Amount	Percentage of Total API Revenue	Amount	Percentage of Total API Revenue	Amount	Percentage of Total API Revenue	Amount	Percentage of Total API Revenue	Amount	Percentage of Total API Revenue
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Top 5 products										
Ursodeoxycholic Acid	11,589.03	19.67	5,479.53	9.76	7,668.77	10.00	3,599.10	4.81	-	-
Capecitabine	8,421.23	14.29	7,562.12	13.06	10,304.96	13.43	16,122.12	21.56	13,490.27	23.18
Tranexamic Acid	6,375.53	10.82	5,895.40	10.18	7,959.29	10.38	6,847.82	9.16	5,517.39	9.48
Pemetrexed	5,538.20	9.40	3,609.20	6.23	4,491.82	5.86	4,298.04	5.75	2,031.36	3.49
Ambroxol	5,151.11	8.74	6,802.99	11.75	9,274.39	12.09	6,388.23	8.54	3,374.36	5.82
Total of top 5 products	37,075.10	62.91	29,349.24	50.68	39,699.23	51.75	37,255.30	49.83	24,413.38	41.96
Top ten products	48,236.75	81.85	44,965.62	77.65	59,317.31	77.32	63,259.44	84.60	51,362.12	88.27

If growth of our API segment or our key products decreases, or if profit margins on our key products decline due to increased competition, pricing pressures or fluctuations in the demand or supply of our products, or in the event of any development or invention of alternative drugs for our key products, our results of operations could be adversely affected.

3. We derive a significant portion of our revenue from operations from outside India and any adverse developments in markets outside India could adversely affect our business and results of operations. Further, our business subjects us to risks in multiple countries and risks inherent to operating in foreign jurisdictions.

We have historically derived a significant portion of our revenue from operations from markets outside India, particularly, the United States and countries in Europe, which exposes us to risks inherent in doing business with customers in foreign countries. The table below provides our region-wise revenue from operations for the periods indicated.

Particulars	For the nine-month period ended,				For the financial year ended,					
	December 31, 2023		December 31, 2022		March 31, 2023		March 31, 2022		March 31, 2021	
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Revenue										

Particulars	For the nine-month period ended,				For the financial year ended,					
	December 31, 2023		December 31, 2022		March 31, 2023		March 31, 2022		March 31, 2021	
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Within India (A)	**43,495.78**	**50.60**	**37,341.15**	**47.47**	**51,057.19**	**48.62**	**48,801.54**	**42.60**	**33,135.20**	**36.77**
Outside India (B)										
USA	14,137.86	16.45	7,735.42	9.83	10,596.18	10.09	14,129.77	12.33	8,818.23	9.79
Europe	15,043.82	17.50	16,114.10	20.49	21,313.09	20.30	32,517.06	28.39	26,085.35	28.95
Rest of the world	13,285.86	15.46	17,465.26	22.20	22,044.78	20.99	19,103.91	16.68	22,074.23	24.50
Sub-total	**42,467.54**	**49.40**	**41,314.78**	**52.53**	**53,954.05**	**51.38**	**65,750.74**	**57.40**	**56,977.81**	**63.23**
Total (A + B)	**85,963.32**	**100.00**	**78,655.93**	**100.00**	**1,05,011.24**	**100.00**	**1,14,552.28**	**100.00**	**90,113.01**	**100.00**

The markets in which we operate are diverse and fragmented, with distinct legal and regulatory systems. Therefore, we may be subject to risks related to the legal and regulatory environments in each country that we operate in, including with respect to privacy and data laws and intellectual property rights, or repatriation of our revenue or profits; changes in laws, regulatory requirements and enforcement; potential damage to our brand and reputation due to non-compliance with local laws, including requirements to provide information to local authorities; challenges caused by language and cultural differences; health and security threats or the outbreak of an infectious disease such as COVID-19; pricing pressures, fluctuations in the demand for or supply of our products; higher costs associated with doing business in different markets; imposition of international sanctions on one or more of the countries in which we operate; fluctuations in currency exchange rates; political, social or economic instability; difficulties in managing global operations and legal compliance costs associated with multiple international locations; and exposure to local banking, currency control and other financial-related risks.

The growth in size or scope of our business, expansion of our footprint in existing regions in which we operate and entry into new markets will also expose us to regulatory regimes with which we have no prior direct experience and expansion into new product areas could lead to our becoming subject to additional or different laws and regulations. If any of these risks materialise, it could adversely affect our business, cash flows, results of operations and prospects.

Our failure to effectively react to such situations or to successfully introduce new products or services in these markets could adversely affect our business, prospects, results of operations and financial condition.

4. ***Our business is dependent on the sale of our products to our key customers and in key markets, particularly the United States, Europe, India, Russia, and Mexico and any decrease in demand from such customers could reduce our sales and adversely affect our business, cash flows, results of operations and financial condition.***

We are dependent on our key customers, which exposes us to a high risk of customer concentration.

The table below sets out our revenue from our largest customer, top 5 customers, top 10 customers and top 20 customers, on the basis of revenue contribution, for the nine-month periods ended December 31, 2023 and December 31, 2022 and for the Fiscals 2023, 2022 and 2021, including as a percentage of revenue from operations, for the respective periods.

Details of Customers	Nine-month period ended December 31,				Fiscal 2023		Fiscal 2022		Fiscal 2021	
	2023		2022							
	Amount	Percentage of revenue from operations	Amount	Percentage of revenue from operations	Amount	Percentage of revenue from operations	Amount	Percentage of revenue from operations	Amount	Percentage of revenue from operations
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Largest customer	17,347.79	20.18	15,253.45	19.39	18,920.48	18.02	25,671.35	22.41	19,247.90	21.36
Top 5 customers	29,796.33	34.66	29,453.55	37.45	36,686.25	34.94	57,754.06	50.42	45,818.13	50.85
Top 10 customers	36,723.19	42.72	38,801.85	49.33	47,175.50	44.92	72,370.90	63.18	55,988.91	62.13
Top 20 customers	44,630.00	51.92	46,146.40	58.67	56,634.27	54.88	82,223.46	71.78	64,498.59	71.58

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The table below sets out our revenue from operations based on the location of our customers as a percentage of our total revenue from operations for the period indicated.

Country	Nine-month period ended December 31, 2023	Fiscal		
		2023	2022	2021
	(%)			
India	50.60	48.62	42.60	36.77
United States	16.45	10.09	12.33	9.79
Europe	17.50	20.30	28.39	28.95
Russia	2.07	3.04	1.71	0.96

Additionally, in our CDMO business, each of our products is focused on lone customers, and loss of such customer may adversely affect our business. As we are dependent on our key customers for a significant portion of our sales as well as the sale of our products in the United States, Europe and Russia, the loss of such customers and such markets may adversely affect our business, cash flows and results of operations. Further, the volume of sales to our customers may vary due to our customers' attempts to manage their inventory, market demand, product and supply pricing trends and customer preferences, among others, which may result in a decrease in demand or lack of commercial success of products of which we are a major supplier, which could reduce our sales and adversely affect our business, cash flows, results of operations and financial condition.

5. ***We rely on third-party suppliers and logistics providers for the supply of raw materials and transportation of our manufactured products and unsatisfactory services provided by them or their failure to deliver the required goods could disrupt our operations.***

Our success depends on the uninterrupted supply of raw materials required for our manufacturing activities. Raw materials are susceptible to supply disruptions and price volatility influenced by a range of factors including fluctuations in commodity markets, the quality and availability of raw materials, currency fluctuations, consumer demand, and changes in government policies and regulatory sanctions. We are dependent on domestic and international third-party suppliers for the supply of a majority of our raw materials and we typically do not have long-term contractual arrangements with these suppliers, and we procure raw materials through purchase orders issued from time to time.

The table below sets out purchases of raw materials from our top ten suppliers of raw materials, including as a percentage of our total purchases of raw materials, for the periods indicated.

Particulars	Nine-month period ended December 31, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount	Percentage of total purchases of raw material	Amount	Percentage of total purchases of raw material	Amount	Percentage of total purchases of raw material	Amount	Percentage of total purchases of raw material
	(₹ lakh)	(%)	(₹ lakh)	(%)	(₹ lakh)	(%)	(₹ lakh)	(%)
Purchases of raw materials from our top ten supplier	17,903.25	54.80	18,542.67	50.28	22,057.80	55.48	17,974.71	51.05

Furthermore, we also depend on third-party transportation providers for the delivery of raw materials and logistics services, and do not have long-term contractual arrangements with such providers. Any disruptions in these services could impede our ability to secure raw materials and deliver products on time.

Although we aim to ensure that our supply chain is diversified and that we are not dependent on a single source for critical raw materials and we have not encountered any major disruptions in the supply of raw materials in the past, we cannot assure you that we may not encounter any delay, interruption or reduction in the supply of raw materials in the future. Any such instance could adversely affect our business, results of operations, financial condition and cash flows.

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6. ***We are subject to strict technical specifications, quality requirements, regular inspections and audits by our customers or regulatory authorities. Our failure to comply with the quality and technical specifications prescribed by such customers or regulatory authority may lead to loss of business from our customers, including cancellation of existing and future orders or expose us to warranty claims.***

Our products and manufacturing processes are subject to stringent quality standards and specifications, typically specified by our customers in their respective agreements or purchase orders. Our customers are also typically provided the right to audit our manufacturing facilities, processes or systems, under such agreements, by providing a notice and they routinely conduct audits at our manufacturing facilities. While we have received observations in the past from our customers pursuant to such audits and we have complied with such observations, there can be no assurance that such audits would not result in any adverse observations or that we will be able to comply with such observations or that our customers will necessarily engage us for their outsourcing operations. The audit may involve inspection of our manufacturing facilities and equipment, review of the manufacturing processes and raw materials, technical review of the specification of the proposed product, review of our logistical capabilities, and inspections and reviews of prototypes of the product. The finished product delivered by us is further subject to laboratory validation by certain customers. Occurrence of any event on account of errors and omission could result in damage to our reputation and loss of customers, which could adversely affect our business, operations, our cash flows and financial condition. In the past, we have received certain complaints from our customers for which our Company has undertaken corrective measures, as appropriate, and there can be no assurance that we would not receive such complaints in the future as well.

While we believe we undertake the necessary measures and engage internal and external experts to ensure that our facilities comply with the applicable standards required by our customers, any failure on our part to maintain the applicable standards and manufacture products according to prescribed specifications, may lead to cancellation of the order, loss of customers, loss of reputation and goodwill of our Company. Additionally, it could expose us to indemnity, warranty claims, monetary liability and/ or litigation.

Our manufacturing facilities are regularly inspected for compliance with regulatory or governing authorities, such as CGMP, WHO GMP, and Schedule M of the Drugs and Cosmetics Act, 1940. While all our manufacturing facilities are compliant with CGMP, WHO GMP and Schedule M, if we fail to comply with applicable quality standards specified by our customers or if the relevant accreditation institute or agency declines to certify our products, or if we are otherwise unable to obtain such quality accreditations in the future, our reputation, business, prospects and financial performance will be adversely affected.

7. ***We are susceptible to product liability claims and associated risks of litigation that could expose us to material liabilities, loss in revenues and increased expenses. Failure to obtain product liability insurance may result in us being compelled to pay substantial sums.***

Our business exposes us to claims for injuries resulting from the use of our products. We may be held liable for, or incur costs related to, liability claims if any of our products causes injury or is found unsuitable during development, manufacture, sale or use. These risks exist even with respect to products that have received, or may in the future receive, regulatory approval for commercial use. For example, our products may have expired or cause side effects to consumers or lack adequate efficacy. In the event our products cause or are perceived to cause severe side effects, the sales of such products may decrease, which may adversely affect our revenues and profitability.

In foreign jurisdictions, such as the United States, precedents show that the quantum of damages, especially punitive, awarded in cases of product liability is extremely high. Deterioration in our quality controls could also result in product liability claims against us. Actual or claimed defects in our manufacturing facilities and/or product quality could give rise to claims, liabilities, costs and expenses, relating to loss of life, personal injury, damage to property, damage to equipment and facilities, inefficient operating processes, loss of production or suspension of operations.

If a supplier fails to meet quality standards, it could also expose us to the risk of product liability claims. While in the past we have not experienced any case related to product liability claims, we cannot assure you that we will not receive such claims in the future or successfully defend ourselves against product liability claims and as a consequence we may incur substantial liabilities. The consequential liabilities and costs could adversely affect our business, financial condition, cash flows and results of operations. Moreover, even unsuccessful product liability claims would likely require us to spend money on litigation, divert management's time, damage our reputation and impair the marketability of our products.

8. ***Any manufacturing or quality control concerns or our inability to deliver products on a timely basis, or at all, could result in the cancellation of purchase orders, breaches and termination of the relevant agreements with our customers.***

We own and operate manufacturing facilities to produce a wide range of products and our operations are required to be conducted in compliance with government policies and international standards. If our products fail to conform with best practices, including those prescribed by regulatory authorities, and/or our customers or such regulatory authorities deem the quality of our facilities unsatisfactory in any manner, our reputation could be harmed, and our customers may terminate and/or refuse to renew their contracts with us.

Customers are also entitled to report defects within a stipulated period, following which we are required to replace the product within an agreed timeline, and failure to do so may subject us to monetary penalties. We also face the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits and product recalls. Such adverse publicity could harm our ability to maintain the brand image of our products.

If our products do not conform to the prescribed and/or agreed standards and/or specifications, we may have to bear the expenses of replacing such products free of charge, along with the expenses incurred with testing such products as well as any market complaint arising from quality issues relating to our products, which would adversely affect our business, cash flows, results of operations and financial condition.

9. ***Our inability to collect receivables and default in payment from our customers could result in the reduction of our profits and affect our cash flows.***

We are exposed to counterparty credit risk in the usual course of our business due to the nature of, and the inherent risks involved in, dealings, agreements and arrangements with our counterparties who may delay or fail to make payments or perform their other contractual obligations. The majority of our sales are to customers on an open credit basis, with standard payment terms of generally between 30 to 90 days. While we generally monitor the ability of our customers to pay these open credit arrangements and limit the credit we extend to what we believe is reasonable based on an evaluation of customer's financial condition and payment history, we may still experience losses because of a customer being unable to pay. As a result, while we maintain what we believe to be a reasonable allowance for doubtful receivables for potential credit losses based upon our historical trends and other available information, there is a risk that our estimates may not be accurate.

We have, and may continue to have, high levels of outstanding receivables. As at September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, our trade receivables were ₹35,538.73 lakh, ₹32,434.91 lakh, ₹38,632.59 lakh and ₹21,749.80 lakh, respectively. Set forth below are details relating to holding levels of our trade payables, trade receivables, inventory turnover and working capital cycle, for the periods indicated.

Particulars	**Number of days for the Fiscal**		
	2023	**2022**	**2021**
Trade receivables days[(1)]	113	123	88
Inventory turnover days[(2)]	281	339	428
Trade payables days[(3)]	80	79	51
Working capital days[(4)]	**314**	**383**	**465**

[(1)] Trade receivables days have been calculated as trade receivables divided by revenue from contracts with customers/revenue from operations multiplied by 365 days.
[(2)] Inventory turnover days have been calculated by dividing closing inventory by cost of goods multiplied by 365 days.
[(3)] Trade payables days have been calculated as trade payables divided by operational expenses multiplied by 365 days.
[(4)] Working capital days describes the number of days it takes for us to convert our working capital into revenue and is calculated by deducting trade payable days from trade receivable days and inventory turnover days.

Any increase in our trade receivable turnover days will negatively affect our business. If we are unable to collect customer receivables or if the provisions for doubtful receivables are inadequate, it could adversely affect our business, financial condition and results of operations.

Macroeconomic conditions could also result in financial difficulties, including insolvency or bankruptcy, for our customers, and as a result could cause customers to delay payments to us, request modifications to their payment arrangements, that could increase our receivables or affect our working capital requirements, or default on their payment obligations to us. An increase in bad debts or in defaults by our customer, may compel us to utilize greater amounts of our operating working capital and result in increased interest costs, thereby adversely affecting our results of operations and cash flows.

10. Our business is capital intensive and we rely on cash flows from our operations and borrowings to meet our requirements and our inability to meet our capital requirements may adversely affect our business, cash flows and financial condition.

Our business requires significant amount of additional capital, primarily as a considerable amount of time passes between the purchase of raw materials and the sale of our finished products, for expansion or upgrading of our manufacturing facilities and investment in R&D. Our inability to meet our working capital and capital expenditure requirements may adversely affect our business. We are also required to maintain sufficient stocks at all times in order to meet manufacturing requirements, thus increasing our working capital requirements.

Further, we are required to partially finance a portion of the purchase orders received through our own sources and are therefore required to maintain a sufficient amount of working capital. Consequently, there could be situations where the total funds available may not be sufficient to fulfil our commitments, and hence we may need to incur additional indebtedness in the future, or utilize internal accruals to satisfy our working capital needs.

The table below sets out details of our (i) sanctioned working capital facilities (including non-fund based); (ii) outstanding amount of sanctioned working capital facilities; and (iii) working capital as a percentage of total assets, as at the dates indicated.

Particulars	**As at December 31, 2023**	**As at March 31,**		
		2023	**2022**	**2021**
Sanctioned working capital facilities (including non-fund based) (₹ *lakh*)	35,500.00	40,640.00	39,940.00	24,500.00
Outstanding amount of sanctioned working capital facilities (₹ *lakh*)	32,706.48*	34,416.69	20,290.46	24,340.38
Working capital as a percentage of total assets (%)	6.29	(0.51)	9.58	11.37

**Excludes current maturity of the long-term borrowings as at December 31, 2023.*

Our sources of additional financing, where required to meet our capital expenditure plans, may include the incurrence of debt, the issue of equity or debt securities or a combination of both. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, which may have a significant effect on our profitability and cash flows. We may also become subject to additional covenants, which could limit our ability to access cash flows from operations and undertake certain types of transactions.

The actual amount of our future capital requirements may differ from our estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, technological changes and additional market developments. Further, our ability to arrange financing and the costs of such financing are dependent on numerous factors, including general economic and capital market conditions and the effect of events such as the credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner.

As we pursue our growth plan, we may be required to raise additional funds by incurring further indebtedness or issuing additional equity to meet our working capital in the future. If we experience insufficient cash flows or are unable to borrow funds on a timely basis, or, at all, to meet our working capital and other requirements, or to pay our debts, it could adversely affect our business and results of operations. Management of our working capital requirements involves the timely payment of, or rolling over of, our short-term indebtedness and securing new and additional loans on acceptable terms, or re-negotiation of our payment terms for, our trade payables, collection of trade receivables and preparing and following accurate and feasible budgets for our business operations. If we are unable to manage our working capital requirements, our business, results of operations and financial condition could be adversely affected.

Further, under our financing arrangements, we are required to furnish sufficient collateral for the loans availed by us and we are typically required to provide security in favour of our lenders. While, we have experienced delays in furnishing security towards our financing arrangements, including our current financing arrangements, there has not been any action initiated by our lenders. Any action initiated by our lenders under the current financing arrangements could affect our ability to effectively manage our working capital. Should we fail to effectively implement sufficient internal control procedures and management systems to manage our working capital and other sources of financing, we may have insufficient capital to maintain and grow our business, and we may breach the terms of our financing agreements with banks, face claims under cross-default provisions and be unable to obtain new financing, any of which would adversely affect our business, results of operations and financial condition. For further information on the working capital facilities currently availed of by us, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations–Financial Indebtedness*" on page 128.

11. Our operations are dependent on ongoing R&D activities, and our inability to identify and understand evolving industry trends, technological advancements, customer preferences, regulatory change and innovate new products to meet our customers' demands may adversely affect our business.

The pharmaceutical and healthcare industry is characterised by technological advancements, introduction of innovative products, price fluctuations and intense competition. The laws and regulations applicable to our products and the products of our customers' change from time to time. Any regulatory changes may render our products and technologies non-compliant or obsolete. Our ability to anticipate changes in technology and regulatory standards, understand industry trends and requirements, changes in consumer preferences and to successfully innovate and introduce new and enhanced products to create new or address unidentified needs among our current and potential customers in a timely manner, is a significant factor in our ability to remain competitive. This depends on a variety of factors, including:

- complying with schedules for development, production and regulatory approvals;
- abiding by internal and external performance plans; availability of reliable sources of raw materials;
- hiring, training and retention of qualified personnel;
- achieving cost and production efficiencies;
- identification of emerging regulatory and technological trends in our target end markets; development and validation of innovative technologies and optimize formulations and manufacturing processes; and
- analyse customer interest in new technologies and products; and the costs and customer acceptance of the new or improved products.

Our success depends significantly on our ability to successfully commercialize our products under development in a timely manner. The development and commercialization process for new products is both time consuming and costly, and involves a high degree of business risk. Due to the prolonged period of time for developing a new product, delays associated with regulatory approval process as well as competitive factors, we may invest resources in developing products that may not be successful commercially, which could adversely affect our business, results of operations and financial condition. For further information, see "*Our Business—Research and Development*" on page 183.

We commit substantial effort, funds and other resources towards R&D in areas which we believe have significant growth potential. As at December 31, 2023, we operate five R&D centres. The table below sets out our research and development expenditure, for the periods indicated.

Particulars	**For the nine-month period ended December 31,**		**Fiscal**		
	2023	**2022**	**2023**	**2022**	**2021**
Expenses on R&D *(₹ lakh)*	8,515.77	9,454.92	12,411.01	12,976.85	7,051.44
Percentage of revenue from operations (%)	9.91	12.02	11.82	11.33	7.83
Percentage of total expenses (%)	10.21	11.35	11.26	12.21	8.87

Our ongoing investments in R&D and new product launches may result in higher costs without a proportionate increase in revenues or with a significant gestation period. Products currently under development, once fully developed and tested, may not perform as we expect. Furthermore, necessary regulatory approvals may not be obtained in a timely manner, or at all, and we may not be able to successfully produce and market such products to our clients. If we are not able to successfully develop and commercialize our products in a timely manner, or at all, our business, results of operations and financial condition could be adversely affected. Further, to enable smooth operations at our R&D centres, we are also highly dependent on a skilled workforce. The loss of the services of such skilled personnel or our inability to recruit or train a sufficient number of experienced personnel may adversely affect our financial results and business prospects.

There can be no assurance that we will be able to secure the required capabilities through our own R&D activities or through strategic acquisitions that will allow us to continue to develop our product portfolio or that we will be able to respond to industry trends by developing and offering cost effective products, which could adversely affect our business and results of operations.

12. The pharmaceutical industry is intensely competitive and if we are unable to keep pace with evolving technological standards in the industry or respond adequately to changes in market demand, we could lose market share and our business and financial results could be adversely affected.

The pharmaceutical industry is characterised by rapid advancements in technology fuelled by high expenses incurred on R&D. These advancements result in the frequent introduction of new products and significant price competition. To meet needs of the market as well as keep pace with our competitors, we regularly update existing technology and develop new technology for our pharmaceutical manufacturing activities. However, rapid and frequent advancements in technology and market demand changes can often render existing technologies and equipment obsolete, requiring substantial new capital expenditures and/or write-downs of assets. While we strive to keep our technology, facilities and machinery current with the latest international standards, the technologies, facilities and machinery we currently employ may become obsolete. The cost of implementing new technologies and upgrading our manufacturing facilities as well as R&D could be significant and higher than initially anticipated and could adversely affect our business prospects, cash flows, results of operations and financial condition.

In addition, when we develop a new product or an advanced version of an existing product, we may encounter obstacles that may delay development and consequently increase our expenses, and we typically incur significant costs and effort upfront to market, promote and sell the new product offering. The commercial success of the products and technologies we develop will depend upon the acceptance of these products by the market. It is difficult for us to predict whether recently introduced products, or the products that we are currently developing, will be commercially successful. If our new products or enhancements do not achieve adequate acceptance in the market, this may ultimately force us to abandon a potential product in which we have already invested substantial time and resources, and our competitive position will be impaired, our revenue will be diminished and the effect on our operating results may be particularly acute because of the significant research, development, marketing, sales and other expenses we will have incurred in connection with the new product or enhancement.

13. If we are unable to protect our intellectual property and proprietary information, or if we infringe the intellectual property rights of others, our business, financial condition, cash flows and results of operations may be adversely affected.

As at December 31, 2023, our Company had filed for 39 patent applications in India and 36 patent applications in the United States, eight patent applications in Europe, and 30 patent applications in the rest of the world, out of which 48 patents have been granted, globally. Further, as at December 31, 2023, our Company had filed 127 trademarks applications in India, out of which 106 are registered trademarks and 21 trademark applications are pending and our Company also has two registered trademarks in the United States. The use of our intellectual property by third parties could adversely affect our reputation, which could in turn adversely affect our reputation, associated goodwill and prospects. Further, our pending trademark and patent applications may be subject to governmental or third-party objection, which could prevent the issuance or maintenance of the same. We may not always be able to safeguard the same from infringement or passing off, both domestically and internationally, and may not be able to respond to infringement or passing off activity occurring without our knowledge.

Certain proprietary knowledge may be leaked, either inadvertently or wilfully, at various stages of the production process. In the event that the confidential technical or proprietary information in respect of our products or business becomes available to third parties or to the general public, any competitive advantage we may have over other companies could be compromised. Moreover, our existing trademarks and patents may expire, and there can be no assurance that we will renew them after expiry.

We seek to launch generic pharmaceutical products either where patent protection or other regulatory exclusivity of equivalent branded products have expired, where patents have been declared invalid or where products do not infringe on the patents of others. However, there may be certain situations in which the products we manufacture or sell infringe intellectual property rights of others that could subject us to potential claims of intellectual property infringement. The manufacture, use and sale of generic versions of products has been subject to substantial litigation in the pharmaceutical industry which mostly relate to the validity and infringement of patents or proprietary rights of third parties. If our products were found to be infringing on the intellectual property rights of a third-party, we could be required to cease selling the infringing products, causing us to lose future sales revenue from such products and face substantial liabilities for patent infringement, in the form of either payment for the innovator's lost profits or a royalty on our sales of the infringing product.

While we ensure through our practices and processes that we do not infringe on any existing third-party intellectual property rights, and we typically confirm that our products do not violate existing intellectual property rights of third parties, we may face claims that our products or manufacturing processes infringe third-party intellectual property rights, which may require us to alter our technologies or designs, obtain licenses or cease some of our operations. Such licenses or design modifications can be extremely costly or may not be available to us on satisfactory terms, if at all. Infringement claims could subject us to significant liability for damages and potentially injunctive action and, regardless of merits, could be time-consuming and expensive to resolve. Any of the foregoing could adversely affect our business, reputation and results of operations.

14. Our failure to keep our technical knowledge and the proprietary information of our customers confidential could erode our competitive advantage, reputation or lead to loss of our customers.

Many of the formulations and processes developed by us in manufacturing our customers' or our products are subject to trade secret protection, patents or other intellectual property protections owned or licensed by such customer or us. Further, we possess extensive technical knowledge about our products. Our technical knowledge is a significant independent asset, which may not be adequately protected by intellectual property rights such as patent registration. As a result, we cannot be certain that our technical knowledge will remain confidential in the long-run. Certain technical knowledge may be leaked, either inadvertently or willfully, at various stages of the manufacturing process. A significant number of our employees have access to confidential processes and product and customer information and there can be no assurance that this information will remain confidential. Moreover, certain of our employees may leave us and join our various competitors. Although our employee appointment letters contain non-disclosure clauses, if any of our employees breaches the non-disclosure provisions in such agreements, or if our customers make claims that their proprietary information has been disclosed, our reputation may suffer damage and we may become subject to legal proceedings that could require us to incur significant expenses and divert our management's time, attention and resources. Majority of the agreements with our customers include clauses on confidentiality and we enter into non-disclosure agreements with our customers, however, there can be no assurance that such agreements will be successful in protecting our technical knowledge or the confidential information of our customers.

While there has not been any breach of confidentiality obligations in the past, in the event of any breach or alleged breach of our confidentiality obligations under the agreements with certain customers, such customers may terminate their engagements with us or initiate litigation for breach of contract. In addition, the potential damage from such disclosure is increased as our majority of our processes and products are not patented, and thus we may have no recourse against copies of our processes and products that enter the market subsequent to such leakages. In the event that the confidential technical information in respect of our products or business becomes available to third parties or to the public, any competitive advantage we may have over other companies could be harmed. If a competitor is able to reproduce or otherwise capitalize on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Consequently, any leakage of confidential technical information could adversely affect our business, results of operations, financial condition and future prospects.

15. Under-utilization of our manufacturing capacities and an inability to effectively utilize our expanded manufacturing capacities could have an adverse effect on our business, future prospects and future financial performance.

The success of our business is subject to, among other factors, the ability to procure requisite regulatory approvals in a timely manner; recruit and ensure satisfactory performance of personnel to further grow our business; and the ability to absorb additional infrastructure costs and develop new expertise. The product requirements of, and procurement practice followed by, our customers also affect our capacity utilization. In case of oversupply in the industry or lack of demand we may not be able to utilize our manufacturing capacity efficiently. Under-utilization of our manufacturing capacities over extended periods, or significant under-utilization in the short term, or an inability to fully realize the benefits of our capacity expansion, could adversely affect our business, growth prospects and future financial performance. For details relating to the capacity utilization of our manufacturing facilities, see *"Our Business—Description of our Business—API Business—Manufacturing Facilities", "Our Business—Description of our Business—Formulations Business—Manufacturing Facilities" and "Our Business—Description of our Business—Emerging Business—Manufacturing Facilities"* on pages 180, 180 and 181, respectively. As we typically do not have long-term contractual arrangements with our suppliers, and we procure raw materials through purchase orders issued from time to time, we also face the risk of disruptions in the supply of raw materials, which may result in reduced quantities being manufactured by us resulting in under-utilization of our existing manufacturing capacity.

16. We use cytotoxic products and other hazardous material in our manufacturing and R&D process which may be carcinogenic in nature, which could result in financial or reputation losses for us.

Our manufacturing process requires our employees and workers to work under potentially dangerous circumstances, including the handling of cytotoxic material in our manufacturing and R&D processes, which may be carcinogenic in nature. Our employees and workers may be exposed to such materials in the course of our operations, including the handling, storage, movement and production of our products, as well as accidents such as fire and explosions. Although the Company has implemented safety measures by upgrading industry-acceptable risk management controls at our manufacturing facilities, training our employees and contractors, conducting industrial hygiene and risk-based assessments, using isolator technology, fire safety and electrical safety inspections, hazard and operability analysis including mitigating measures for high-risk activities, safety infrastructure, onsite emergency plans and mock drills, regular safety inspections, near miss or unsafe act identifications and compliances policies, any mishandling of cytotoxic material, our equipment and machineries could lead to serious and sometimes fatal accidents. These accidents can cause personal injury and loss of life, severe damage to and destruction of property and equipment, environmental damage and may result in the suspension of operations, financial losses and the imposition of civil and criminal liabilities. For instance, complaints have been filed against the representatives of our Company by the Assistant Director of Factories, Raichur, Karnataka in relation to non-adoption of prescribed safe operation methods. For details, see "*Legal Proceedings*" on page 239.

17. Spurious pharmaceutical products or counterfeit products being passed off as our products could adversely affect our reputation, goodwill and results of operations.

Entities in India and international locations could pass off their own products as ours, including counterfeit or pirated products. For example, certain entities could imitate our brand names, packaging materials or attempt to create look-alike products. As a result, our market share could be reduced due to replacement of demand for our products and adversely affect our goodwill. To stockists, distributors and patients, counterfeit products may be visually indistinguishable from the authentic version. Counterfeit products are frequently unsafe or ineffective, and can be potentially life-threatening. The proliferation of unauthorized copies of our products, and the time and attention lost to defending claims and complaints about spurious products, could decrease our revenue and adversely affect our reputation, goodwill and results of operations.

18. Our products or products we manufacture for our customers may cause, or may be perceived to cause, severe side effects which may cause our reputation, revenues, business and profitability to be adversely affected.

Our products or the products we manufacture for our customers may cause severe side effects as a result of a number of factors, many of which may be outside our control, which exposes us to a high risk of reputation damage. These factors, which may become evident only when they are introduced into the market, include potential side effects not revealed in clinical testing, unusual but severe side effects in isolated cases, defective products not detected by our quality management system or misuse of our products by consumers.

Our products or products we manufacture for our customers may also be perceived to cause severe side effects when a conclusive determination as to the cause of the severe side effects is not obtained or is unobtainable during our research or clinical testing. In addition, our products may be perceived to cause severe side effects if other pharmaceutical companies' products containing the same or similar APIs, raw materials or delivery technologies as our products cause or are perceived to have caused severe side effects, or if one or more regulators, determines that products containing the same or similar pharmaceutical ingredients as our products could cause or lead to severe side effects.

If our products or products we manufacture for our customers cause, or are perceived to cause, severe side effects, we may face a number of consequences, including:

- injury or death of patients;
- a severe decrease in the demand for, and sales of, the relevant products;
- the recall or withdrawal of the relevant products;
- withdrawal or cancellation of regulatory approvals for the relevant products or the relevant production facility;
- damage to the brand name of our products and our reputation; and
- exposure to lawsuits and regulatory investigation relating to the relevant products that result in liabilities, fines or sanctions.

As a result of these consequences, our reputation, revenues, business and profitability may be adversely affected.

19. ***We propose to enter into the manufacture of Recombinant Albumin, which will be a new business for our Company and we are positioning ourselves to cater to the growing marker for polymers, peptides and formulations utilizing orally dispersible films and transdermal patches, and if we are unable to establish ourselves in such new or nascent business segments, our business condition, results of operations and cash flows may be adversely affected.***

We are expanding our offerings in the Emerging Business vertical through an expansion of our biologicals program. We propose to enter into the manufacture of Recombinant Albumin and are in the process of commissioning our albumin facility, which is scheduled to be completed by June, 2024. We do not have prior experience of operating a large scale fermentation facility which would utilized for manufacturing a biological product. We are also positioning ourselves to cater to the growing market for polymers, peptides and formulations utilizing orally dispersible films and transdermal patches by having also developed capabilities in these emerging technologies. There can however be no assurance that our upcoming business will be successful, as our competitors may have more established products in these segments, more experience in consumer trends and deeper relationship with customers and distribution channels in this product segment. We may also find it more difficult to hire, train and retain qualified employees compared to our competitors in this segment. The manufacturing process of biological products is highly complex, and we may experience problems during manufacturing for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, manufacturing quality concerns, problems with raw materials, natural disaster related events or other environmental factors. If we experience any of the abovementioned problems and are unable to sell any of the biological products in the future, our business, financial condition, cash flows and results of operations could be materially adversely affected.

Entering a new business can be risky and expensive, and we cannot assure you that our new products will gain market acceptance or meet the particular tastes or requirements of consumers. Our success in marketing this line of business depends on our ability to adapt to rapidly changing marketing trends. The impact of our marketing initiatives may not be as effective as we anticipate. If we do not successfully establish our reputation and brand image in this line of business, our product sales, financial condition and results of operations could be adversely affected.

20. ***We may not be able to correctly assess the demand for our products, which may adversely affect our business, financial condition, cash flows and results of operations.***

Our production and distribution processes require us to anticipate the demand for our products based on the feedback received from our own marketing personnel, distributors and partners. Accurate assessment of market demand requires significant investment in our sales and marketing network and training of marketing personnel. There is no guarantee that our estimate of market demand in India or foreign countries in which we sell our products will be accurate. In the event that we overestimate the demand for our products, we may have expended resources in manufacturing excess products and paid taxes, export costs, insurance costs, distribution expenses, storage and warehousing and other related expenditures.

Our products have a limited expiry period and in the event of excess production, we might have to bear the cost of expiry and destruction of these goods. In the event that we underestimate the market demand, or fail to order a sufficient volume of supplies and input materials from our third-party suppliers, we may be subjected to penalties for non-availability of the our products or we may be unable to meet customer orders and lose out on sales opportunities that our competitors may capitalise on. Failure to meet customer orders may also occur because existing manufacturing facilities and other equipment do not have sufficient capacity or we have an inaccurate level of inventory holding. Accordingly, any incorrect assessment of the demand for our products may adversely affect our business, financial condition, cash flows and results of operations.

21. Certain of our manufacturing units are located on leased premises. Our inability to retain or renew such leases on same or similar terms may have an adverse effect on our production, supply chain and results of operations.

Certain of our manufacturing units are located on leased premises, which have been leased to us by certain industrial development boards in Karnataka and Telangana. The typical period for which leases are generally entered into by our Company is between 30 years to 99 years. There can be no assurance that we will be able to retain or renew such leases on same or similar terms, or that we will find alternate locations for the existing offices on terms favorable to us, or at all. Failure to identify suitable premises for relocation of existing properties, if required, or in relation to new or proposed properties we may purchase, in time or at all, may have an adverse effect on our production and supply chain, the pace of our projected growth as well as our business and results of operations. For details in relation to our premises, see "*Business—Real Property*" on page 188.

22. Our operations are subject to environmental laws and regulations. We may have to incur material costs to comply with these regulations or suffer material liabilities or damages in the event of an incidence or non-compliance of environment and other similar laws and regulations.

Our operations are subject to extensive environmental and hazardous waste management laws and regulations in India, including the Environment Protection Act, 1986, the Water (Prevention and Control of Pollution Act) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, the Bio-Medical Waste Management Rules, 2016 and other regulations promulgated by the Ministry of Environment, Forest and Climate Change, Government of India ("**MoEF**") and various statutory and regulatory authorities and agencies in India, any violation of the environmental laws and regulations may result in fines, criminal sanctions, revocation of operating permits, or shutdown of our manufacturing facilities.

The pharmaceutical industry is subject to strict regulations with respect to a range of environmental matters including limitations on land use, licensing requirements, management of materials used in manufacturing activities, the storage of inflammable and hazardous substances and associated risks, the storage, treatment and disposal of wastes, remediation of contaminated soil and groundwater, air quality standards, water pollution and discharge of hazardous materials into the environment. The discharge or emission of chemicals, dust or other pollutants into the air, soil or water that exceed permitted levels and cause damage to others may give rise to liabilities towards the government and third parties, and may result in our incurring costs to remedy any such discharge or emissions.

Environmental laws and regulations in India have become and continue to be more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment, and emissions management and other expenditure to comply with environmental standards. Any failure on our part to comply with any existing or future regulations applicable to us may result in legal proceedings, including public interest litigation, being commenced against us, third party claims or the levy of regulatory fines.

As a consequence of unanticipated regulatory or other developments, future environmental and regulatory related expenditures may vary substantially from those currently anticipated. We cannot assure you that our costs of complying with current and future environmental laws and other regulations will not adversely affect our business, results of operations or financial condition. In addition, we could incur substantial costs, our products could be restricted from entering certain markets, and we could face other sanctions, if we were to violate or become liable under environmental laws or if our products become non-compliant with applicable regulations. Our potential exposure includes fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs. The amount and timing of costs under environmental laws are difficult to predict.

23. We are required to obtain, renew or maintain statutory and regulatory permits, licenses and approvals to operate our business, and we may experience delays in obtaining, renewing or maintaining such licenses or permits or be unable to obtain such licenses and approvals.

Our operations are subject to extensive government regulation, and we are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in the geographies in which we operate, generally for carrying out our business and for our manufacturing facilities. Several of these approvals are granted for a limited duration and require renewal. If we do not receive such approvals or are not able to renew the approvals in a timely manner, our business and operations may be adversely affected.

Some of these approvals have expired and we have either made or are in the process of making an application for obtaining the approval for its renewal. For instance, we have made applications for the renewal of, the approvals under the EU-GMP. We cannot assure you that the renewals to such approvals will be issued or granted to us in a timely manner, or at all. Further, while we have applied for some of these approvals, we cannot assure you that such approvals will be issued or granted to us in a timely manner, or at all. In particular, in the United States and other countries, the approval process for introducing a new pharmaceutical product is complex, lengthy and expensive. As at December 31, 2023, our Company had filed applications for 55 products from regulatory agencies in the United States, Europe, Brazil, China, Canada, New Zealand, Australia and the rest of the world and had 26 applications pending before authorities in the United States, Europe China, Canada and Brazil. If we fail to obtain or renew such approvals, licenses, registrations and permissions, in a timely manner or at all, our business, results of operations and financial condition could be adversely affected.

The approvals required by us are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. While there have not been any instances where we have not complied with the terms of such approvals in the past, if there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs or suffer a disruption in our operations, any of which could adversely affect our business. In addition, these registrations, approvals or licenses are liable to be cancelled or the manufacture or sale of products may be restricted. In case any of these registrations, approvals or licenses are cancelled, or its use is restricted, then it could adversely affect our results of operations or growth prospects.

24. Our manufacturing facilities and a number of our suppliers are located in the southern Indian states of Telangana and Karnataka.

As at December 31, 2023, we had seven manufacturing facilities spread across the southern Indian states of Telangana and Karnataka. Our business is dependent upon our ability to operate our manufacturing facilities without disruption.

We also actively source a significant portion of our raw materials from local suppliers, *i.e.*, from within the district where our facilities are located and neighbouring districts to minimize the risk of supply-chain disruptions. For instance, in Fiscals 2023 and 2022, local suppliers accounted for 41% and 44% of our supplies by value.

Any significant social, political or economic disruption or natural calamities or civil disruptions or changes in the policies of these states or local governments could require us to incur significant capital expenditure to develop alternative manufacturing facilities or change our business strategy or lead to a disruption of our supply chains or our ability to procure the required raw materials in a cost-effective or timely manner or at all. Our inability to continue to obtain raw materials in a timely manner, could lead to a slowdown or suspension of our operations or under-utilization of our manufacturing facilities, which may adversely affect our business, cash flows, results of operations and financial condition.

Factors beyond our control, including disruption in electrical power or water resources, industrial accidents or machinery breakdowns, could result in a slowdown or shutdown of our operations.

Any major malfunction or breakdown of our machinery can also require us to incur significant repair and maintenance costs and lead to slowdown or shutdown of our operations. The effect of such damages and expenses for repairs and maintenance on our business and results of operations could be significant. Any closure of such facility will result in us being unable to manufacture such product for the duration of the closure or until we are able to secure the requisite approvals to manufacture that product at a different facility. We cannot assure you that we may not need to incur any costs due to any major malfunction or breakdown of our machinery, or experience a slowdown or shutdown in our manufacturing and R&D operations in the future.

While we have not experienced any material disruptions at our manufacturing facilities in the past, we cannot assure you that there will not be any such disruptions in the future. Our inability to effectively respond to such events and rectify any disruptions, in a timely manner or at an acceptable cost, may adversely affect our business, cash flows, results of operations and financial condition.

25. We have incurred losses during Fiscal 2023, and we may incur losses in the future.

We have incurred loss in Fiscal 2023, which was primarily due to a decline in our Formulation Business on account of pricing pressure across various markets and increase in our finance costs. Set forth below are our profit (loss) after tax, for the periods indicated.

Particulars	**Nine-month period ended December 31, 2023**	**Fiscal**		
		2023	**2022**	**2021**
Net profit (loss) after taxes *(₹ lakh)*	745.23	(3,091.59)	6,058.21	14,620.36

We cannot assure you that we will not incur losses in the future. If we continue to incur losses, our business and the value of the Equity Shares could be adversely affected. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations"* on page 89.

26. Our financing arrangements contain restrictive covenants.

As at September 30, 2023, our total borrowings, on a consolidated basis, were ₹86,349.69 lakh. Since the interest rates on certain of our borrowings may be subject to changes based on the prime lending rate of the respective bank lenders, such borrowings may be subject to renegotiation and/or escalation on a periodic basis. Any future performance issues by us or in the industry may result in a downgrade of our credit ratings, which may in turn lead to an increase in our borrowing costs and constrain our access to funds and debt markets and, as a result, may adversely affect our business growth. Details of our credit ratings as on the date of this Preliminary Placement Document are provided below:

Agency	**Instrument**	**Rating/ Outlook**
India Ratings & Research	Fund-based working capital limits	IND A/Negative/IND A2
	Term loans	IND A/Negative

Any downgrade of our credit ratings could result in default under our financing arrangements or lenders imposing additional terms and conditions in any future financing or refinancing arrangements in the future.

Certain of our subsisting loans may be recalled at any time at the option of the lender. There can be no assurance that the lenders will not recall such borrowings or if we will be able to repay loans advanced to us in a timely manner or at all. In the event that any lender seeks a repayment of any such loan, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all.

Moreover, the agreements governing certain of our debt obligations include terms that, in addition to certain financial covenants, restrict our ability to, *inter alia*, without the prior consent of lenders:

- Undertake change in ownership or control;
- Change the general nature of its business;
- Make any amendments to our constitutional documents;
- Change in management; and
- Carry our changes in the capital structure or enter into schemes of amalgamation/ demerger, merger or corporate reconstruction.

Undertaking any of the above without the consent of our lenders or non-compliance with any of the covenants of our financing agreements could trigger an event of default which will entitle the respective lenders to enforce remedies under the relevant terms of the financing agreements, that include, among other things, conversion of remaining loan amount into equity shares of the Company and appoint nominee directors to our Board and certain agreements also have group level cross default clauses and consolidated set-off clauses for netting of balances of our subsidiaries, joint venture and affiliates with monies in our account.

A default by us, our Subsidiaries, or our some of our Associates under the terms of certain financing agreements may also trigger a group level cross-default which may, individually or in aggregate, materially and adversely affect our financial position.

27. We have material exposure to foreign exchange related risks since a substantial portion of our revenue from operations accrues in foreign currencies.

We have material exposure to foreign exchange related risks since a substantial portion of our revenue from operations accrues in foreign currencies, including the U.S. Dollar and the Euro. In the nine-month period ended December 31, 2023 and in Fiscals 2023, 2022 and 2021, our exports sales were ₹42,467.54 lakh, ₹53,953.95 lakh, ₹65,750.74 lakh and ₹56,977.81 lakh, which accounted for 49.40%, 51.38%, 57.40% and 63.23%, respectively, of our total revenue from operations in such periods. Similarly, a portion of our expenses, including cost of any imported raw material are denominated in currencies other than Indian Rupees. The exchange rate between the Indian Rupee and foreign currencies, primarily the U.S. Dollar, has fluctuated in the past and our results of operations have been impacted by such fluctuations in the past and may be impacted by such fluctuations in the future.

For example, during times of strengthening of the Indian Rupee, we expect that our overseas sales and revenues will generally be negatively impacted as foreign currency received will be translated into fewer Indian Rupees. However, the converse positive effect of depreciation in the Indian Rupee may not be sustained or may not show an appreciable impact in our results of operations in any given financial period due to other variables impacting our business and results of operations during the same period. Accordingly, any appreciation or depreciation of the Indian Rupee against these currencies can impact our results of operations. We may from time to time be required to make provisions for foreign exchange differences in accordance with accounting standards.

While we seek to pass on all losses on account of foreign currency fluctuations to our customers, our ability to foresee future foreign currency fluctuations is limited. Further, due to the time gap between the accounting of purchases and actual payments, the foreign exchange rate at which the purchase is recorded in the books of accounts may vary with the foreign exchange rate at which the payment is made, thereby benefiting or affecting us negatively, depending on the appreciation or depreciation of the Rupee.

We may, therefore, be exposed to risks arising from exchange rate fluctuations and we may not be able to pass on all losses on account of foreign currency fluctuations to our customers, and as a result, suffer losses on account of foreign currency fluctuations. There is no guarantee that we may be able to manage our foreign currency risk effectively or mitigate exchange exposures, at all times and our inability may harm our results of operations and cause our results to fluctuate and/or decline. Further, certain markets in which we sell our products may be subject to foreign exchange repatriation and exchange control risks, which may result in either delayed recovery or even non-realization of revenue. In addition, the policies of the RBI may also change from time to time, which may limit our ability to effectively hedge our foreign currency exposures and may adversely affect our results of operations and cash flows.

We do not hold derivative instruments to mitigate the risk of changes in exchange rates and foreign currency exposure, and we cannot assure you that we will be able to successfully manage our foreign currency exposure.

28. Recent global economic conditions have been challenging and continue to affect the Indian and global markets.

The ongoing military conflicts between Russia and Ukraine and in Palestine have resulted in increased volatility in, and could cause further volatility in or damage to, the worldwide financial markets and economy. Further, our Company has historically exported its products to customers located in Russia, which have been adversely affected by the ongoing conflict. The table below sets out details of our exports to customers located in Russia.

Particulars	**For the nine-month period ended December 31,**		**Fiscal**		
	2023	**2022**	**2023**	**2022**	**2021**
Exports to customers in Russia (₹ *lakh*)	1,783.06	2,396.03	3,187.17	1,959.63	867.00
Percentage of revenue from operations (%)	2.07	3.05	3.04	1.71	0.96

Pursuant to the military conflicts between Russia and Ukraine, we faced certain challenges in realization of our trade receivables from our customers in Russia on account of the international sanctions. Similarly, pursuant to the military conflict in Palestine, our business in the Gulf region could get affected. It is not possible for us to predict the extent and duration of this volatility and adverse impact on the global or Indian securities markets, including any possible impact on our Equity Shares. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India and could then adversely affect our business, financial performance and the price of our Equity Shares.

Further deterioration in the global economy as a result of such military conflicts or other factors, or the perception that such deterioration could occur, may continue to adversely affect global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could adversely affect our business, cash flows, results of operations, financial condition and reduce the price of our Equity Shares. Any financial disruption could adversely affect our business, results of operations, shareholders' equity and the price of our Equity Shares.

29. We have certain contingent liabilities and commitments that have not been provided for and could materialize.

As at March 31, 2023, our contingent liabilities and commitments were as follows:

Contingent Liabilities and commitments	**As at March 31, 2023** *(₹ lakh)*
(a) Foreign letter of credit	9.26
(b) Bank guarantees/Corporate guarantee	417.53
(c) Claims against the Company not acknowledged as debt	6,296.93
(d) Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances	11,915.48
Total	**18,639.20**

If any of these contingent liabilities materialises or if at any time we are compelled to pay all or a material proportion of these contingent liabilities, it may adversely affect our financial condition, profitability and cash flows. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Contingent Liabilities and commitments*" on page 129.

30. We are involved in certain outstanding legal proceedings and may continue to be involved in such legal proceedings.

We are involved in certain legal proceedings, which are pending at varying levels of adjudication at different fora, from time to time. A brief summary of our outstanding litigations is set out below.

Type of proceedings	**Number of cases**	**Amount *(₹ lakh)****
Litigation against our Company		
Material civil litigation	2#	3,315.27
Tax matters	2	3,126.32
Criminal matters	4^	-
Actions and proceedings by statutory/regulatory authorities	4^	-
Litigation by our Company		
Material civil litigation	1	10,188.44
Criminal matters	2	-
Litigation against our Subsidiaries		
Material civil litigation	1#	200.00
Tax matters	1	300.00
Criminal matters	Nil	-
Actions and proceedings by statutory/regulatory authorities	Nil	-
Litigation by our Subsidiaries		
Material civil litigation	Nil	-
Criminal matters	3	-
Litigation against our Directors		
Material civil litigation	Nil	-
Criminal matters	4^	-
Actions and proceedings by statutory/regulatory authorities	4^	-
Litigation by our Directors		
Material civil litigation	Nil	-

Type of proceedings	Number of cases	Amount *(₹ lakh)**
Criminal matters	Nil	-
Litigation against our Promoters*		
Material civil litigation	Nil	-
Criminal matters	Nil	-
Actions and proceedings by statutory/regulatory authorities	Nil	-
Litigation by our Promoters*		
Material civil litigation	Nil	-
Criminal matters	Nil	-

**To the extent quantifiable or ascertainable by our Company.*
 # One of the material civil litigations includes one proceeding that has one of our Subsidiaries and our Company as parties
^Each of these matters have been initiated by statutory/regulatory authorities and involve criminal proceedings, and involve two of our Directors, one of whom is also one of our Promoters
*** Litigation involving our Promoters who are also Directors are covered under "Litigation against our Directors"*

Involvement in such proceedings could divert our management's time and attention and consume financial resources. Further, an adverse judgment in these proceedings could adversely affect our business, results of operations and financial condition. We cannot assure you that any of such proceedings will be settled in favour of our Company, or that no additional liability will arise out of these proceedings.

31. We depend on the skills and experience of our senior management and other key personnel with technical expertise for our business and future growth.

We are dependent on a highly qualified, experienced and capable management team for setting our strategic business direction and managing our business. Our ability to meet continued success and future business challenges depends on our ability to attract, recruit and retain experienced, talented and skilled professionals. Without a sufficient number of skilled employees, our operations and manufacturing quality could suffer. Competition for qualified technical personnel and operators as well as sales personnel with established dealer relationships is intense, both in retaining our existing employees and when replacing or finding additional suitable employees. Competition among pharmaceutical companies for qualified employees, particularly R&D personnel, is intense and the ability to retain and attract qualified individuals is critical to our success.

As at December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, we had 2,535, 2,824, 3,318 and 2,940 permanent employees, respectively. There can be no assurance that we will be able to recruit and retain qualified and capable employees in the future. Our Company's key managerial personnel attrition rate was nil, nil, 25.00% and 25.00% in the nine-month period ended December 31, 2023 and Fiscals 2023, 2022 and 2021, respectively.

The loss of the services of our key personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may adversely affect our financial results and business prospects. Further, if we cannot hire additional qualified personnel or retain them, our ability to expand our business may be impacted. As we intend to continue to expand our operations and develop new products, we will need to continue to attract and retain experienced management, R&D and sales personnel. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting suitable employees.

32. Our operations are labour intensive and our manufacturing operations may be subject to strikes, work stoppages or increased wage demands by our employees or the employees of our sub-contractors.

Our operations are labour intensive and we are dependent on a large force for our manufacturing operations. As at December 31, 2023, we had a workforce which comprised 2,535 permanent employees and 828 contract workers. The success of our operations depends on the availability of labour and maintaining good relationships with our workforce. Shortage of skilled and unskilled personnel or work stoppages caused by disagreements with employees could adversely affect our business and results of operations.

India has stringent labour legislations that emphasize the protection of interests of workers. We are also subject to laws and regulations governing relationships with employees, in areas such as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Our employees in API facility in Raichur are unionized and it may become difficult for us to maintain flexible labour policies.

While we have not experienced any disruption in our business operations due to disputes or other problems with our workforce in the past, there can be no assurance that we will not experience any such disruption in the future. Such disruptions may adversely affect our business and results of operations and may also divert our management's attention and result in increased costs.

33. Our employees, suppliers, distributors and stockists may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements and insider trading.

We are exposed to the risk of employee, supplier, distributors and stockists fraud or other misconduct. Misconduct by employees, suppliers, distributors and stockists could include intentional failures to comply with any regulations applicable to us, to provide accurate information to regulatory authorities, to comply with manufacturing standards we have established, to comply with federal and state healthcare fraud and abuse laws and regulations, or to report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. There can be no assurance that we will be able to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risk. If our employees engage in any such misconduct, we could face criminal penalties, fines, revocation of regulatory approvals and harm to our reputation, any of which could adversely affect our business.

34. We are subject to rules and regulations notified by the SEBI and the Stock Exchanges. If we fail to comply with such rules and regulations, we may be subject to penal actions, which may adversely affect our business, results of operations, cash flows and financial condition.

We are required to comply with various rules and regulations notified by the Securities and Exchange Board of India and the Stock Exchanges, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. If we fail to comply with applicable rules and regulations, we may be subject to penal actions by the SEBI and the Stock Exchanges. For instance, the SEBI issued a show cause notice dated December 28, 2021 ("**SEBI SCN**"), alleging (i) inadequate disclosure of the U.S. FDA Warning Letter; and (ii) violation of applicable disclosure requirements under the SCRA and SEBI Listing Regulations. Subsequently, SEBI issued an adjudication order on June 30, 2022 ("**SEBI Adjudication Order**") and concluded that the Company was in violation of the SEBI Listing Regulations and the SCRA. While no monetary penalty was imposed by the SEBI, a statement for the Company to be careful was included in the order, and we cannot assure you that we will not be subject to any other regulatory action in the future which has a monetary impact on the Company.

Suraj Kumar Innani and Priya Innani, two members of our Promoter Group who hold an aggregate of 41,61,391 Equity Shares (representing 4.80% of our paid-up Equity Share capital), have applied to be re-classified as public Shareholders of our Company. Their re-classification as public shareholders was approved by the Shareholders of our Company on February 5, 2024 through a postal ballot, subsequent to which an application was made to the Stock Exchanges by the Company to re-classify such persons as public shareholders. However, we cannot assure you that such application will be approved or approved in a timely manner. Accordingly, to the extent that any confirmations are required to be provided in this Preliminary Placement Document regarding the above two members of our Promoter Group, such disclosures and information have been included based on the information available with the Company and the information available in the public domain.

Any failure to comply with the existing and future regulatory requirements may adversely affect our reputation, business and financial condition.

35. Our insurance coverage may not be adequate to protect us against all material risks.

Our business is subject to various risks inherent in the pharmaceutical industry, including defects, malfunctions and failures of manufacturing equipment, fire, riots, strikes, explosions, loss-in-transit for our products, accidents and natural disasters. Our principal types of insurance coverage include among others, protection from breaches of data security, policy to cover various risk of fraud, commercial and general liability with product recall, fire, marine transit, and insurance policies for our employees such as workmen compensation insurance. We also maintain a directors' and officers' liability policy for all our Directors.

We cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. We did not have any insurance claims receivable as at September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, while our insurance expenses in the six-months ended September 30, 2023, Fiscals 2023, 2022 and 2021 were ₹214.87 lakh, ₹402.69 lakh, ₹386.56 lakh and ₹363.04 lakh, respectively. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at an acceptable cost, or at all. Our Company's total insurance coverage was ₹2,60,299.31 lakh as at September 30, 2023.

To the extent that we suffer loss or damage, or successful assertion of one or more large claims against us for events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial performance and cash flows could be adversely affected. Also see "*Business—Insurance*" on page 187.

36. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.

We have entered into transactions with certain related parties, including our Promoters, certain members of our Promoter Group, certain Directors, Associates, Joint Ventures and Key Managerial Personnel of our Company. In particular, we have entered into various transactions with such parties in relation to, amongst others, remuneration, professional fees, salary and perquisites, sitting fees, rent and commission. While we believe that all such transactions have been conducted on an arm's length basis and in compliance with applicable law, they involve the attendant risks inherent to any related party transactions. We cannot assure you that we could have obtained more favourable terms had such transactions been entered into with unrelated parties. Further, it is likely that we may enter into additional related party transactions in the future. Such related party transactions may potentially involve conflicts of interest. For further information relating to our related party transactions, see "*Related Party Transactions*" and "*Financial Statements*" on pages 42 and 248, respectively. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not adversely affect our business, results of operations, cash flows and financial condition.

37. Certain non-GAAP measures used in this Preliminary Placement Document to review and analyse our financial performance and financial condition may have limitations as analytical tools, may vary from any standard methodology applicable across the wind energy industry, and may not be comparable with financial or statistical information of similar nomenclature computed and presented by other wind energy companies.

We use certain supplemental non-GAAP measures to review and analyse our financial performance and financial condition from period to period, and to evaluate our business, which have been included in this Preliminary Placement Document. Our management believes that they are useful to an investor in evaluating us because they are widely used measures to evaluate a company's financial performance and financial condition.

Presentation of these non-GAAP measures should not be considered in isolation from, or as a substitute for, analysis of our historical financial performance, as reported and presented in our Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results set out in this Preliminary Placement Document. These non-GAAP measures are not defined under, and are not presented in accordance with, Ind AS. These non-GAAP measures are not a measure of our financial performance calculated in accordance with applicable accounting standards and have limitations as analytical tools which indicate, among other things, that they do not reflect:

- our cash expenditures or future requirements for capital expenditure or contractual commitments;
- or the changes in, or cash requirements for, our working capital needs;
- or the finance cost, or the cash requirements necessary to service our debt.

These non-GAAP measures may differ from any standard methodology applicable across the pharmaceutical industry and may not be comparable with financial or statistical information of similar nomenclature computed and presented by other pharmaceutical companies who may calculate such information differently and hence their comparability with those used by us may be limited. Therefore, these non-GAAP measures should not be viewed as substitutes for performance or profitability measures under Ind AS or as indicators of our operating performance, cash flows, liquidity or profitability.

For more information on the non-GAAP measures used in this Preliminary Placement Document, see "*Definitions and Abbreviations*", "*Presentation of Financial and Other Information—Non-GAAP Financial Measures*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures*" on pages 22, 14 and 98, respectively.

38. Information relating to the installed capacity, actual production and capacity utilization of our manufacturing facilities included in this Preliminary Placement Document are based on various assumptions and estimates and future production and capacity may vary.

Information relating to the installed capacity, actual production and capacity utilization of our manufacturing facilities included in this Preliminary Placement Document are based on various assumptions and estimates of our management that have been taken into account by Guttula Sree Rama Murthy, independent chartered engineer, in his certificate dated April 3, 2024 in the calculation of the installed capacity, actual production and capacity utilization of our manufacturing facilities and such calculations may not be computed on the basis of, or in accordance with, any standard methodology and may not be comparable to that employed by our competitors. These assumptions and estimates include past experience of the management to manufacture the products; availability of orders on hand for products; raw material consumption and the availability of raw materials to estimate the production of each product; and the product mix that the company can make in a given manufacturing facility. Actual production levels and future capacity utilization rates may vary materially from the estimated production capacities of our manufacturing facilities and their historical capacity utilization rates. Undue reliance should therefore not be placed on our historical installed capacity, actual production and capacity utilization for our manufacturing facilities included in this Preliminary Placement Document. See, "*Our Business—Description of our Business—API Business—Manufacturing Facilities*", "*Our Business—Description of our Business—Formulations Business—Manufacturing Facilities*" and "*Our Business—Description of our Business—Emerging Business—Manufacturing Facilities*" on pages 180, 180 and 181, respectively.

39. This Preliminary Placement Document contains information from the industry report from CRISIL MI&A. Investors are advised not to base their investment decision solely on such information.

This Preliminary Placement Document includes information that is derived from the CRISIL Report. We have exclusively commissioned and paid for the CRISIL Report for the purpose of confirming our understanding of the renewable and wind energy industry in connection with this Issue pursuant to an engagement letter dated February 26, 2024. CRISIL is not in any manner related to us, our Directors, our Promoters, our Key Managerial Personnel or Senior Management. The terms, categorisations and definitions used in the CRISIL Report are not based on any legal, governmental or regulatory definition or categorisation, but have been created by CRISIL specifically to explain the nature of the renewable and wind energy industry, its constituents and the nature of business undertaken in the industry we operate in.

The CRISIL Report is not exhaustive, is subject to various limitations and based upon certain assumptions, parameters and conditions identified by CRISIL that are subjective in nature and that may prove to be incorrect. Given the scope and extent of the CRISIL Report, disclosures are limited to certain excerpts and the CRISIL Report has not been reproduced in its entirety in this Preliminary Placement Document. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in CRISIL Report, and consequently, this Preliminary Placement Document. Industry sources and publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Further, the CRISIL Report is not a recommendation to invest in the Equity Shares. You should consult your own advisors and undertake an independent assessment of information in this Preliminary Placement Document based on, or derived from, the CRISIL Report. You are advised not to place undue reliance on the CRISIL Report or extracts thereof as included in this Preliminary Placement Document, when making your investment decision. Also, see "*Industry Overview*" and "*Industry and Market Data*" on pages 132 and 17, respectively.

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External Risk Factors

Risks related to India

40. Significant differences exist between Ind AS used to prepare our financial information and other accounting principles, such as IFRS and U.S. GAAP, with which investors may be more familiar.

We present our financial statements in accordance with Ind AS. Ind AS differs from accounting principles with which prospective investors may be familiar, such as IFRS and U.S. GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements included in this Preliminary Placement Document, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should be limited accordingly.

41. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.

The Competition Act, 2002, as amended (the "**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly: (i) involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services; (ii) shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market; or (iii) results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise. The combination regulation (merger control) provisions under the Competition Act require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, the Competition Commission of India (Procedure in regard to the Transaction of Business Relating to Combinations) Regulations, 2011, as amended, set out the mechanism for implementation of the merger control regime in India. The CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India.

If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any award passed by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, cash flows, results of operations and financial condition.

42. A downgrade in the sovereign credit rating of India may affect the trading price of the Equity Shares.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing, if any. A downgrading of India's credit ratings may occur, for reasons beyond our control such as, upon a change of government tax or fiscal policy. This could adversely affect our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of the Equity Shares.

43. Foreign investors may have difficulty enforcing foreign judgments against us, our management or the Lead Manager.

Our Company is incorporated under the laws of India. All the Directors and the executive officers are residents of India and a significant portion of our assets are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons in jurisdictions outside India, or to enforce against us or such parties judgments obtained in courts outside India based upon the liability provisions of foreign countries, including the civil liability provisions of the federal securities laws of the United States. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Civil Procedure Code, 1908 (the "**CPC**").

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Instead, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the CPC. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive as to any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the GoI has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty but does not include an arbitration award, even if such an award is enforceable as a decree or judgment.

The United States and Canada have not been declared by the GoI to be a reciprocating territory for the purpose of Section 44A of the Civil Procedure Code. However, the United Kingdom, Singapore and Hong Kong, among others, have been declared by the GoI to be reciprocating territories. A judgment of a court in the United States or another jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. It is also unlikely that an Indian court would enforce a foreign judgment if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered.

44. Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

45. Our ability to raise borrowings in foreign currencies may be constrained by Indian law.

Indian banks and companies are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required approvals for borrowing in foreign currency will be granted to us without onerous conditions, or at all. While we do not currently have any borrowings in a currency other than Indian rupees, limitations on raising foreign capital may adversely affect our business growth, cash flows, results of operations and financial condition.

Risks related to the Issue and the Equity Shares

46. We may be subject to pre-emptive surveillance measures like Additional Surveillance Measure ("ASM") and Graded Surveillance Measures ("GSM") by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors.

SEBI and the Stock Exchanges have introduced various pre-emptive surveillance measures in order to enhance market integrity and safeguard the interests of investors, including ASM and GSM. ASM and GSM are imposed on securities of companies based on various objective criteria such as significant variations in price and volume, concentration of certain client accounts as a percentage of combined trading volume, average delivery, securities which witness abnormal price rise not commensurate with financial health and fundamentals such as earnings, book value, fixed assets, net worth, price / earnings multiple, market capitalization etc.

We are subject to differing market conditions as well as other factors which may result in high volatility in price, low trading volumes, and a large concentration of client accounts as a percentage of combined trading volume of our Equity Shares. The occurrence of any of the abovementioned factors or other circumstances may trigger any of the parameters prescribed by SEBI and the Stock Exchanges for placing our securities under the GSM and/or ASM framework or any other surveillance measures, which could result in significant restrictions on trading of our Equity Shares being imposed by SEBI and the Stock Exchanges. These restrictions may include requiring higher margin requirements, requirement of settlement on a trade for trade basis without netting off, limiting trading frequency, reduction of applicable price band, requirement of settlement on gross basis or freezing of price on upper side of trading, as well as mentioning of our Equity Shares on the surveillance dashboards of the Stock Exchanges.

The imposition of these restrictions and curbs on trading may have an adverse effect on market price, trading and liquidity of our Equity Shares and on the reputation and conditions of our Company.

47. An investor will not be able to sell any of the equity shares subscribed in this Issue other than across a recognised Indian stock exchange for a period of 12 months from the date of the issue of the equity shares.

Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the issue of the equity shares in this Issue, Eligible QIBs subscribing to the equity shares may only sell their equity shares on the NSE or the BSE and may not enter into any off-market trading in respect of these equity shares. We cannot be certain that these restrictions will not have an impact on the price of the equity shares. Further, allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. This may affect the liquidity of the equity shares purchased by investors and it is uncertain whether these restrictions will adversely impact the market price of the equity shares purchased by investors.

48. We are unable to trace some of our historical records including forms filed with the Registrar of Companies. We cannot assure you that no legal proceedings or regulatory actions will be initiated against us in the future in relation to any such discrepancies.

Certain of our Company's corporate records and form filings are not traceable. These corporate records and form filings relate to split of equity shares of the Company and certain allotments of the equity shares of the Company. While we have conducted searches of our records at our Company's offices and at the Ministry of Corporate Affairs portal at www.mca.gov.in, we have not been able to trace the aforementioned corporate records and form filings. In this regard, we have also relied on the search report dated April 5, 2024 prepared by Chandrakanth Gorak, proprietor of C. Gorak & Co., Company Secretaries, an independent practicing company secretary, which was prepared basis their search of the documents and records available on the portal of the Ministry of Corporate Affairs. Accordingly, we have included the details of the build-up of the share capital of the Company in our Company in this Preliminary Placement Document, by placing reliance on other corporate records such the resolutions passed by the Board and Shareholders, where applicable and available, annual returns filed by our Company, to the extent available, the register of members and register of transfers, maintained by our Company and board resolutions noting share transfers, for our disclosures. Although no legal proceedings or regulatory actions have been initiated or pending against us in relation to such untraceable secretarial and other corporate records and documents, if we are subject to any such liability, it may adversely affect our reputation, financial condition, cash flows and results of operations. Further, there can be no assurance that there will be no such delays or non-compliances in the future and our Company will not be subject to adverse actions by the authorities**.**

49. Our Company is proposing to raise additional funds subsequent to the Issue which may enhance the volatility in the price of the Equity Shares and lead to further dilution of shareholding.

Our Board may consider raising additional funds through various means of finance, including terms loans from banks or through issuance of equity or debt instruments.

A future issuance of Equity Shares by us, may dilute your shareholding in our Company and affect the trading price of our Equity Shares. Moreover, the Equity Shares held by our Promoter are not under any statutory lock-in, any significant disposal of Equity Shares by our Promoters or any of our significant shareholders, or the perception that such sales will occur, may affect the trading price of our Equity Shares. As a publicly traded company, there is no restriction on our Shareholders to dispose of a part or the entirety of their shareholding in our Company, which could lead to a negative sentiment in the market regarding us that could in turn impact the value of the Equity Shares, and could impact our ability to raise capital through an offering of our securities. There can be no assurance that we will not issue further Equity Shares or that the Shareholders will not dispose of, pledge, or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Further, we cannot assure you that our Company will not issue Equity Shares at a price lower than the Issue Price at a later date.

The Issue Price will be determined by us in consultation with the Lead Manager, based on the Bids received in compliance with Chapter VI of the SEBI ICDR Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete.

The price of the Equity Shares on the NSE and the BSE may fluctuate after this Issue as a result of several factors, including:

- volatility in the Indian and the global securities market or in the rupee's value relative to the U.S. Dollar, the Euro and other foreign currencies;
- our profitability and performance;
- perceptions about our future performance or the performance of Indian companies in general;
- performance of our competitors and the perception in the market about investments in the banking and finance sector; adverse media reports about us or the Indian banking and finance sector;
- a comparatively less active or illiquid market for equity shares;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalization and deregulation policies;
- significant developments in India's fiscal and environmental regulations; and
- any other political or economic factors.

There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in this Issue or the price at which the Equity Shares will trade in the market subsequent to this Issue.

50. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade. Further, the prospective investors will not be able to immediately sell their Equity Shares on the Stock Exchange, which could expose them to market risk.

Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade. Investors can start trading the Equity Shares Allotted to them only after they have been credited to an investor's demat account, are listed and permitted to be traded. Since our Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for such Equity Shares issued pursuant to the Issue.

51. Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors.

Under the foreign exchange regulations currently in force in India, transfers of shares of our Company between non-residents and residents and issuances of shares to non-residents by our Company are freely permitted (subject to certain exceptions), subject to compliance with certain applicable pricing and reporting requirements. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required.

Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilizing the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

52. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares

Under the current Indian tax laws and unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company are generally taxable in India. Any capital gain realized on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of Securities Transaction Tax ("**STT**"), on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any capital gains realized on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short-term capital gains tax in India.

Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. Additionally, the Finance Act, 2020 does not require dividend distribution tax to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends. Similarly, any business income realized from the transfer of Equity Shares held as trading assets is taxable at the applicable tax rates subject to any treaty relief, if applicable, to a non-resident seller.

Further, the Finance Act, 2019 has made various amendments in the taxation laws and has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments were notified on December 10, 2019 and have come into effect from July 1, 2020.

Our Company cannot predict whether any tax laws or other regulations impacting us will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations could adversely affect the trading price of our Equity Shares.

53. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

Under the Companies Act, a public company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution. However, if the laws of the jurisdiction the investors are located in do not permit them to exercise their pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value the custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emption rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

54. Bidders to the Issue are not allowed to withdraw or revise their Bids downwards after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, Bidders in the Issue are not allowed to withdraw or revise their Bids downwards after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the Bidder's demat account with the depository participant could take approximately seven days and up to ten days from the Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Bidder's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment of Equity Shares in the Issue. The occurrence of any such events after the Issue Closing Date could also impact the market price of the Equity Shares. The Bidders shall not have the right to withdraw or revise their Bids downwards in the event of any such occurrence. The Bank may complete the Allotment of the Equity Shares even if such events may limit the Bidders' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

55. Rights of shareholders of companies under Indian law may be different from laws of other jurisdictions.

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may be different from shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

56. Your ability to acquire and sell Equity Shares is restricted by the distribution and transfer restrictions set forth in this Preliminary Placement Document and the Placement Document.

No actions have been taken to permit a public offering of the Equity Shares in any jurisdiction, including India. In particular, the Equity Shares offered in this Issue have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and are being offered and sold only outside the United States in offshore transactions as defined in and in accordance with Regulation S under the Securities Act. Furthermore, the Equity Shares are subject to restrictions on transferability and resale. You are required to inform yourself about and observe these restrictions, which are set forth in this Preliminary Placement Document under the heading "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 219 and 226, respectively. Our Company, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth herein.

MARKET PRICE INFORMATION

As at the date of this Preliminary Placement Document, 8,68,01,898 Equity Shares are issued, subscribed and fully paid-up. The Equity Shares have been listed and are available for trading on BSE and NSE.

On April 5, 2024, the closing price of the Equity Shares on BSE and NSE was ₹494.70 and ₹495.90 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

A. The tables below set out the reported high, low and average of the closing prices of our Equity Shares on the BSE and the NSE and number of Equity Shares traded on the days on which such high and low prices were recorded for Fiscals 2024, 2023 and 2022.

BSE

Fiscal	High	Date of High	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high	Low	Date of Low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low	Average price for the year	Total volume of Equity Shares traded in the Fiscal	Total turnover of Equity Shares traded in the Fiscal
	(₹)			*(₹ lakh)*	*(₹)*			*(₹ lakh)*	*(₹)*		*(₹ lakh)*
Fiscal 2024	468.65	March 28, 2024	16,275	74.95	228.25	June 6, 2023	1,30,428	300.82	334.08	1,31,86,333	41,714.34
Fiscal 2023	503.05	April 13, 2022	51,105	251.50	222.40	March 28, 2023	60,170	135.69	348.53	1,04,97,837	32,727.89
Fiscal 2022	670.95	July 22, 2021	78,552	513.21	339.50	April 6, 2021	6,866	23.75	530.23	1,46,93,412	76,206.57

(Source: www.bseindia.com)
1. High and low prices indicate intra-day high and low prices, respectively, and average prices are based on the daily closing prices, for the respective periods.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year presented.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

NSE

Fiscal	High	Date of High	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low	Average price for the year	Total volume of Equity Shares traded in the Fiscal	Total turnover of Equity Shares traded in the Fiscal
	(₹)			*(₹ lakh)*	*(₹)*			*(₹ lakh)*	*(₹)*		*(₹ lakh)*
Fiscal 2024	469.00	March 28, 2024	5,17,478	2,389.34	228.50	June 6, 2024	8,96,905	2,066.48	334.07	19,37,30,045	6,31,317.63
Fiscal 2023	503.00	April 13, 2022	6,37,904	3,128.40	222.60	March 28, 2023	18,53,471	4,185.70	348.50	11,11,78,618	3,47,359.09
Fiscal 2022	670.40	July 22, 2021	7,98,345	5,203.61	330.00	April 6, 2021	60,359	208.12	530.22	13,50,52,619	7,25,395.00

(Source: www.nseindia.com)
1. High and low prices indicate intra-day high and low prices, respectively, and average prices are based on the daily closing prices, for the respective periods.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year presented.
3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

B. The tables below set out the reported high and low closing prices of our Equity Shares recorded on the NSE and the BSE and the number of Equity Shares traded on the days on which such high and low prices were recorded and the volume of Equity Shares traded in each of the last six months.

BSE

Month	High	Date of High	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high	Low	Date of Low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low	Average price for the month	Equity Shares traded in the month	
										Volume	Turnover
	(₹)			(₹ lakh)	(₹)			(₹ lakh)	(₹)		(₹ lakh)
March 2024	468.65	March 28, 2024	16,275	74.95	348.80	March 6, 2024	64,351	255.37	432.41	6,07,428	2,612.11
February 2024	455.00	February 23, 2024	44,688	197.96	357.95	February 13, 2024	27,111	98.86	396.98	17,11,176	6,999.74
January 2024	375.00	January 31, 2024	1,96,741	700.40	313.55	January 10, 2024	35,194	112.27	328.29	7,48,911	2,510.03
December 2023	391.00	December 6, 2023	27,752	105.73	328.05	December 29, 2023	71,562	239.01	363.49	4,47,489	1,627.76
November 2023	395.85	November 23, 2023	66,531	255.93	348.00	November 2, 2023	3,045	10.71	366.22	4,53,808	1,691.95
October 2023	366.35	October 3, 2023	16,905	61.31	296.45	October 26, 2023	27,581	86.32	339.45	2,64,020	901.02

(Source: www.bseindia.com)

1. High and low prices indicate intra-day high and low prices, respectively, and average prices are based on the daily closing prices, for the respective periods.

2. In the case of a month, average represents the average of the closing prices of all trading days of each month presented.

3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

NSE

Month	High	Date of High	No. of Equity Shares traded on date of high	Total volume of Equity Shares traded on date of high	Low	Date of Low	No. of Equity Shares traded on date of low	Total Volume of Equity Shares traded on date of low	Average price for the month	Equity Shares traded in the month	
										Volume	Turnover
	(₹)			(₹ lakh)	(₹)			(₹ lakh)	(₹)		(₹ lakh)
March 2024	469.00	March 28, 2024	5,17,478	2,389.34	384.50	March 6, 2024	6,15,803	2,441.59	432.59	1,01,50,510	43,917.04
February 2024	454.80	February 21, 2024	45,22,827	20,111.88	357.55	February 13, 2024	3,39,780	1,238.61	396.89	2,93,13,745	1,19,484.26
January 2024	374.75	January 31, 2024	39,53,594	14,028.03	313.15	January 10, 2024	3,72,352	1,187.78	328.14	11,845,342	39,861.09
December 2023	391.35	December 6, 2023	8,61,611	3,269.29	328.00	December 29, 2023	9,15,213	3,060.37	363.39	61,51,344	22,413.77
November 2023	397.00	November 23, 2023	10,44,924	4,033.75	347.50	November 2, 2023	50,868	179.10	366.26	84,63,011	31,526.75
October 2023	366.50	October 3, 2023	1,44,864	524.82	296.80	October 26, 2023	4,35,505	1,375.16	339.48	45,12,530	15,476.18

(Source: www.nseindia.com)

1. High and low prices indicate intra-day high and low prices, respectively, and average prices are based on the daily closing prices, for the respective periods.

2. In the case of a month, average represents the average of the closing prices of all trading days of each month presented.

3. In case of two days with the same high or low price, the date with the higher volume has been chosen.

C. The table below sets forth the market price and number of equity shares traded on the Stock Exchanges on February 9, 2024, the first working day following the approval of our Board for the Issue.

NSE						**BSE**					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume**	**Open**	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume**
(₹)					*(₹ lakh)*	*(₹)*					*(₹ lakh)*
409.00	410.00	366.05	368.20	24,78,599	9,469.17	405.60	408.70	364.65	368.40	1,46,621	560.76

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The gross proceeds of the Issue will aggregate up to ₹[●] lakh* (the "**Gross Proceeds**"). Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue of approximately ₹[●] lakh, shall be approximately ₹[●] lakh (the "**Net Proceeds**").

**Subject to Allotment of Equity Shares pursuant to the Issue.*

Purpose of the Issue

Subject to compliance with applicable laws and regulations, we propose to utilise the Net Proceeds for the following objects:

1. Repayment or prepayment, in full or in part, of certain outstanding borrowings availed by our Company and our Subsidiaries namely, Shilpa Pharma Lifesciences Limited ("**Shilpa Pharma Lifesciences**") and Shilpa Biologicals Private Limited ("**Shilpa Biologicals**"); and

2. General corporate purposes

(collectively, referred to herein as the "**Objects**").

Our main objects clause and objects incidental or ancillary to the attainment of the main objects clause of our Memorandum of Association enables us to undertake the objects contemplated by us in the Issue.

Utilisation of Net Proceeds

The Net Proceeds are proposed to be used in accordance with the details set forth in the table below:

S. No.	Particulars	Amount *(₹ lakh)*
1.	Repayment or prepayment, in full or in part, of certain outstanding borrowings availed by our Company and our Subsidiaries, namely, Shilpa Pharma Lifesciences and Shilpa Biologicals	43,650.00
2.	General corporate purposes(1)	[●]
Total Net Proceeds		[●](2)

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(1) The amount to be utilised for general corporate purposes alone shall not exceed 25% of the Gross Proceeds.
(2) Subject to Allotment of Equity Shares pursuant to the Issue.

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below.

S. No.	Particulars	Amount to be funded from Net Proceeds	Estimated amount to be deployed from the Net Proceeds in Fiscal 2025
		(₹ lakh)	
1.	Repayment or prepayment, in full or in part, of certain outstanding borrowings availed by our Company and our Subsidiaries, namely, Shilpa Pharma Lifesciences and Shilpa Biologicals	43,650.00	43,650.00
2.	General corporate purposes(1)	[●]	[●]
Total Net Proceeds		[●](2)	[●](2)

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(1) The amount to be utilised for general corporate purposes alone shall not exceed 25% of the Gross Proceeds.
(2) Subject to Allotment of Equity Shares pursuant to the Issue.

Our fund requirements, the intended use and deployment plans for the Net Proceeds as described herein are based on circumstances of our business, internal management estimates, commercial considerations and in accordance with our business plan based on current market conditions, which are subject to change in the future, and have not been appraised by any bank or financial institution or any other independent agency.

These are also based on current general economic and market conditions and business needs, and the actual deployment of funds at each stage will depend on a number of factors, including changes in costs, our financial condition, business and strategy or external circumstances such as financial and market conditions, competitive environment, inflation, employment and disposable income levels, demographic trends, technological changes, changing customer preferences, interest or exchange rate fluctuations and finance charges, increasing regulations or changes in government policies, which may not be in our control and obtaining necessary approvals or consents, as applicable, in accordance with applicable law and contractual obligations to which we are subject. We currently propose to deploy the Net Proceeds by the end of Fiscal 2025. If the Net Proceeds are not utilised (in full or in part) for the Objects during the periods stated in this section due to the aforementioned factors outside our control and other applicable factors such as the timing of completion of the Issue and any other business and commercial considerations, the remaining Net Proceeds shall be utilised in subsequent periods in such manner as may be determined by our Company, in accordance with applicable law. This may entail rescheduling and revising the funding requirement and increasing or decreasing such requirements for a particular purpose from the planned funding requirement as may be determined by our Company, subject to compliance with applicable laws.

Subject to compliance with applicable laws, in case of any variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by other means available to us, including from internal accruals, additional equity and/or debt arrangements or by surplus funds available in respect of the other purposes for which funds are being raised in the Issue (except towards general corporate purposes).

Details of Objects

I. Repayment or prepayment, in full or in part, of certain outstanding borrowings availed by our Company and certain of our Subsidiaries, namely, Shilpa Pharma Lifesciences and Shilpa Biologicals

We propose to utilise an aggregate amount of ₹43,650.00 lakh from the Net Proceeds in Fiscal 2025 towards repayment or prepayment of a portion of certain outstanding borrowings availed by our Company and our Subsidiaries, namely, Shilpa Pharma Lifesciences and Shilpa Biologicals. We believe that such repayment or prepayment or redemption will help reduce our outstanding indebtedness on a consolidated basis and debt servicing costs and enable utilization of the internal accruals for further investment towards business growth and expansion. In addition, we believe that this would improve our ability to raise further resources in the future to fund potential business development opportunities, if required. As at February 29, 2024, our aggregate outstanding borrowings were ₹91,467.53 lakh.

Our Company and certain of our Subsidiaries have entered into various borrowing arrangements, including borrowings in the form of terms loans, working capital facilities, cash credit facilities and non-convertible debentures ("**NCDs**"). Our Company has obtained necessary consents and waivers, wherever required, from the lenders as per the requirements under the respective borrowing arrangements.

Each of Shilpa Pharma Lifesciences and Shilpa Biologicals have, issued secured, unlisted, rated, redeemable and non-convertible debentures of face value of ₹1 lakh each, aggregating to an amount of ₹35,000 lakh and ₹10,000 lakh, respectively (together, the "**NCDs**") with our Company as the obligor. As at February 29, 2024, the outstanding NCDs aggregated to ₹35,000.00 lakh and ₹10,000.00 lakh, respectively.

The Issue and certain actions related to the Issue could result in, among other things, a "Monetization Event – Obligor Level (No COC)", as that term is defined in the documents governing the issuance of the NCDs (the "**NCD Documentation**"), which involves a dilution in the existing shareholding of the promoters of our Company which would not result in a change of control of our Company (as defined in the NCD Documentation), along with changes to the capital structure and shareholding pattern of each of Shilpa Pharma Lifesciences and Shilpa Biologicals. Our Company has sought and obtained appropriate waivers from consequences of a breach of covenants under the NCD Documentation such as the "Monetization Event – Obligor Level (No COC)" from the holders of the NCDs through the debenture trustee acting for their benefit, Catalyst Trusteeship Limited, in accordance with the terms of the NCD Documentation.

In accordance with the terms of such consents and waivers obtained by us, our Company, together with Shilpa Pharma Lifesciences and Shilpa Biologicals, proposes to utilise a portion of the Net Proceeds towards voluntary redemption, in part, of the NCDs. The remaining aggregate outstanding amount of the NCDs shall be repaid by our Company, together with Shilpa Pharma Lifesciences and Shilpa Biologicals, in accordance with the terms of the NCD Documentation.

Given the nature of the borrowings and the terms of repayment/ prepayment/ redemption, the aggregate outstanding amounts under the borrowings (including the NCDs) may vary from time to time. In addition, our Company and Shilpa Pharma Lifesciences and Shilpa Biologicals, may from time to time enter into further financing arrangements and drawdown funds thereunder.

The selection of borrowings proposed to be prepaid or repaid or redeemed among our borrowing arrangements will be based on various factors, including: (i) maturity profile and the remaining tenor of the borrowing; (ii) cost of the borrowing, including applicable interest rates; (iii) any conditions attached to the borrowings restricting our ability to conduct our business or demonstrate our financial performance to our shareholders and other stakeholders, including any restrictions on our ability to prepay/ repay/ redeem the borrowings and time taken to fulfil such conditions, or obtain waivers therefrom; (iv) levy of any prepayment penalties and the quantum thereof; (v) provisions of any laws, rules and regulations governing such borrowings; and (vi) other commercial considerations including, among others, the amount of the outstanding borrowings.

The abovementioned factors will also determine the form of investment undertaken by our Company for repayment or prepayment of the borrowing arrangements availed by our Subsidiaries, Shilpa Pharma Lifesciences and Shilpa Biologicals, *i.e.*, whether they will be in form of subscription or purchase of equity shares, preference shares, convertible or non-convertible securities, debt or any other instrument or combinations thereof. At this stage, our Company cannot determine whether the form of investment in its Subsidiaries will be cash, equity shares, preference shares, convertible or non-convertible securities, debt or any other instrument or combinations thereof.

Pursuant to the terms of our various borrowing arrangements, prepayment of certain indebtedness may attract prepayment or make-whole charges as prescribed by the respective lender in the applicable documentation.

The following table provides certain relevant details of outstanding amount of borrowings availed by our Company and two of our Subsidiaries, namely Shilpa Pharma Lifesciences and Shilpa Biologicals, as at February 29, 2024, which we propose to prepay or repay or redeem, in full or in part, from the Net Proceeds for an aggregate amount of ₹43,650.00 lakh.

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S. No.	Name of the lender	Nature of borrowings*	Purpose of the loan*	Sanctioned amount as of February 29, 2024*	Amount outstanding as of February 29, 2024*	Interest rate/ coupon rate as of February 29, 2024*	Repayment schedule *(₹ lakh)*/ date of redemption or maturity date*	Pre-payment or early redemption penalty or make-whole charges	Whether the loan has been utilized for the purpose for which it has been availed**
				(₹ lakh)		*(%)*			
					Our Company				
1.	Axis Bank Limited	Secured loan	Working capital	7,000.00	7,014.00	9.00	• Loan I of 1,200.00 from December 10, 2023 to March 9, 2024; • Loan II of 850.00 from December 7, 2023 to March 6, 2024 ; • Loan III of 1,000.00 from January 28, 2024 to July 26, 2024; • Loan IV of 500.00 from January 28, 2024 to July 26, 2024; • Loan V of 1,000.00 from February 14, 2024 to August 12, 2024; and • Loan VI of 1,750.00 (overdraft)	1% of outstanding amount will be payable as pre-payment or early redemption penalty or make-whole charges.	Yes
						6.70	• Loan VII of 229.00 of packing credit in foreign currency (PCFC).		
						7.20	• Loan VIII of 485.00 of packing credit in foreign currency (PCFC).		
2.	IDBI Bank Limited	Secured loan	Working capital	5,000.00	3,935.00	9.10	• Loan I of 500 from September 21, 2023 to March 19, 2024; • Loan II of 500 from September 21, 2023 to March 19, 2024; • Loan III of 500 from September 21, 2023 to March 20, 2024;	Nil	Yes
						6.06	• Loan IV of 500 from February 7, 2024 to August 4, 2024; and		
						9.00	• Loan V of 1,935 (overdraft).		
					Shilpa Pharma Lifesciences				
3.	Axis Bank Limited	Secured loan	Working capital	15,000.00	14,633.00	8.90	• Loan I of 750.00 from December 3, 2023 to March 2, 2024;	1% of outstanding amount will be payable as pre-payment or early redemption penalty or make-whole charges.	Yes
						8.80	• Loan II 3,800.00 from December 9, 2023 to March 8, 2024; • Loan III of 1,500.00 from December 9, 2023 to March 8, 2024;		
						8.85	• Loan IV of 1,500.00 from January 25, 2024 to April 27, 2024; • Loan V of 375.00 from February 12, 2024 to May 13, 2024;		
						8.90	• Loan VI of 500.00 from December 1, 2023 to February 29, 2024;		
						8.85	• Loan VII of 550.00 from January 23, 2024 to July 21, 2024; • Loan VIII of 1,100.00 from February 16, 2024 to August 14, 2024;		
						8.95	• Loan IX of 1,775.00 from February 25, 2024 to August 23, 2024;		
						-	• Loan X of 1,008.00 (foreign letter of credit (FLC)); and		
						9.10	• Loan XI of 1,775.00 (overdraft)		
4.	ICICI Bank Limited	Secured loan	Working capital	5,000.00	5,000.00	9.00	• Loan I of 935.00 (overdraft);		Yes
						8.75	• Loan II of 1,500.00 from January 26, 2024 to April 25, 2024;		
						9.00	• Loan III of 764.39 from December 3,2023 to March 2, 2024; and		

S. No.	Name of the lender	Nature of borrowings*	Purpose of the loan*	Sanctioned amount as of February 29, 2024*	Amount outstanding as of February 29, 2024*	Interest rate/ coupon rate as of February 29, 2024*	Repayment schedule *(₹ lakh)*/ date of redemption or maturity date*	Pre-payment or early redemption penalty or make-whole charges	Whether the loan has been utilized for the purpose for which it has been availed**
				(₹ lakh)		*(%)*			
							• Loan IV 1,800.00 from December 1,2023 to March 21, 2024	0.25% of outstanding amount will be payable as pre-payment or early redemption penalty or make-whole charges.	
5.	HSBC	Secured loan	Working capital	3,500.00	2,700.00	9.45	• Loan I of 400.00 from February 15, 2024 to March 16, 2024; • Loan II of 900.00 from February 20, 2024 to March 21, 2024; • Loan III of 300.00 from February 28, 2024 to March 28, 2024; • Loan IV of 400.00 from February 2, 2024 to March 4, 2024; • Loan V of 500.00 from February 8, 2024 to March 10, 2024; and • Loan VI of 200 from February 9, 2024 to March 10, 2024	Nil	Yes
6.	Catalyst Trusteeship Limited in its capacity as the debenture trustee for the holders of the NCDs, comprising of Series 1: ₹22,500 lakh and Series 2: ₹12,500 lakh	Senior, secured, unlisted, rated, redeemable non-convertible debentures (the "**NCDs**")	Repayment of borrowings and general corporate purposes	35,000.00	35,000.00	Series 1: 12.53; and Series 2: 13.05	In accordance with the terms and conditions of the NCDs – repayable from the end of the 36th month over 4 quarterly instalments for series 1 and 6 quarterly instalments starting from the end of 45th month for Series 2	Lock-in period until August 10, 2024 and on demand from August 11, 2024	Yes

S. No.	Name of the lender	Nature of borrowings*	Purpose of the loan*	Sanctioned amount as of February 29, 2024*	Amount outstanding as of February 29, 2024*	Interest rate/ coupon rate as of February 29, 2024*	Repayment schedule *(₹ lakh)*/ date of redemption or maturity date*	Pre-payment or early redemption penalty or make-whole charges	Whether the loan has been utilized for the purpose for which it has been availed**
				(₹ lakh)		*(%)*			
Shilpa Biologicals									
7.	Catalyst Trusteeship Limited in its capacity as the debenture trustee for the holders of the NCDs	NCDs	Repayment of borrowings and general corporate purposes	10,000.00	10,000.00	13.05	In accordance with the terms and conditions of the NCDs – repayable from the end of the 27th month over four quarterly instalments	Lock-in period until August 10, 2024 and on demand from August 11, 2024	Yes

**As certified by Bohara Bhandari Bung and Associates LLP, Chartered Accountants vide their certificate dated April 8, 2024.*

***As certified by Bohara Bhandari Bung and Associates LLP, Chartered Accountants vide their certificate dated April 8, 2024, the debt has been utilised for the purpose for which it has been availed by our Company and our Subsidiaries.*

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II. General corporate purposes

Our Company proposes to deploy the balance Net Proceeds, aggregating up to ₹[●] lakh, towards general corporate purposes as approved by our management from time to time, subject to such utilisation not exceeding 25% of the Gross Proceeds, in compliance with applicable laws.

The general corporate purposes for which our Company proposes to utilise Net Proceeds include, without limitation, towards acquiring intangible assets and tangible assets such as plant and machinery for our Company and our Subsidiaries; meeting our other capital expenditure requirements, including for repairs and maintenance, renovation and/or upgradation of our existing facilities, machinery and equipment; payment of interest, finance charges and other make-whole or prepayment charges on our borrowings; financing leasehold improvements; funding our growth opportunities or strategic initiatives; payment to our suppliers (including capital creditors); funding our research and development expenditure; financing our working capital requirements and meeting any expenses incurred in the ordinary course of our business (including salaries and wages, rent, administrative or other similar expenses, insurance related expenses, and the payment of taxes and duties); meeting our brand building and other marketing expenses; meeting any exigencies which we may face in the ordinary course of our business, and any other purpose as permitted by applicable laws, subject in each case to meeting regulatory requirements and obtaining necessary approvals or consents, as applicable and for other purposes as may be permitted by applicable laws and as approved by our Board or a duly appointed committee thereof from time to time.

Interim use of Net Proceeds

Pending utilisation of the Net Proceeds for the purposes described in this section, our Company intends to temporarily invest the Net Proceeds in deposits with one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934 or in creditworthy instruments, including money market / mutual funds, as may be approved by our Board or a duly authorised committee of our Board, from time to time and in accordance with applicable laws. Further, in accordance with applicable laws, we undertake to not utilise proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC and final listing and trading approvals are received from each of the Stock Exchanges. Our Company confirms that, other than as specified in this section for the purposes of the Objects, it shall not use the Net Proceeds for buying, trading or otherwise dealing in equity securities or any equity linked securities.

Monitoring of utilisation of funds

Our Company has appointed India Ratings and Research Private Limited as the monitoring agency in accordance with Regulation 173A of the SEBI ICDR Regulations for monitoring the utilisation of the Gross Proceeds. The report of the Monitoring Agency shall be placed before the Audit Committee on a quarterly basis, promptly upon its receipt. Such report, along with the comments (if any) of the Monitoring Agency shall be submitted to the Stock Exchanges within 45 days from the end of each quarter, or such other period as may be prescribed under the SEBI Listing Regulations and uploaded on the website of our Company.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds.

On an annual basis, our Company shall (i) prepare a statement of funds utilised for purposes other than those stated in this Preliminary Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised; and (ii) disclose every year, the utilisation of the Net Proceeds during that year in its annual report. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement under (i) above shall be certified by the statutory auditors of our Company.

Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects as stated above or the Objects for which the Net Proceeds were raised, have been achieved. This information will also be published on our website and our Company shall furnish an explanation for the deviations and category-wise variations in the directors' report in its annual report, after placing the same before the Audit Committee.

Other confirmations

The amounts and timing of any expenditure will depend on, among other factors, the amount of cash generated by our operations, competitive and market developments and the availability of equity and debt financing on terms acceptable to us. To the extent permissible under applicable laws, our Company's management will have flexibility in deploying the Net Proceeds and surplus amounts, if any. Any variation in the planned use of the Net Proceeds will be undertaken in accordance with applicable law, including compliance with requirements for prior shareholders' approval, where required.

Neither our Promoters nor our Directors are making any contribution either as a part of this Issue or separately in furtherance of the use of the Net Proceeds. Further, neither our Promoters nor our Directors shall receive any proceeds from this Issue, whether directly or indirectly. Since this Issue is only made to Eligible QIBs, our Promoters, Directors, Key Managerial Personnel and/or Senior Management are not eligible to subscribe in this Issue.

Further, there are no material existing or anticipated transactions in relation to the utilisation of the Net Proceeds entered into or to be entered into by our Company with our Promoters, Promoter Group, Directors, Key Managerial Personnel and/or Senior Management.

CAPITALIZATION STATEMENT

The following table sets forth our capitalisation, on a consolidated basis, as at September 30, 2023 derived from our Unaudited H1FY2024 Consolidated Financial Results and as adjusted to give effect to the receipt of the Gross Proceeds of the Issue. This table should be read in conjunction with "*Risk Factors*", "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", on pages 43, 248 and 89, respectively.

Particulars	**As at September 30, 2023**	
	Pre-Issue (actual)	**Post-Issue (as adjusted)** [(1)]
	(₹ lakh)	
Total Borrowings[(2)]		
Short-term borrowing (A)	30,666.51	[●]
Long-term borrowing (B)	55,683.18	[●]
Total (C = A+B)	**86,349.69**	**[●]**
Total equity		
Share capital (D)	868.02	[●]
Securities premium (E)	72,495.15	[●]
Reserves and surplus (excludes securities premium amount) (F)	1,04,984.32	[●]
Total (G=D+E+F)	**1,77,479.47**	[●]
Total capitalization (H = C+G)	**2,63,829.16**	[●]
Total borrowings / total equity (I = C / G)	**48.65%**	[●]

Notes:

(1) The corresponding post-Issue capitalization data is not determinable at this stage and will be finalised upon determination of the Issue Price.

(2) We have availed a working capital loan of ₹5,000 lakh from ICICI Bank Limited and a temporary overdraft facility of ₹1,000 lakh from Axis Bank Limited post September 30, 2023.

CAPITAL STRUCTURE

The share capital of our Company as at the date of this Preliminary Placement Document is set forth below.

	Particulars	Aggregate value at face value (except for securities premium account) *(₹ lakh, except share related data and securities premium account)*
A	**AUTHORIZED SHARE CAPITAL**	
	11,00,00,000 Equity Shares of ₹1 each	1,100.00
B	**ISSUED SHARE CAPITAL BEFORE THE ISSUE**	
	8,68,01,898 Equity Shares of ₹1 each fully paid-up	868.01
C	**SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**	
	8,68,01,898 Equity Shares of ₹1 each fully paid-up	868.01
D	**PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT**	
	Up to [●] Equity Shares of ₹1 each aggregating up to ₹[●] lakh(1)(2)	[●]
E	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**	
	[●] Equity Shares of ₹1 each(2)	[●]
F	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue (as at the date of this Preliminary Placement Document) *(₹)*	72,495.15
	After the Issue *(₹)* (2)	[●]

(1) The Issue has been authorised by our Board pursuant to a resolution dated February 8, 2024, and by our shareholders pursuant to a special resolution dated March 14, 2024.

(2) To be determined upon finalization of the Issue Price.

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Equity share capital history of our Company

The history of the equity share capital of our Company is set forth below.

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Cumulative number of equity shares	Cumulative paid-up capital (₹)
November 6, 1987[(1)]	50	100	100	Cash	Initial subscription to memorandum of association	50	5,000
June 15, 1989	10,650	100	100	Cash	Allotment of equity shares	10,700	10,70,000
February 20, 1991	600	100	100	Cash	Allotment of equity shares	11,300	11,30,000
December 31, 1992	3,150	100	100	Cash	Allotment of equity shares	14,450	14,45,000
December 20, 1993	Sub-division of equity shares of face value of ₹100 to ₹10 each						
August 25, 1994	7,22,500	10	Not applicable	-	Bonus issuance	8,67,000	86,70,000
September 26, 1994	3,53,000	10	20	Cash	Allotment of equity shares	12,20,000	1,22,00,000
September 30, 1994	6,10,000	10	Not applicable	-	Bonus issuance	18,30,000	1,83,00,000
May 31, 1995	70,000	10	40	Cash	Preferential allotment	19,00,000	1,90,00,000
May 31, 1995	11,06,500	10	40	Cash	Initial public offering	30,06,500	3,00,65,000
October 14, 2005	4,65,000	10	250	Cash	Preferential allotment	34,71,500	3,47,15,000
February 6, 2006	3,50,400	10	230	Cash	Issue of forfeited equity shares	-	-
April 6, 2007	Sub-division of equity shares of face value of ₹10 to ₹2 each						
June 30, 2008	7,50,000	2	80	Cash	Issue of equity shares to promoters on conversion of warrants issued on preferential basis	1,81,07,500	3,62,15,000
January 19, 2009	39,16,665	2	-	Other than cash	Issue of equity shares to shareholders of erstwhile Shilpa Organics Private Limited pursuant to approval of scheme of amalgamation by High Court of Karnataka	2,20,24,165	4,40,48,330
September 24, 2010	20,00,000	2	350	Cash	Preferential allotment to Baring India Private Equity Fund III Limited	2,40,24,165	4,80,48,330
March 22, 2012	5,00,000	2	350	Cash	Issue of equity shares to promoters on conversion of warrants issued on preferential basis by the Company	2,45,24,165	4,90,48,330
July 20, 2013	1,22,62,082	2	-	-	Bonus issuance	3,67,86,247	7,35,72,494
May 15, 2014	1,764,705	2	425	Cash	Preferential allotment to Tano Mauritius India FVCI II	3,85,50,952	7,71,01,904
November 10, 2015	Sub-division of equity shares of face value of ₹2 to ₹1 each						
December 26, 2016	30,25,000	1	570	Cash	Preferential allotment to TA FII Investors Limited	8,01,26,904	8,01,26,904

Date of allotment	Number of equity shares allotted	Face value per equity share	Issue price per equity share	Nature of consideration	Nature of allotment	Cumulative number of equity shares	Cumulative paid-up capital
		(₹)	*(₹)*				*(₹)*
December 16, 2017	13,99,994	1	500	Other than cash	Allotment of equity shares to shareholders of erstwhile Navya Biologicals Private Limited pursuant to the scheme of amalgamation approved by the National Company Law Tribunal, Bengaluru	8,15,26,898	8,15,26,898
November 12, 2021	52,75,000	1	564	Cash	Preferential allotment of equity shares	8,68,01,898	8,68,01,898
Allotments in the one year immediately preceding the date of this Preliminary Placement Document							
-	-	-	-	-	-	-	-
Total						**8,68,01,898**	**8,68,01,898**

(1) The Company was incorporated on November 20, 1987; the equity shares were subscribed on November 6, 1987, pursuant to initial subscription to the memorandum of association.

For details in relation to unavailability of certain corporate records and form filings of the Company, see "*Risk Factors–We are unable to trace some of our historical records including forms filed with the Registrar of Companies. We cannot assure you that no legal proceedings or regulatory actions will be initiated against us in the future in relation to any such discrepancies.*" on page 67.

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Preference shares

As on the date of this Preliminary Placement Document, our Company does not have any outstanding preference shares.

Warrants

As on the date of this Preliminary Placement Document, our Company does not have any outstanding warrants.

Proposed allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotments shall be made by our Company, in consultation with the Lead Manager, to Eligible QIBs only, on a discretionary basis. For further details, see "*Proposed Allottees*" on page 247.

Pre-Issue and post-Issue shareholding pattern

The pre-Issue and post-Issue shareholding pattern of our Company is set forth below.

S. No.	Category	Pre-Issue(1)(2)		Post-Issue(3)	
		No. of Equity Shares held	% of shareholding	No. of Equity Shares held	% of shareholding
A.	**Promoter's holding(4)**				
1.	Indian				
	Individual	4,34,09,715	50.01	[●]	[●]
	Bodies corporate	-	-	[●]	[●]
	Sub-total	4,34,09,715	50.01	[●]	[●]
2.	Foreign	-	-	[●]	[●]
	Sub-total (A)	**4,34,09,715**	**50.01**	[●]	[●]
B.	**Non-promoter's holding**				
1.	Institutional investors	74,44,853	8.58	[●]	[●]
2.	Non-institutional investors			[●]	[●]
	Private corporate bodies	1,13,51,843	13.08	[●]	[●]
	Directors and relatives (other than Directors who are also Promoters)	31,077	0.04	[●]	[●]
	Indian public	2,20,93,193	25.45	[●]	[●]
	Others including non-resident Indians (NRIs)	22,00,628	2.53	[●]	[●]
	Investor education and protection fund (IEPF)	2,70,589	0.31	[●]	[●]
	Sub-total (B)	**4,33,92,183**	**49.99**	[●]	[●]
	Grand total (A+B)	**8,68,01,898**	**100.00**	[●]	[●]

(1) *Based on beneficiary position data of our Company as at December 31, 2023.*

(2) *Includes reclassification of certain promoters or members of promoter group to public.*

(3) *The details of the post-Issue shareholding pattern have been intentionally left blank and will be filled in before filing of the Placement Document with the Stock Exchanges.*

(4) *Includes shareholding of the members of the Promoter Group.*

Other confirmations

The Shareholders of our Company have, by a special resolution dated March 14, 2024 authorized the Issue. See "*Risk Factors— Our Company is proposing to raise additional funds subsequent to the Issue which may enhance the volatility in the price of the Equity Shares and lead to further dilution of shareholding.*" on page 67.

There will be no change in control of our Company pursuant to the Issue.

Our Promoters, Directors, Key Managerial Personnel, and members of the Senior Management of our Company do not intend to participate in the Issue.

Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of the Issue. Further, Equity Shares allotted pursuant to the Issue cannot be sold by the Allottee for a period of one year from the date of Allotment, except on the Stock Exchanges.

Our Company has not made any allotments for consideration other than cash, in the last one year preceding the date of this Preliminary Placement Document.

Our Equity Shares have been listed for a period of at least one year prior to the date of issuance of the postal ballot notice to our Shareholders in respect of the special resolution dated March 14, 2024, approving the Issue.

The Equity Shares held by our Company and Promoters, along with the members of the Promoter Group, are subject to lock-up for a period commencing on the date of this Preliminary Placement Document and ending 90 days from the date of Allotment. For further details, see "*Placement and Lock-Up*" on page 217.

There are no outstanding options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Preliminary Placement Document.

DIVIDENDS

The declaration and payment of dividends by our Company is governed by applicable provisions of the Companies Act, 2013 and the Articles of Association. Our Board has, on February 14, 2017, approved and adopted a formal dividend distribution policy (the "**Dividend Distribution Policy**") in accordance with Regulation 43A of the SEBI Listing Regulations.

The following table sets forth, for the period indicated, the dividend per Equity Share and the total amount of dividends declared on the Equity Shares.

Period/ Fiscal Year	Face value of the Equity Shares	Total dividend per Equity Share	Total amount of dividend	Rate
	(₹)		*(₹ lakh)*	*(%)*
Nine-month period ended December 31, 2023	1	-	-	-
2023	1	-	-	-
2022	1	1.10	954.82	110
2021	1	1.10	896.79	110

Further, no dividends have been declared or paid by our Company for the period from January 1, 2024 until the date of this Preliminary Placement Document.

The declaration and payment of dividend will be recommended by our Board of Directors and approved by our Shareholders at their discretion. The dividend for any Fiscal, if declared, shall be paid out of our Company's profits for that Fiscal or accumulated profits of any previous Fiscals in accordance with provisions of the Companies Act 2013, the Articles of Association and our Dividend Distribution Policy.

The Dividend Distribution Policy specifies that the following parameters and factors shall be considered before declaration of dividend: (i) net operating profit after tax; (ii) operating cash flow including cash flow; (iii) inadequacy of profits; (iv) working capital requirements; (v) capital expenditure requirements; (vi) resources required to fund acquisitions, amalgamations, mergers, etc., requiring significant allocation of capital; (vii) cost of borrowings; (ix) past dividend payout ratio; and (x) additional investment in Subsidiaries and Associates of the Company.

The Equity Shares to be issued in connection with the Issue shall qualify for any dividend, including interim dividend, if any, that is declared in respect of the Fiscal in which they have been allotted. For further information, see "*Description of the Equity Shares" and "Taxation*" on pages 231 and 233, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to convey our management's perspective on our financial condition and operating performance as at and for the nine-month periods ended December 31, 2023 and December 31, 2022 and as at and for the Fiscals 2023, 2022 and 2021 and should be read in conjunction with our Audited Consolidated Financial Statements and our Unaudited Interim Consolidated Financial Information, and the related auditors' reports thereon, included in "Financial Information" on page 248.

Our Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year. In this Preliminary Placement Document, unless specified otherwise, any reference to "the Company" or "our Company" refers to Shilpa Medicare Limited, on a standalone basis, and a reference to "we", "us" or "our" is a reference to our Company together with our Subsidiaries, Joint Ventures and Associates, on a consolidated basis. Unless otherwise stated, the financial information used in this section has been derived from our Audited Consolidated Financial Statements and our Unaudited Consolidated Financial Results.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. Factors that could cause, or contribute to, such differences include, but are not limited to, those discussed in "Risk Factors" and "Business" on pages 43 and 169, respectively, which discuss several factors and contingencies that could affect our financial condition and results of operations. Also see "Forward Looking Statements" on page 18.

Unless stated otherwise, industry and market data used in this section have been extracted from the CRISIL Report, which has been commissioned, and paid for, by our Company exclusively in connection with the Issue pursuant to an engagement letter dated February 26, 2024. See "Industry Overview" on page 132 for more information relating to the markets covered by the CRISIL Report and the size of the industry we operate in.

OVERVIEW

We are an integrated pharmaceutical company which manufactures APIs, Formulations, biologicals and other allopathic pharmaceutical preparations. Our development and manufacturing capabilities span various therapeutic areas and dosage forms. Our manufacturing facilities have been approved for export by various regulatory bodies including the U.S. FDA, the EMA, the PMDA, MFDS Korea, the TPD Canada, the TGA Australia, COFEPRIS and the UK MHRA, among others.

Our Company was established in 1987 and began commercial operations as a manufacturer of antibiotics in 1989. We have since expanded our offerings to include manufacture of APIs, biosimilars and Formulations (including those using novel drug-delivery systems), along with the provision of CDMO services. We are also investing in developing our capabilities in the manufacture of peptides and polymers. We sell our products and services, primarily on a B2B model, across 65 countries.

A break-down of our revenue from operations has been provided below for the periods indicated.

Particulars	**For the nine-month period ended December 31,**				**For the financial year ended March 31,**					
	2023		**2022**		**2023**		**2022**		**2021**	
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Pharmaceuticals	85,646.89	99.63	78,116.12	99.31	1,04,152.67	99.18	1,13,542.02	99.12	89,504.24	99.32
Power sales*	239.81	0.28	539.81	0.69	191.87	0.18	462.91	0.40	511.66	0.57
Others**	76.62	0.09	-	-	666.70	0.63	547.35	0.48	97.11	0.11
Total	**85,963.32**	**100**	**78,655.93**	**100**	**1,05,011.24**	**100.00**	**1,14,552.27**	**100.00**	**90,113.01**	**100.00**

* *Revenue generated through sale of electricity generated by wind turbines owned by our Company.*
** *Revenue received from export incentives including Merchandise Exports from India Scheme and the Service Exports from India Scheme.*

We operate across three verticals in our pharmaceutical business: (a) APIs; (b) Formulations; and (c) Emerging Business. We conduct our operations through a network of 18 Subsidiaries (nine Indian Subsidiaries and nine foreign Subsidiaries), three Associates and three Joint Ventures, as at December 31, 2023.

***APIs**:* Our API business is carried out through our wholly owned subsidiary, Shilpa Pharma Lifesciences, and includes the manufacture of APIs, intermediates and provision of CDMO services.

As at December 31, 2023, we manufactured 29 Oncology APIs including products such as Capecitabine, Gemcitabine Hydrochloride, Pemetrexed, Axitinib, Erlotinib Hydrochloride and Irinotecan Hydrochloride. In addition to India, we cater to other regulated and semi-regulated international markets including the United States, Europe, Japan, South Korea, Russia, Mexico, Brazil and various emerging markets. On the non-Oncology API front, we manufactured 20 APIs as at December 31, 2023 including key molecules such as Ambroxol, Tranexamic Acid and Ursodeoxycholic Acid. We are also investing in developing our capabilities in the manufacture of peptides and polymers.

Our API manufacturing facilities are located in Raichur, Karnataka and comprise two units with an aggregate installed capacity of 583.05 metric tons as at December 31, 2023. Our facilities hold export clearances from various regulatory bodies including the U.S. FDA, EMA, PMDA, COFEPRIS, KFA and TGA Australia. As at December 31, 2023, we had a total of 196 DMF filings across various countries comprising 44 DMFs with the U.S. FDA, 52 DMFs with the EMA, 19 DMFs with TPD Canada, 12 with TGA Australia and 69 in the rest of the world.

***Formulations**:* Our Formulations business is carried out by our Company, and primarily comprises: (i) manufacture of oral solids (tablets and capsules), liquid injections (aseptically and terminally sterilised) and lyophilised injectables for pharmaceutical organizations in various countries; and (ii) the manufacture of specialized Oncology formulations for cancer treatment facilities across India. Our Formulations products are designed with a patient centric approach with a focus on patient outcomes and enabling patient compliance.

Our Formulations manufacturing facilities are located in Hyderabad and Jadcherala in Telangana and Bengaluru in Karnataka. Our Formulations facilities have been accredited by regulators in various countries including the EMA, the TPD Canada, the TPG Australia, ANVISA Brazil, COFEPRIS, the UK MHRA and regulators in the UAE. As at December 31, 2023, we had an aggregate of 141 filings with regulatory agencies in various countries comprising 30 filings in the United States, 28 filings in the European Union, 9 filings in Canada, 34 filings in India and 40 filings in the rest of the world.

***Emerging Business**:* Our Emerging Business vertical comprises two segments, (i) biologicals, and (ii) NDDS Formulations. Our biologicals segment includes the production of biosimilars (MAB, microbial and vaccine manufacturing), CDMO operations, production of excipient and therapeutic grade recombinant albumin for use in Formulations while the NDDS Formulations segment includes offerings such as transdermal patches, sprays and orally dispersible films.

The manufacturing of biosimilars is carried out by our wholly-owned subsidiary, Shilpa Biologicals and the production of excipient and therapeutic grade recombinant albumin is carried out by Shilpa Biocare, while operations in the NDDS Formulations segment are carried out by our Company and Shilpa Therapeutics.

Our seven manufacturing facilities (six operational and one under development) are located in India in the states of Telangana and Karnataka. Our facilities are certified compliant with ISO 9001-2015 for Quality system, ISO 14001-2015 for Environment management system, OSHAS 18001-2007 for Occupational Health & Safety systems and our R&D facilities are certified by DSIR and adhere to good laboratory practices.

We operate five R&D facilities in the states of Karnataka, Telangana and Gujarat in India, and as at December 31, 2023, we had an R&D team comprising 310 personnel, representing approximately 12.28% of our total on-roll manpower as at that date. Our R&D operations are primarily carried out through our subsidiary, FTF Pharma, which operates dedicated formulations and development labs, R&D labs and a facility for handling high potent drugs and our R&D facility in Bengaluru, Karnataka operated by our Company.

Set out below is the breakdown of our revenue from operations across our operating verticals for the periods indicated.

Particulars	**For the nine-month period ended,**				**For the Financial Year ended,**					
	December 31, 2023		**December 31, 2022**		**March 31, 2023**		**March 31, 2022**		**March 31, 2021**	
	Revenue	**% of Revenue from operations**	**Revenue**	**% of Revenue from operations**	**Revenue**	**% of Revenue from operations**	**Revenue**	**% of Revenue from operations**	**Revenue**	**% of Revenue from operations**
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
API	58,883.84	68.69	57,873.52	74.09	76,617.57	73.09	74,770.52	65.54	58,188.34	64.94

Particulars	For the nine-month period ended,				For the Financial Year ended,					
	December 31, 2023		December 31, 2022		March 31, 2023		March 31, 2022		March 31, 2021	
	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Formulations	22,986.80	26.82	19,117.12	24.47	26,456.27	25.24	37,292.78	32.69	31,154.94	34.77
Emerging Business	3,852.89	4.49	1,125.47	1.44	1,745.44	1.67	2,026.06	1.78	258.00	0.29
Total	**85,723.51**	**100.00**	**78,116.12**	**100.00**	**1,04,819.27**	**100.00**	**1,14,089.37**	**100.00**	**89,601.35**	**100.00**

The details of the contribution to our revenue from operations from the various geographies in which we operate have been provided below.

Particulars	For the nine-month period ended,				For the financial year ended,					
	December 31, 2023		December 31, 2022		March 31, 2023		March 31, 2022		March 31, 2021	
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Revenue										
Within India (A)	**43,495.78**	**50.60**	**37,341.15**	**47.47**	**51,057.19**	**48.62**	**48,801.54**	**42.60**	**33,135.20**	**36.77**
Outside India (B)										
USA	14,137.86	16.45	7,735.42	9.83	10,596.18	10.09	14,129.77	12.33	8,818.23	9.79
Europe	15,043.82	17.50	16,114.10	20.49	21,313.09	20.30	32,517.06	28.39	26,085.35	28.95
Rest of the world	13,285.86	15.46	17,465.26	22.20	22,044.78	20.99	19,103.91	16.68	22,074.23	24.50
Sub-total	**42,467.54**	**49.40**	**41,314.78**	**52.53**	**53,954.05**	**51.38**	**65,750.74**	**57.40**	**56,977.81**	**63.23**
Total (A + B)	**85,963.32**	**100.00**	**78,655.93**	**100.00**	**1,05,011.24**	**100.00**	**1,14,552.28**	**100.00**	**90,113.01**	**100.00**

Financial Metrics

Set forth below are certain key financial performance indicators and accounting ratios as at the dates, and for the periods indicated.

Particulars	As at and for the nine-month period ended December 31,		As at and for the financial year ended March 31,		
	2023∞	2022	2023	2022	2021
Revenue from operations *(₹ lakh)*	85,963.32	78,665.92	1,05,011.24	1,14,552.27	90,113.01
PAT(1) (₹ *lakh*)	745.23	(2,285.96)	(3,091.59)	6,058.22	14,620.37
Gross margin (%)	46.24	50.89	52.47	61.56	65.30
EBITDA(3) (₹ *lakh*)	16,952.34	6,145.29	9,847.19	20,898.65	24,075.58
EBITDA Margin(4) *(%)*	19.72	7.81	9.37	18.24	26.72
Net Profit Margin(5) *(%)*	0.86	(2.85)	(2.90)	5.22	15.70
R&D Expense to Revenue(6)(%)	9.91	12.02	11.82	11.33	7.83
Interest Coverage Ratio(7)	2.44	1.81	1.90	4.66	6.09
Debt Service Coverage Ratio(8)	0.34	0.34	1.37	1.09	2.36

∞ The financial information set out in this Preliminary Placement Document for the nine-month period ended December 31, 2023 and December 31, 2022 has not been annualised.

<u>Notes</u>:

(1) PAT refers to profit after tax.
(2) Gross Margin is calculated by subtracting cost of goods sold from our net sales divided by our revenue from operations.
(3) EBITDA refers to earnings before interest, taxes, depreciation and amortization.
(4) EBITDA Margin refers to EBITDA during a given period as a percentage of revenue from operations during that period; it is a profitability ratio we use to calculate the percentage of profit we generate from our operations.
(5) Net Profit Margin quantifies our efficiency in generating profits from our revenue and is calculated by dividing our profit for the year/period by our revenue from operations during the relevant year/period.
(6) R&D Expense to Revenue is calculated by dividing R&D expenses for the year/ period by the revenue from operations during that year/ period and is expressed as a percentage.
(7) Interest Coverage Ratio is calculated by dividing cash profit after tax plus total finance cost by total finance cost.
(8) Debt Service Coverage Ratio is the sum of (i) profit after tax, (ii) depreciation, (iii) total finance cost, (iv) loss on sale of assets divided by the sum of (i) interest during the year/period and (ii) principal repayment during the year/ period.

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Set forth below are certain key financial performance indicators and accounting ratios as at and for the periods indicated.

Particulars	As at and for the six-month period ended, September 30, 2023∞	As at and for the financial year ended March 31,		
		2023	2022	2021
Inventory Turnover Ratio(1)	0.66	1.23	1.14	1.00
Current Ratio(2)	1.31	0.98	1.45	1.50
Fixed Assets Turnover Ratio(3)	0.41	0.84	0.92	0.89
Debt to EBITDA Ratio(4)	7.98	8.08	3.26	3.51
Debt to Equity Ratio(5)	0.49	0.45	0.38	0.58
Trade Receivables Turnover Ratio(6)	1.69	2.96	3.79	3.88
Trade Payables Turnover Ratio(7)	1.30	2.86	3.59	3.39
Net Capital Turnover Ratio(8)	2.94	7.10	2.86	2.04
Return on Equity Ratio(9)	0.16	(1.74)	3.34	9.96
Return on Capital Employed(10)	2.42	0.96	6.34	10.66
Return on Net Worth(11)	0.16	(1.74)	3.34	9.96

∞ *The financial information set out in this Preliminary Placement Document as at, and for the six-month period ended, September 30, 2023 has not been annualized.*

Notes:

(1) Inventory Turnover Ratio is calculated by dividing the cost of goods sold by average inventory. Average inventory is calculated by taking the average of the inventory at the beginning and the end of the accounting period.
(2) Current Ratio is calculated by dividing the total current assets by the total current liabilities.
(3) Fixed Asset Turnover Ratio is calculated by dividing our net sales by our fixed assets.
(4) Debt to EBITDA Ratio refers to net debt (i.e., borrowings (current and non-current) and current maturities of long-term borrowings less cash and cash equivalents and other bank balances (current and non-current)) divided by operating EBITDA.
(5) Debt to Equity Ratio is calculated as total borrowings divided by total equity.
(6) Trade Receivables Turnover Ratio is calculated by dividing revenue from operations by average trade receivables.
(7) Trade Payables Turnover Ratio is calculated by dividing cost of goods sold by average trade payables.
(8) Net Capital Turnover Ratio is calculated by dividing our revenue from operations by our working capital (i.e., current assets less current liabilities).
(9) RoE refers to profit for the year/ period divided by our net worth (i.e., share capital plus other equity) during that year/ period and is expressed as a percentage.
(10) RoCE refers to our EBIT during a given period by Capital Employed (i.e., total assets less current liabilities).
(11) Return on Net Worth is calculated by as net profit after tax attributable to our equity shareholders divided by our Net Worth (total shareholders' equity).

Set forth below are some of our key operational performance indicators as at December 31, 2023.

Metric	As at December 31, 2023
DMF Filings	196
Patents	113
Formulations Regulatory Filings	141

The global API market is connected through supply chains across the different parts of the world and the supply chains for API are constantly evolving according to demand-supply trends in the industry. Price and regulatory compliances are also one of the key elements that affects the global API market. The global API market consists of regional hubs in which manufacturers specialize in producing different types of ingredients for different sections of the global pharma market. In Asia particularly in China, the API industry is known for low-cost, high-volume API manufacturing and it is one of the key global source for the global pharmaceutical industry. The pandemic highlighted the global reliance on China for APIs for various drugs. However, the COVID-19 pandemic has given opportunities for pharmaceutical players to tap into the opportunities created by players diversifying the supply chains especially in the API segment where globally players are diversifying the sourcing from a single source like China. India being one of the key manufacturing hubs for pharmaceutical production, Indian pharmaceutical players can benefit from such diversification. *(Source: CRISIL Report)*

The Formulation market in India has seen healthy growth in the recent years. As of Fiscal 2023, the Indian Formulations market contributed approximately 2 to 3% of the total global pharmaceutical market. Indian Formulations market (consumption) increased at CAGR of 9% from Fiscal 2018 to Fiscal 2023 and is expected to increase at a CAGR of 9 to 10% over the next five years to reach approximately ₹2.8 to 3.0 trillion in Fiscal 2028, supported by strong demand because of rising incidence of chronic diseases, increased awareness and access to quality healthcare. *(Source: CRISIL Report)*

The global Biologics and biosimilar market is expected to reach approximately USD 750 to 800 billion by 2028 growing at approximately CAGR of 10-11% between 2023 and 2028, driven by the launch of new biologics. Higher effectiveness of biologics over conventional drugs has prompted global players to undertake more research and development in the segment. According to CRISIL Report, the share of biopharmaceuticals is expected to increase approximately 39 to 42% by 2028 from approximately 31% in 2023. *(Source: CRISIL Report)*

We endeavour to leverage our established presence in the API and formulations markets, particularly our strong capabilities in the therapeutic areas of Oncology, to cater to the growing demand in India and international markets while also placing emphasis on R&D to enable the development of innovative products in our emerging business segment such as biologicals and novel-drug delivery system formulations.

FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Set out below are certain important factors that have affected, and which may continue to affect, our results of operations and financial condition. Our results of operations and financial condition are subject to various risks and uncertainties, including those discussed in "*Risk Factors*" on page 43.

General economic conditions and performance of the global pharmaceutical industry

Our performance and growth will depend to a large extent on the health of the economies in which we operate. While our Company is incorporated in India and our manufacturing facilities are based in India, our products are sold in, among other regions, India, the United States, Europe, Africa, the rest of Asia, the Middle East, Latin America and other parts of the world. We are, therefore, dependent on domestic, regional and global economic and market conditions. Our business, results of operation and financial condition could be influenced by factors such as inflation, access to capital and borrowing costs, trade policies in terms of tariff and non-tariff barriers, India's trade deficit, fluctuations in global commodity prices and fluctuations in India's foreign exchange reserves or currency exchange rates, among others.

According to the CRISIL Report, global GDP, which is estimated to have expanded 3.1% in 2023, is projected to mirror that growth rate in 2024 and expand slightly thereafter to 3.2% in 2025, according to the International Monetary Fund's (IMF) January 2024 update, mainly on account of better-than-expected resilience of the U.S. and several large emerging market and developing economies, as well as fiscal support in China. With disinflation, steady economic growth and broadly balanced risks to global growth, the likelihood of a hard landing of economies has receded. In fact, inflation has been cooling faster than expected amid easing of global supply chains. Faster disinflation could lead to further easing of financial conditions as well. Globally, healthcare expenditure as a percentage of GDP increased at 10.3% on-year in 2021, owing to availability of better medical facilities, advancements in medicine and increase in disposable incomes. In 2024 and 2025, India's GDP is forecasted to grow 6.8% and 6.5%, respectively, which is moderated by slowing global growth, impact of rising interest rates, waning of pent-up demand for services and increasing geopolitical uncertainty. Still, the manufacturing sector, investments and domestic demand are expected to remain resilient. Between Fiscal 2025 and Fiscal 2031, CRISIL expects India to sustain average GDP growth of 6.7%. Fiscal 2031 will mark the year when India enters the upper middle-income country club with per capita income rising to ~$4,500, as per World Bank definition and capital investments will contribute more to this growth. (*Source: CRISIL Report*)

The global pharmaceuticals market has logged a CAGR of ~4% from ~$1,200 billion in 2018 to ~$1,494 billion in 2023, and the market is estimated to have moderated in 2023. However, it is expected to sustain 5.0%-5.5% CAGR over the next five years from 2023 to 2028 to reach ~$1,900 to $1,950 billion by 2028. As of 2023, the U.S. led the global pharmaceutical consumption in value terms. The U.S. has been the dominant market in the global pharmaceuticals industry and constitutes ~40% of the overall consumption of the global pharmaceuticals market. It is followed by Europe, which accounts for ~26% of the global pharmaceuticals market. The Asia-Pacific region accounts for ~21% share in the global pharmaceuticals market with countries such as India and China, which are among the fastest growing markets. (*Source: CRISIL Report*)

Globally, pharmaceutical companies are offering drugs for customized treatment and precision medicine for different diseases, which aim to provide medical care according to the patient's individual characteristics, needs, preferences, and genetic make-up. Also, generic medicines are seeing increased uptake with cost advantages and effective treatment options. The global API market was valued at U.S.$ 227 billion in 2023 and is expected to reach U.S.$ 290-300 billion by 2028, registering a CAGR of ~5.0-5.5% during the period of 2023-2028. The rising introduction of new drugs and biological products, acquisitions, collaborations, and regional expansion are some of the key factors which will support the growth in the global API market. Another key factor driving the growth of the global API market are the rising importance of generics, rising prevalence of chronic diseases and the increasing uptake of biopharmaceuticals. Rising R&D trends, novel drug delivery systems, the growing demand of shifting toward the development of complex APIs used in novel formulations and targeting niche therapeutic areas are likely to boost the global API market. Oncology, another chronic therapy area, is one of the key segments in the global API market and will be driven the rising burden of cancer and new product launches. Several companies are focusing on extensive R&D activities for the development of drugs that are specific to novel biomarkers. Oncology segment in global API market is estimated to be U.S.$ 27 billion in 2023 and accounts for ~12% of the market. (*Source: CRISIL Report*)

Efficiency in production capabilities and ability to maintain quality

We are committed to improving our operating margins through efficient management of our production costs, performance management, cost optimization, digitalization and strategic planning and, accordingly, we propose to implement process changes, backward integration of intermediates including reducing our reliance on imports for raw materials, running campaign batches (*i.e.,* manufacturing batches of the same product consecutively) and increasing the scale of our operations by increasing batch sizes and expanding the capabilities of our manufacturing blocks. See "*Our Business—Strategy—Optimising our manufacturing processes to enable competitive manufacturing cost-effective R&D*" and "*Business—Suppliers*" on pages 177 and 184, respectively.

Improvements in efficiency of our business is also dependent, among other factors, on the availability of key raw materials which are of high quality and at competitive prices. Our cost of materials consumed constituted 37.59%, 36.70%, 35.28%, 33.33% and 35.39%, of our revenue from operations in the nine-month periods ended December 31, 2023 and December 31, 2022 and in Fiscals 2023, 2022 and 2021, respectively, and 38.73%, 34.64%, 33.62%, 35.92% and 40.09%, respectively, of our total expenses in those periods.

We are dependent on domestic and international third-party suppliers for the supply of a majority of our raw materials and we typically do not have long-term contractual arrangements with these suppliers, and we procure raw materials through purchase orders issued from time to time. We determine margin by deducting cost of goods sold from revenue from operations, and we determine material margin percentage by dividing margin during a particular period by our revenue from operations in such period. In the nine-month periods ended December 31, 2023 and December 31, 2022 and in Fiscals 2023, 2022 and 2021, our material margin percentage was 63.88%, 58.50%, 60.39%, 66.55% and 69.96%, respectively. Since, we do not have any long-term contracts with our third-party suppliers, the prices are negotiated for each purchase order and we generally have more than one supplier for each raw material. We seek to source our materials from reputed suppliers and typically seek quotations from multiple suppliers. Historically, we have sourced raw materials from vendors in India, China, Korea and the United States. Our cost of imported raw materials, as a percentage of total raw materials purchases, were 39.46% in Fiscal 2023 compared to 69.33% in Fiscal 2021. Arrangements with raw material suppliers are subject to, among other things, regulatory requirements, various import duties and other government clearances.

Our research and development efforts

Our business depends to a significant degree on our ability to successfully conduct research and development ("**R&D**") activities with respect to new products. We operated R&D centres as at December 31, 2023 in Raichur, Ahmedabad, Dharwad, Bengaluru and Hyderabad. We have a team of 310 experts as at December 31, 2023 that works to identify ideas of complex products that create value at our end users' level by improving the efficacy, safety and cost of existing products. Our R&D team collaborates with our wider teams to understand the evolving needs of our customers and we endeavour to develop products that meet their demands. Furthering our R&D efforts, in our Formulations Business, we have developed products such as: (i) oral product for the treatment of non-alcoholic fatty liver disease; (ii) transdermal patches for the treatment of parkinsons disease; (iii) a topical lotion for the treatment of androgenic alopecia; and (iv) tranexamic acid spray, an anti-coagulant which has applications in treatment of emergent cases such as accidents and wars. Our R&D endeavours have also complemented the sale of our products to increase our presence in our Emerging Business involving biologicals and biosimilar drugs. Our business, financial and operating results have therefore been, and will continue to be, affected by our ability to continue to launch new products.

We commit substantial time, funds and other resources towards R&D in areas which we believe have significant growth potential. In the nine-month periods ended December 31, 2023 and December 31, 2022 and in the Fiscals 2023, 2022 and 2021, our research and development expenses were ₹8,515.77 lakh, ₹9,454.92 lakh, ₹12,411.01 lakh, ₹12,976.85 lakh and ₹7,051.44 lakh, respectively, which constituted 9.91%, 12.02%, 11.82%, 11.33%, and 7.83% of our total revenue from operations in those periods and constituted 10.21%, 11.35%, 11.26%, 12.21%, and 8.87% of our total expenses in those periods. Due to the time it takes to develop a product and obtain approvals from customers and regulators, the competitive landscape for such products may change or differ significantly from what was anticipated, and our products may not hold the competitive advantages in pricing or efficacy that we had anticipated during development. Our investment in R&D could result in higher costs without a proportionate increase in revenues. In addition, we must adapt to rapid changes in our industry due to technological advances and scientific discoveries. The cost of implementing new technologies, upgrading our manufacturing facilities and retaining our research staff could be significant and could adversely affect our profitability. In addition, we must adapt to rapid changes in our industry due to technological advances and scientific discoveries. We strive to keep our technology, facilities and machinery current with the latest international standards. The cost of implementing new technologies, upgrading our manufacturing facilities and retaining our research staff could affect our results of operations and cash flows.

Regulatory restrictions

The development, testing, manufacturing, marketing and sale of pharmaceutical products are subject to extensive regulation in India and other countries. Our API manufacturing facilities are cGMP compliant and have been approved by various regulatory bodies including the U.S. FDA, the EMA, COFEPRIS, the PMDA, MFDS Korea, the TPD Canada and the TGA Australia and our transdermal patches and orally dispersible films facility has been approved by the UK MHRA, among others.

These regulatory requirements impact many aspects of our operations, including manufacture, development, storage, distribution, import and export and record keeping related to our products. Regulatory agencies may delay, limit or deny approval for our products for various reasons, including:

(i) changes to the regulatory approval process, including new data requirements for product candidates in those jurisdictions, including India and United States;

(ii) concerns regarding the efficacy and safety of the products manufactured, leading to regulators requiring recall of products;

(iii) resource constraints at the agency resulting in delayed review of submitted information; and

(iv) the manufacturing processes, facilities, systems or personnel not meeting the applicable GMP requirements.

For instance, the U.S. FDA inspected our Jadcherla unit in February 2020 and issued the U.S. FDA Warning Letter. We responded to the U.S. FDA Warning Letter in October 2020, along with eleven follow-up responses, outlining the corrective and preventive actions and the progress thereon and subsequently had tele-meetings with the U.S. FDA in November 2020. Subsequently, in February 2021, the U.S. FDA Import Alert was imposed regarding our Formulations manufacturing facilities located at Jadcherla, Telangana, India. Since 2021, our facilities have been subject to inspections and audits by regulators including the U.S. FDA, the Ministry of Health, Russia, COFEPRIS, Mexico, the TGA Australia, ANVISA Brazil, the TPD Canada and the PMDA. Further, our facilities have also been subject to 201 inspections and audits by our customers during this period. Policy decisions by regulators, such as the U.S. FDA, in major developed countries may have the effect of limiting the sale and/or importation of our products, which has had and may continue to have a material effect on our business. For further details, see "*Risk Factors—The pharmaceutical industry is subject to extensive regulation and our business activities require various approvals, licenses, registrations and permissions.*" on page 43.

Issuance of an import alert or an action by a regulatory authority may potentially impact our operations, including the manufacture and development of our products. Therefore, pursuant to receipt of a warning letter by any regulatory authority, we may, in certain circumstances, undertake certain precautionary steps to hedge any probable adverse impact of any forthcoming import alert. Such steps include, among other things, (i) halting the development and launch of new products; (ii) pausing the process of filings and/or approval of our products; (iii) identifying an alternate manufacturing facility to shift production of certain critical/important products; (iv) purchasing additional equipment for the alternate manufacturing facility; and (v) incurring additional capital expenditure. Such precautionary steps could lead to process damages, which could in turn lead to decrease in profitability, increase in our expenses and may adversely affect our cash flows.

Our capacity utilization

Set out below are details of our installed manufacturing capacity and capacity utilization for our API manufacturing facilities for the periods indicated*.

Unit	Particulars	Nine-month period ended December 31,		Financial Year ended March 31,		
		2023	2022	2023	2022	2021
Raichur Unit – 1	Annual Production Capacity *(metric tons)*	316.25	320.50	427.4	403.90	288.60
	Actual Production *(metric tons)*	268.8	287.50	383.6	262.40	238.55
	Capacity Utilization *(%)*	**85.00**	**89.70**	**89.75**	**64.97**	**82.66**
Raichur Unit – 2	Annual Production Capacity *(metric tons)*	266.8	280.20	362.8	436.85	453.10
	Actual Production *(metric tons)*	191.08	203.40	270	344.70	387.10
	Capacity Utilization *(%)*	**71.62**	**72.59**	**74.42**	**78.91**	**85.43**

**As certified by Guttula Sree Rama Murthy, independent chartered engineer, by way of his certificate dated April 3, 2024.*

Set out below are details of our installed manufacturing capacity and capacity utilization for our Formulations manufacturing units for the periods indicated*.

Unit	Particulars	Nine-month period ended December 31,		Financial Year ended March 31,		
		2023	2022	2023	2022	2021
Jedcherla	Annual Production Capacity *(million dosages)*	57.07	57.07	75.51	75.51	75.51
	Actual Production *(million dosages)*	13.49	4.35	8.25	3.94	4.44
	Capacity Utilization *(%)*	**23.64**	**7.63**	**10.93**	**5.22**	**5.89**
Bengaluru	Annual Production Capacity *(million dosages)*	56.25	56.25	75	75	NA
	Actual Production *(million dosages)*	1.29	0.92	1.29	0.92	NA
	Capacity Utilization *(%)*	**2.31**	**1.65**	**1.73**	**1.24**	**NA**

** As certified by Guttula Sree Rama Murthy, independent chartered engineer, by way of his certificate dated April 3, 2024.*

Our actual production levels and utilization rates may differ from the estimated manufacturing capacities of our facilities. See "*Risk Factors—Information relating to the installed capacity, actual production and capacity utilization of our manufacturing facilities included in this Preliminary Placement Document are based on various assumptions and estimates and future production and capacity may vary.*" on page 64.

In order to maximize our profits, we must maintain adequate capacity utilization at our manufacturing facilities and an appropriate standard of quality in our manufacturing facilities' equipment and machinery. Capacity utilization is affected by the demand and supply balance, which in turn affects our profit margin. High capacity utilization allows us to optimize costs, resulting in a high profit margin whereas lower capacity utilization rates may reflect higher and often disproportionate operational and fixed costs impacting our profitability. In the past, we have optimized the capacity utilization increasing batch sizes and by utilizing the existing facilities with campaign batches, *i.e.,* manufacturing batches of the same product consecutively, both of which improve efficiency and increase the capacity utilization by improving resource allocation and rationalising overall manufacturing and operating costs. For instance, we have invested in enhancing our capabilities for the manufacture of multi-cyclic and long chain peptides with high purity, including by setting up a dedicated block for peptides at our API manufacturing facility in Raichur. We believe that we align ourselves to accommodate growth and capitalize on our capabilities to meet increasing demand, our actual production levels and utilization rates may differ from the estimated manufacturing capacities of our facilities.

Availability of cost-effective sources for funding our working capital requirements

Our ability to grow depends largely on cost effective avenues of funding. Our business requires significant amount of working capital primarily as there is a considerable amount of time lag between the purchase of raw materials and the realisation from the sale of our finished products. We require such funds to meet any expenses incurred in the ordinary course of business, including payment of salaries and wages, rent, administration expenses, insurance related expenses, payment of taxes and duties, advertisement, brand building and other marketing expenses, payment of interest on borrowings and meeting any other exigencies which we may face in the ordinary course of our business.

Our working capital requirements could increase if there is a considerable difference between the holding levels of our trade payables and our trade receivables and insufficient cash flows may affect our ability to fund our working capital requirements. We have, and may continue to have, high levels of outstanding receivables. As at September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, our trade receivables were ₹35,538.73 lakh ₹32,434.91 lakh, ₹38,632.59 lakh and ₹21,749.80 lakh, respectively. Further, we are exposed to counterparty credit risk in the usual course of our business due to the nature of, and the inherent risks involved in, dealings, agreements and arrangements with our counterparties who may delay or fail to make payments or perform their other contractual obligations. Set forth below are details relating to holding levels of our trade payables, trade receivables, inventory turnover and working capital cycle, for the periods indicated.

Particulars	Number of days for the Fiscal		
	2023	**2022**	**2021**
Trade receivables days[(1)]	113	123	88
Inventory turnover days[(2)]	281	339	428
Trade payables days[(3)]	80	79	51
Working capital days[(4)]	**314**	**383**	**465**

[(1)] Trade receivables days have been calculated as trade receivables divided by revenue from contracts with customers/revenue from operations multiplied by 365 days.
[(2)] Inventory turnover days have been calculated by dividing closing inventory by cost of goods multiplied by 365 days.
[(3)] Trade payables days have been calculated as trade payables divided by operational expenses multiplied by 365 days.
[(4)] Working capital days describes the number of days it takes for us to convert our working capital into revenue and is calculated by deducting trade payable days from trade receivable days and inventory turnover days.

We typically finance our working capital requirements through cash flows from our operations and certain fund based and non-fund based facilities. As at September 30, 2023 and March 31, 2023, our outstanding borrowings aggregated to ₹86,349.69 lakh and ₹79,572.18 lakh, respectively. Access to adequate capital from our lenders is on such terms and conditions which are mutually acceptable to our Company and the lenders.

Geographical Revenue Diversification

We have an established presence in both Indian and international markets and continue to take steps in strengthening our market position. As at December 31, 2023, we catered to customers located across 65 countries. we had a total of 196 DMF filings across various countries comprising 44 DMFs with the U.S. FDA, 52 DMFs with the EMA and 19 DMFs with TPD Canada, 12 DMFs with TGA Australia and 69 DMFs in the rest of the world, and have significant experience operating in key regulated markets. Set forth below are details of the contribution to our revenue from operations across various geographies in which we operate.

Particulars	For the nine-month period ended,				For the financial year ended,					
	December 31, 2023		**December 31, 2022**		**March 31, 2023**		**March 31, 2022**		**March 31, 2021**	
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Revenue										
Within India (A)	**43,495.78**	**50.60**	**37,341.15**	**47.47**	**51,057.19**	**48.62**	**48,801.54**	**42.60**	**33,135.20**	**36.77**
Outside India (B)										
USA	14,137.86	16.45	7,735.42	9.83	10,596.18	10.09	14,129.77	12.33	8,818.23	9.79
Europe	15,043.82	17.50	16,114.10	20.49	21,313.09	20.30	32,517.06	28.39	26,085.35	28.95
Rest of the world	13,285.86	15.46	17,465.26	22.20	22,044.78	20.99	19,103.91	16.68	22,074.23	24.50
Sub-total	**42,467.54**	**49.40**	**41,314.78**	**52.53**	**53,954.05**	**51.38**	**65,750.74**	**57.40**	**56,977.81**	**63.23**
Total (A + B)	**85,963.32**	**100.00**	**78,655.93**	**100.00**	**1,05,011.24**	**100.00**	**1,14,552.28**	**100.00**	**90,113.01**	**100.00**

We are developing bespoke strategies for expansion of our operations in key international markets such as the United States, the European Union and other emerging markets to improve our geographical revenue diversification. These include exploring opportunities for licensing and tailored supply arrangements for pharmaceutical companies catering to these key markets. As at December 31, 2023, we had 89 personnel in our business development team and sales and marketing team who work to identify ideas on capitalizing on our assets and comprehensive range of pharmaceutical products and services across our three verticals in such markets.

According to the CRISIL Report, the Oncology therapy area in global formulation market is valued at U.S.$ 247 billion as of 2023 and is expected to rise to U.S.$ 405-425 billion by the year 2028. The share of Oncology therapy area in the overall global formulation market has seen an increasing trend and is expected to reach approximately 22% by the year 2028. We endeavour to leverage our established presence in certain key areas such as the therapeutic areas of Oncology, which has been aided by development of complex APIs in the Oncology, peptides and complex injectables, to cater to the growing demand in international markets while also placing emphasis on our research activities to enable the development of innovative products. We have also filed six additional DMFs for certain Oncology APIs that are due to expire in 2027, thereby facilitating a further expansion of our product offerings. We believe we have a strong pipeline of molecules going off patent in foreseeable future and are well equipped to leverage upon the opportunity in the space for off-patent Oncology products.

Maintaining and enhancing relationships with key CDMO customers

With an emphasis on continuous business optimization, we have been strategically expanding our CDMO business and we have started providing comprehensive CDMO services to certain customers. In order to deepen our relationships and engagement with our customers within our CDMO business, we will be required to gain a better understanding of the supply chain and manufacturing risks that such customers face, develop the differentiating capabilities that will fill such gaps such as dynamic pricing through use of predictive algorithms, enhance our development and manufacturing capabilities that will make us suitable for a variety of contract types and business models, provide our customers a dynamic view of batch characteristics and real-time transparency, in addition to maintaining our focus on enhancing our relationship or account management capabilities.

We believe that such an approach will help us pivot towards enhanced relationships with certain customers that will allow us to capitalize on new opportunities for strategic collaboration, making us an even more integral part of our customers' supply chains, which will increase our competitiveness in the long term and allow us to fully leverage the market opportunity. Until such customer relationships reach the anticipated levels, our profit margins for each type of products manufactured by us pursuant to our CDMO services could vary and our production lines may be required to be readjusted according to customers' orders. In addition, our CDMO agreements impose several contractual obligations upon us and we are also subject to strict technical specifications, quality requirements, regular inspections and audits by our CDMO customers. If we are unable to meet these contractual obligations and/ or our customers perceive any deficiency in our services, technology or quality control procedures, we may lose business from such customers (and, in turn, market share), face legal liabilities and could negatively impact our reputation.

NON-GAAP FINANCIAL MEASURES

We use certain supplemental non-GAAP financial measures to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that these non-GAAP financial measures, when taken together with financial measures prepared in accordance with Ind AS, may be helpful to investors because they provide an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies operating in our industry because they provide consistency and comparability with past financial performance. Set out below are definitions of certain key non-GAAP financial measures and key performance indicators such as EBIT, EBITDA, EBITDA Margin, Net Profit Margin, Net Profit Ratio, R&D Expense to Revenue, Interest Coverage Ratio, Debt Service Coverage Ratio, Inventory Turnover Ratio, Current Ratio, Fixed Assets Turnover Ratio, Debt to EBITDA Ratio, Debt to Equity Ratio, Trade Receivables Turnover Ratio, Trade Payables Turnover Ratio, Net Capital Turnover Ratio, Return on Equity Ratio, Return on Capital Employed and Return on Net Worth, along with a brief explanation of their calculation.

These non-GAAP financial measures are supplemental measures that are not required by, or presented in accordance with, Ind AS, IFRS or U.S. GAAP. These non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation from or as a substitute for analysis of our historical financial performance, as reported and presented in our financial information presented in accordance with Ind AS. These non-GAAP financial measures may not reflect our cash expenditures or future requirements for capital expenditure or contractual commitments; changes in, or cash requirements for, our working capital needs and the finance cost, or the cash requirements necessary to service our debt. These non-GAAP financial measures may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and may not be comparable to similarly titled measures presented by other companies. Therefore, these non-GAAP financial measures should not be viewed as substitutes for performance or profitability measures under Ind AS or as indicators of our operating performance, cash flows, liquidity or profitability.

Further, please note that the financial information set out in this Preliminary Placement Document as at and for the six-month period ended September 30, 2023 and as at and for the nine-month periods ended December 31, 2023 and December 31, 2022 has not been annualised.

See "*Risk Factors—Certain non-GAAP measures used in this Preliminary Placement Document to review and analyse our financial performance and financial condition may have limitations as analytical tools, may vary from any standard methodology applicable across the wind energy industry, and may not be comparable with financial or statistical information of similar nomenclature computed and presented by other wind energy companies.*" on page 63.

Gross Margin

"**Gross Margin**" is the amount that we retain after incurring the direct costs associated with the production of the goods that we sell and the services we provide and is calculated by subtracting cost of goods sold from our net sales.

Particulars	Nine-month period ended December 31,		Fiscal		
	2023	2022	2023	2022	2021
	(₹ lakh, unless otherwise specified)				
Net Sales	70,798.28	72,681.15	96,689.66	1,08,837.93	85,920.78
Less: Cost of Goods sold	31,047.59	32,646.08	41,592.30	38,321.81	27,073.08
Gross Margin (A)	**39,750.69**	**40,035.07**	**55,097.36**	**70,516.12**	**58,847.70**
Revenue from operations (B)	85,963.32	78,665.92	1,05,011.24	1,14,552.27	90,113,01
Gross Margin % (A/B)	**46.24**	**50.89**	**52.47**	**61.56**	**65.30**

EBIT, EBITDA, EBITDA Margin and Net Profit Margin

"**EBIT**" is defined as earnings before interest and taxes. "**EBITDA**" is defined as earnings before interest, taxes, depreciation and amortization. "**EBITDA Margin**" is a profitability ratio we use to calculate the percentage of profit we generate from our operations; it is defined as our EBITDA during a given period as a percentage of revenue from operations during that period. "**Net Profit Margin**" is equal to how much net profit is generated as a percentage of revenue; it is calculated by dividing our net profit for the year by our total revenue during that period and is expressed as a percentage. The table below reconciles our profit for the year to EBITDA, for the periods indicated, and sets out our EBITDA Margin and Net Profit Margin, for the periods indicated.

Particulars	Nine-month period ended December 31,		Fiscal		
	2023	2022	2023	2022	2021
	(₹ lakh, unless otherwise specified)				
Profit/ (loss) for the year (A)	745.23	(2,285.96)	(3,091.59)	6,058.22	14,620.37
Add:					
Finance cost, net	6,760.56	4,091.33	5,865.21	4,116.52	2,186.87
Income tax expense	1,917.47	(1,118.23)	(736.36)	4,168.27	4,884.83
EBIT (B)	9,423.26	687.14	2,037.26	14,343.01	21,692.07
Add:					
Depreciation and amortization expense	8,124.48	6,980.82	9,549.90	7,980.19	5,397.67
Less:					
Other Income	595.40	1,522.67	1,739.97	1,424.55	3,014.16
EBITDA (C)	**16,952.34**	**6,145.29**	**9,847.19**	**20,898.65**	**24,075.58**
Revenue from operations (D)	**85,963.32**	**78,655.92**	**1,05,011.24**	**1,14,552.28**	**90,113.01**
EBITDA Margin (C/D) ***(%)***	**19.72**	**7.81**	**9.37**	**18.24**	**26.72**
Total Revenue (E)	**86,558.72**	**80,178.59**	**1,06,751.21**	**1,15,976.83**	**93,127.17**
Net Profit Margin (A/E) ***(%)***	**0.86**	**(2.85)**	**(2.90)**	**5.22**	**15.70**

Net Profit Ratio

"**Net Profit Ratio**" quantifies our efficiency in generating profits from our revenue and is calculated by dividing our net profit after taxes by our total revenue. The table below sets out our Net Profit Ratio, for the Fiscals and periods indicated.

Particulars	Nine-month period ended December 31,		Fiscal		
	2023	2022	2023	2022	2021
	(₹ lakh, unless otherwise specified)				
Net profit after taxes (A)	745.23	(2,285.96)	(3,091.59)	6,058.22	14,620.37
Total Revenue (B)	86,558.72	80,178.59	1,06,751.21	1,15,976.83	93,127.17
Net Profit Ratio (A/B)	**0.86**	**(2.85)**	**(2.90)**	**5.22**	**15.70**

R&D Expense to Revenue

"**R&D Expense to Revenue**" reflects the percentage of our revenue spent on research and development and is calculated by dividing R&D expenses for the year/ period divided by the revenue from operations during that year/ period and is expressed as a percentage.

Particulars	Nine-month period ended December 31,		Fiscal		
	2023	2022	2023	2022	2021
	(₹ lakh, unless otherwise specified)				
R&D Expense (A)	8,515.77	9,454.92	12,411.01	12,976.85	7,051.44
Revenue from operations (B)	85,963.32	78,665.92	1,05,011.24	1,14,552.28	90,113.01
***R&D Expense to Revenue from Operations* A/B) (%)**	**9.91**	**12.02**	**11.82**	**11.33**	**7.83**

Interest Coverage Ratio

"**Interest Coverage Ratio**" measures our ability to make interest payments from available earnings and is calculated by dividing cash profit after tax plus total finance cost by total finance cost. The table below sets out the calculation of our Interest Coverage Ratio, for the periods indicated below.

Particulars	Nine-month period ended December 31,		Fiscal		
	2023	2022	2023	2022	2021
	(₹ lakh, unless otherwise specified)				
Cash profit after tax (A)	17,869.01	7,912.27	11,937.78	21,791.42	21,143.72
Total finance cost (B)	7,336.52	4,380.65	6,270.32	4,675.92	3,471.02
Interest Coverage Ratio {(A) + (B)}/ (B) *(%)*	**2.44**	**1.81**	**1.90**	**4.66**	**6.09**

Debt Service Coverage Ratio

"**Debt Service Coverage Ratio**" measures our ability to meet principal and interest payment obligations from available earnings and is calculated by dividing the sum of (i) earnings available for debt-service, *i.e.*, the profit after tax, (ii) depreciation, (iii) total finance cost, (iv) loss on sale of assets; by the sum of (i) interest during the year/period and (ii) principal repayment during the year/ period. The table below sets out the calculation of our Debt Service Coverage Ratio, for the periods indicated below.

Particulars	Nine-month period ended December 31,		Fiscal		
	2023	2022	2023	2022	2021
	(₹ lakh, unless otherwise specified)				
Profit after tax (A)	745.23	(2,285.96)	(3,091.59)	6,058.22	14,620.37
Depreciation (B)	8,124.48	6,980.82	9,549.90	7,980.19	5,397.67
Total finance cost (C)	6,618.03	4,075.36	5,834.86	4,097.83	2,151.27
Loss on sale of assets (D)	(38.63)	49.56	26.48	160.22	59.32
Interest during the year (E)	7,336.52	4,380.65	6,270.32	4,675.91	3,471.02

Particulars	Nine-month period ended December 31,		Fiscal		
	2023	2022	2023	2022	2021
	(₹ lakh, unless otherwise specified)				
Principal repayment during the year (F)	38,726.42	21,498.37	2,745.28	12,167.85	5,958.73
Debt Service Coverage Ratio {(A)+(B)+(C)+(D)} / {(E)+(F)}	**0.34**	**0.34**	**1.37**	**1.09**	**2.36**

Inventory Turnover Ratio

"**Inventory Turnover Ratio**" is the number of times we sell and replace our inventory during a given period and is calculated by dividing our cost of goods sold by average inventory. Average inventory is calculated by taking the average of the inventory at the beginning and the end of the accounting period. The table below sets out our Inventory Turnover Ratio, for the periods indicated below.

Particulars	As at and for the six-month period ended, September 30, 2023	As at and for the Fiscal		
		2023	2022	2021
	(₹ lakh, unless otherwise specified)			
Cost of Goods Sold (A)	21,396.07	41,592.30	38,321.82	27,073.08
Average inventory (B)	32,571.08	33,752.97	33,603.79	27,163.55
Inventory Turnover Ratio (A/B)	**0.66**	**1.23**	**1.14**	**1.00**

Current Ratio

"**Current Ratio**" is a liquidity ratio that measures our ability to pay short-term obligations (those which are due within one year) and is calculated by dividing the total current assets by the total current liabilities. The table below sets out details of our Current Ratio, as at the dates indicated below.

Particulars	As at September 30, 2023	As at March 31,		
		2023	2022	2021
	(₹ lakh, unless otherwise specified)			
Total current assets	82,511.81	76,801.08	88,719.44	90,276.84
Total current liabilities	63,020.40	78,291.31	61,153.62	60,350.29
Current Ratio	**1.31**	**0.98**	**1.45**	**1.50**

Fixed Assets Turnover Ratio

"**Fixed Assets Turnover Ratio**" is a ratio that measures our efficiency in using our fixed assets to generate sales and is calculated by dividing our net sales by our fixed assets. The table below sets out details of our Fixed Assets Turnover Ratio, as at the dates indicated below.

Particulars	As at September 30, 2023	As at March 31,		
		2023	2022	2021
	(₹ lakh, unless otherwise specified)			
Net sales	46,525.10	96,689.66	1,08,837.93	85,920.78
Fixed Assets	1,13,236.72	1,15,148.02	1,18,243.34	96,663.57
Fixed Assets Turnover Ratio	**0.41**	**0.84**	**0.92**	**0.89**

Debt to EBITDA Ratio and Debt to Equity Ratio

We monitor our capital and financial leverage levels using the Debt to EBITDA and the Debt to Equity ratios. We calculate Debt to EBITDA ratio by dividing the Debt (*i.e.*, borrowings (current and non-current)) by operating EBITDA. We calculate Debt to Equity ratio by dividing the Debt by total equity. The table below sets out the calculation of our Debt to EBITDA and Debt to Equity ratios, as at the dates indicated below.

Particulars	As at and for the six-month period ended, September 30, 2023	As at and for the Fiscal		
		2023	2022	2021
	(₹ lakh, unless otherwise specified)			
Total Debt (A)	86,349.69	79,572.18	68,191.23	84,409.00

Particulars	As at and for the six-month period ended, September 30, 2023	As at and for the Fiscal		
		2023	2022	2021
	(₹ lakh, unless otherwise specified)			
Operating EBITDA (B)	10,821.65	9,847.19	20,898.65	24,075.58
Total equity (C)	1,77,458.94	1,77,435.65	1,81,114.70	1,46,749.66
Debt to EBITDA Ratio (A)/(B)	**7.98**	**8.08**	**3.26**	**3.51**
Debt to Equity Ratio (A)/(C)	**0.49**	**0.45**	**0.38**	**0.58**

Trade Receivables Turnover Ratio

"**Trade Receivables Turnover Ratio**" quantifies our effectiveness in collecting our receivables or money owed by customers and is calculated by dividing our revenue from operations by average trade receivables. The table below sets out our Debtors' Turnover Ratio, for the periods indicated below.

Particulars	As at and for the six-month period ended, September 30, 2023	As at and for the Fiscal		
		2023	2022	2021
	(₹ lakh, unless otherwise specified)			
Revenue from operations (A)	57,315.15	1,05,011.24	1,14,552.28	90,113.01
Trade receivables at the beginning of the year/period	32,434.91	38,632.59	21,749.80	24,679.47
Trade receivables at the end of the year/ period	35,538.73	32,434.91	38,632.59	21,749.80
Average trade receivables (B)	33,986.82	35,533.75	30,191.19	23,214.64
Trade Receivables Turnover Ratio (A/B)	**1.69**	**2.96**	**3.79**	**3.88**

Trade Payables Turnover Ratio

"**Trade Payables Turnover Ratio**" quantifies our effectiveness in paying our payables or money owed to vendors and is calculated by dividing our cost of goods sold divided by average trade payables. The table below sets out our Trade Payables Turnover Ratio, for the periods indicated.

Particulars	As at and for the six-month period ended, September 30, 2023	As at and for the Fiscal		
		2023	2022	2021
	(₹ lakh, unless otherwise specified)			
Cost of Goods Sold (A)	21,396.07	41,592.30	38,321.82	27,073.09
Trade payables at the beginning of the year	14,441.39	14,604.46	6,725.36	9,254.84
Trade payables at the end of the year	18,479.13	14,441.39	14,604.46	6,725.36
Average trade payables (B)	16,460.26	14,522.93	10,664.91	7,990.10
Trade Payables Turnover Ratio (A/B)	**1.30**	**2.86**	**3.59**	**3.39**

Net Capital Turnover Ratio

"**Net Capital Turnover Ratio**" quantifies our effectiveness in utilizing our working capital and is calculated by dividing our revenue from operations by our working capital (*i.e.*, current assets *less* current liabilities). The table below sets out our Net Capital Turnover Ratio, for the Fiscals and periods indicated.

Particulars	As at and for the six-month period ended, September 30, 2023	As at and for the Fiscal		
		2023	2022	2021
	(₹ lakh, unless otherwise specified)			
Revenue from operations (A)	57,315.15	1,05,011.24	1,14,552.28	90,113.01
Current Assets (I)	82,511.81	76,801.08	88,719.44	91,805.36
Current Liabilities (II)	63,020.40	62,017.71	48,613.09	47,569.67
Working Capital (B) = (I)-(II)	19,491.41	14,783.37	40,106.35	44,235.69
Net Capital Turnover Ratio (A/B)	**2.94**	**7.10**	**2.86**	**2.04**

Return on Equity Ratio

Return on equity ratio ("**RoE**") is equal to profit for the year/ period divided by our net worth (*i.e.*, share capital plus other equity) during that year/ period and is expressed as a percentage. The table below sets out the reconciliation of our RoE to our profit for the year, for the periods indicated.

Particulars	As at and for the six-month period ended, September 30, 2023	As at and for the year ended, March 31		
		2023	2022	2021
	(₹ lakh, unless otherwise specified)			
Profit for the year (A)	275.14	(3,091.59)	6,058.22	14,620.37
Share Capital (I)	868.02	868.02	868.02	815.27
Other Equity (II)	1,76,590.92	1,76,567.63	1,80,246.68	1,45,934.39
Net Worth (B) = (I)+(II)	1,77,458.94	1,77,435.65	1,81,114.70	1,46,749.66
RoE (A/B) *(%)*	**0.16**	**(1.74)**	**3.34**	**9.96**

Return on Net Worth

Return on Net Worth ("**RoNW**") is a measure of profitability (expressed in percentage) and is defined as net profit after tax attributable to our equity shareholders divided by our Net Worth (total shareholders' equity) for the year. "**Net Worth**" is defined as the aggregate of share capital and other equity (net of non-controlling interest). The table below reconciles our profit for the year to RoNW, for the periods indicated.

Particulars	As at and for the six-month period ended, September 30, 2023	As at and for the year ended, March 31		
		2023	2022	2021
	(₹ lakh, unless otherwise specified)			
Profit for the year (A)	275.14	(3091.59)	6058.22	14,620.37
Share Capital	868.02	868.02	868.02	815.27
Other Equity (net of non-controlling interest)	1,76,590.92	1,76,567.63	1,80,246.68	1,45,934.39
Net Worth (B)	1,77,458.94	1,77,435.65	1,81,114.70	1,46,749.66
Return on Net Worth (A)/(B) *(%)*	**0.16**	**(1.74)**	**3.34**	**9.96**

Return on Capital Employed

Return on capital employed ("**RoCE**") is calculated by dividing our EBIT during a given period by Capital Employed (*i.e.*, total assets *less* current liabilities) during that period. The table below sets out the reconciliation of our RoCE to our EBIT, for the periods indicated.

Particulars	As at and for the six-month period ended, September 30, 2023	As at and for the year ended, March 31		
		2023	2022	2021
	(₹ lakh, unless otherwise specified)			
EBIT (A)	5,742.04	2,037.26	14,343.01	21,692.07
Total assets (B)	3,00,403.43	2,90,238.26	2,87,549.84	2,63,755.46
Less:				
Current liabilities (B1)	63,020.40	78,291.31	61,153.62	60,216.00
Capital employed (C = B – B1)	2,37,383.03	2,11,946.95	2,26,396.22	2,03,539.46
RoCE (A/C) *(%)*	**2.41**	**0.96**	**6.34**	**10.66**

Key Operational Performance Indicators

Set forth below are some of our key operational performance indicators as at the dates indicated below.

Metric	As at December 31, 2023
DMF Filings	196

Patents	113
Formulations Regulatory Filings	141

CRITICAL ACCOUNTING POLICIES

The preparation of our Audited Consolidated Financial Statements in conformity with Ind AS requires our management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Changes in estimates are reflected in our financial statements in the period in which changes are made and if material, their effects are disclosed in the notes to our financial statements.

Key accounting policies that are relevant and specific to our business and operations are described below. Our significant accounting policies as at and for the Fiscal 2023 are described below in the notes to the Audited Consolidated Financial Statements in "*Financial Information*" on page 248.

Basis of preparation of financial statements

Statement of compliance

Our consolidated financial statements have been prepared in accordance with the Ind ASas specified under section 133 of the Companies Act 2013, read together with the Rule 4 of Companies (Indian Accounting Standards) Rules, 2015, as amended by Companies (Indian Accounting Standards) Amendment Rules 2016 (to the extent applicable) and the other relevant provisions of the Companies Act, 2013 and pronouncements of the regulatory bodies applicable to the Company.

Our consolidated financial statements have been prepared by our Company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at our annual reporting date March 31, 2023. The accounting policies are applied consistently to all the periods presented in the financial statements. The consolidated financial statements of the Company for the year ended March 31, 2023 were approved by the Board on May 25, 2023.

Basis of measurement

Our consolidated financial statements have been prepared on the historical cost convention and on accrual basis, except for the following assets and liabilities which have been measured at fair value wherever applicable:

(i) Derivative financial instruments;
(ii) Certain financial assets/liabilities measured at fair value; and
(iii) Net defined benefit assets/liabilities are measured at fair value of plan assets, less present value of defined benefit obligations.

Current vs Non-current classification

Our assets and liabilities in the balance sheet are presented based on current/non-current classification. An asset is current when it satisfies the below mentioned criteria:

(i) Expected to be realized or intended to be sold or consumed in normal operating cycle, or
(ii) Held primarily for the purpose of trading, or
(iii) Expected to be realized within twelve months after the reporting period, or
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it satisfies the below mentioned criteria:

(i) Expected to be settled in normal operating cycle, or
(ii) Held primarily for the purpose of trading, or
(iii) Due to be settled within twelve months after the reporting period, or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the

reporting period.
All other liabilities are treated as non-current.

Principles of consolidation

Our consolidated financial statements relate to us, *i.e.*, Shilpa Medicare Limited, and our subsidiaries, associate and joint ventures ("the **Group**").

Subsidiaries

Our consolidated financial statements have been prepared on the following basis:

Subsidiaries are all entities (including special purpose entities) that are controlled by our Company. Control exists when our Company is exposed to, or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. The net assets and results of acquired businesses are included in the consolidated financial statements from their respective dates of acquisition, being the date on which the Group obtains control. The results of disposed businesses are included in the consolidated financial statements up to their date of disposal, being the date control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group Companies are eliminated. Unrealized losses are eliminated, but only to the extent that there is no evidence of impairment. All temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions are recognized in accordance with Ind AS 12 and income taxes. Our consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the 'foreign currency translation reserve'. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognized as 'goodwill on consolidation' being an asset in the consolidated financial statements. The said goodwill is not amortized, however, it is tested for impairment at each balance sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognized as 'Capital Reserve' and shown under the head 'Other Equity' in the consolidated financial statements.

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity. Non-controlling interests in the net assets of consolidated subsidiaries consists of:

(i) The amount of equity attributable to non- controlling interests at the date on which investment in a subsidiary is made; and
(ii) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

Associate and Joint Ventures (equity accounted investees)

The Group's interests in equity accounted investees comprise interests in associate and joint ventures.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in associate and joint ventures has been accounted under the equity method as per Ind AS 28. Our Company accounts for its share of post-acquisition changes in net assets of associate and joint ventures, after eliminating unrealized profits and losses resulting from transactions between our Company and its associate to the extent of its share, through its consolidated statement of profit and loss, to the extent such change is attributable to the associate, statement of profit and loss and through its reserves for the balance based on available information.

The subsidiaries considered in the consolidated financial statements are as set out below.

S. No.	Name of Entity	Country	Extent of holding (%) as at			
			December 31, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1.	Zatortia Holding Limited	Cyprus	100.00	100.00	100.00	100.00
2.	Loba Feinchemie GmbH	Austria	NA	NA	NA	99.99
3.	Shilpa Therapeutics Private Limited	India	100.00	100.00	100.00	100.00
4.	Makindus. Inc.	Delaware, USA	55.78	55.78	55.78	55.78
5.	INM Technology Private Limited	India	100.00	100.00	100.00	100.00
6.	INM Nuvent Paint Private Limited	India	75.00	75.00	75.00	75.00
7.	Koanna Healthcare Limited	United Kingdom	100.00	100.00	100.00	100.00
8.	Koanna Healthcare GmbH	Austria	100.00	100.00	100.00	100.00
9.	Shilpa Pharma Inc.	USA	100.00	100.00	100.00	100.00
10.	Shilpa Biologicals Private Limited	India	100.00	100.00	100.00	100.00
11.	Shilpa Biocare Private Limited (Erstwhile Shilpa Albumin Private Limited)	India	100.00	100.00	100.00	100.00
12.	Shilpa Pharma Life Sciences Limited (Erstwhile Shilpa Corporate Holdings Private Limited)	India	100.00	100.00	100.00	100.00
13.	FTF Pharma Private Limited	India	100.00	100.00	100.00	100.00
14.	Koanna Healthcare Canada Inc.	Canada	100.00	100.00	100.00	100.00
15.	Koanna International FZ LLC	Dubai	100.00	100.00	100.00	100.00
16.	Indo Biotech SDN. BHD	Malaysia	100.00	100.00	100.00	100.00
17.	Koanna Healthcare Spain S.L	Spain	100.00	100.00	100.00	100.00
18.	Vegil Labs Private Limited	India	100.00	100.00	100.00	100.00

The associates considered in the consolidated financial statements are as under:

S. No.	Name of Entity	Country	Extent of holding (%) as at			
			December 31, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1.	Maia Pharmaceuticals Inc.	New Jersey, USA	34.79	34.79	34.79	34.79
2.	Reva Pharmachem Private Limited	India	33.33	33.33	33.33	33.33
3.	Auxilla Pharmaceuticals and Research LLP	India	40.00	40.00	40.00	40.00

The joint ventures considered in the consolidated financial statements are as under:

S. No.	Name of Entity	Country	Extent of holding (%) as at			
			December 31, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1.	Reva Medicare Private Limited	India	50.001	50.001	50.001	50.001
2.	Sravathi Advance Process Tech Private Limited	India	65.00	65.00	65.00	65.00
3.	Sravathi AI Technology Private Limited	India	55.00	55.00	55.00	55.00

Critical accounting estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognized prospectively.

The areas involving critical estimates or judgments are: measurement of defined benefit obligation; estimation of useful life of property, plant and equipment and intangibles; recognition of deferred taxes; estimation of impairment; estimation of provision and contingent liabilities; and business combination.

Property, Plant and Equipment and Depreciation

(i) Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

(ii) Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

(iii) Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iv) Depreciation on Fixed Assets is provided on ascertain useful life of assets under Straight Line Method (SLM) prescribed in Schedule II of the Companies Act, 2013, with exception of those assets whose useful life is ascertain by the management.

(v) The Company follows the policy of charging depreciation on a pro-rate basis on the assets acquired or disposed of during the year.

Intangible Assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Intangible Assets are stated at cost less accumulated amortization. Cost includes only such expenditure that is directly attributable to making the asset ready for its intended use. Intangible assets are amortized over their useful life. Intangible Assets include capitalized expenditure on filing and registration of any DMF or ANDA and compliance with regulatory procedures of the USFDA, in filing such DMF or ANDA, which are in respect of products for which commercial value has been established by virtue of third party agreements/ arrangements. The cost of each DMF/ANDA is amortized over its estimated useful life from the date on which the amount has been capitalized.

Research and Development

All expenditure on research activities is recognized in the statement of profit and loss when incurred. The expenditure on development activities is also recognized in the statement of profit and loss in the year such expenditure is incurred. However, development expenditure is capitalized only in cases where such costs can be measured reliably, the technological feasibility has been established in respect of the product or process for which costs are incurred, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed product are capitalized. The Company's criteria for capitalization of such assets are consistent with the guidance given in paragraph 25 of Ind AS 38 (receipt of economic benefit out of the separately purchased transaction is considered to be probable).

Acquired research and development intangible assets that are under development are recognized as Intangible Assets under Development. These assets are not amortized, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Where a determination of impairment in respect of any such asset is made, the impairment of such asset is recognized in the statement of profit and loss in the year in which such determination is made. Where a determination is made to the effect that future economic benefits are probable, the total cost is capitalized in the year in which such determination is made. Amortization of capitalized development expenditure is recognized on a straight-line basis, over the useful life of the asset.

Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable value being higher of value in use and fair value less cost of disposal. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired.

Business Combination and Goodwill

Our Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

Our Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets acquired and liabilities assumed.

Any goodwill that arises on account of such business combination is tested annually for impairment.

Non-Current assets held for sale

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented separately in the Balance Sheet as 'Assets Held for Sale'.

Inventory

Inventories are valued at the lower of cost and net realizable value. The cost is determined on FIFO basis. Cost of finished goods and work in- progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Employee Benefits

Short term employee benefits

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

Defined contributions plans

Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Defined benefit plans

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contributions to LIC. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in statement of profit and loss.

Cash and Cash Equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk. Cash flow statement is prepared under the indirect method as per Ind AS 7, For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of book overdraft.

Dividend to Shareholders

Annual dividend distribution to the shareholders is recognized as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognized on approval by the Board. The dividend payable and corresponding tax on dividend distribution is recognized directly in other equity.

Leases

Our Company assesses whether a contract contains a lease, at the inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control use of an identified asset, our Company assesses whether:

(i) the contract involves use of an identified asset;
(ii) our Company has substantially all the economic benefits from the use of the asset through the period of lease; and
(iii) our Company has the right to direct the use of an asset.

At the date of commencement of lease, our Company recognises a right of use asset ("**RoU**") and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, our Company recognises the lease payment as an operating expense on straight line basis over the term of lease.

RoU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. The lease liability and RoU asset have been separately presented in the balance sheet and the lease payments have been classified as financing cash flows.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to our Company and the revenue can be reliably measured.

<u>*Sale of products*</u>

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. Our Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, amount disclosed as revenue are inclusive of excise duty, excluding goods and service tax ("**GST**"), sales tax or value added taxes or service taxes or duties collected on behalf of the government, and net off returns, trade discounts, rebates and any amount collected on behalf of third parties.

<u>*Development Revenue*</u>

Development revenue are recognized over the time period of the development activity and are recognized on the completion of each milestones as per term of the agreement.

Recognition of Export benefits

Export benefit entitlements in respect of incentive schemes including Merchandise Export Incentive Scheme ("**MEIS**") and Focus Product Scheme ("**FPS**") of the government of India are recognized in the period in which they are approved.

Milestone payments and out licensing arrangements

Our Company enters into certain dossier sales, licensing and supply arrangements that, in certain instances, include certain performance obligations. Based on an evaluation of these obligations, our Company recognizes or defers the upfront payments received under these arrangements. Milestone payments which are contingent on achieving certain clinical milestones are recognized as revenues either on achievement of such milestones.

Income from out-licensing agreements typically arises from the receipt of upfront, milestone and other similar payments from third parties for granting a license to product- or technology- related intellectual property (IP). Milestone payments which are contingent on achieving certain clinical milestones are recognized as revenues either on achievement of such milestones, if the Milestones are considered substantive, or over the period our Company has continuing performance obligations, if the milestones are not considered substantive.

Our Company recognizes a deferred income (contract liability) if consideration has been received (or has become receivable) before our Company transfers the promised goods or services to the customer."

Other Income

(i) Interest Income is recognized using the Effective interest rate (EIR) method.

(ii) Dividend income is recognized when right to receive is established.

(iii) Our Company recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with and the grants is received. Government grants received in relation to assets are recognized as deferred income and amortized over the useful life of such asset. Grants related to income are recognized in the profit & loss account under other income.

Foreign Currency Transactions/Translations: Initial Recognition

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

Translations

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange Differences

The exchange difference arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized in the Statement of Profit and Loss in the period in which they arise as income or as expense.

Government Grant

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and our Company will comply with all attached conditions. Grants related to revenue items are presented as part of profit or loss under general heading such as other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as 'Deferred Government Grant' and are credited to profit & loss account under other income on a straight line basis over the expected lives of the related assets. The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred. Further, interest earned out of borrowed funds from temporary investments are reduced from the borrowing cost. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial Asset

Initial recognition and measurement

All financial instruments are recognized initially at fair value plus, in case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date *i.e.*, the date that our Company commits to purchase or sell the asset.

Subsequent Measurement

For the purpose of subsequent measurement financial assets are classified as measured at: amortized cost; fair value through profit and loss ("**FVTPL**"); fair value through other comprehensive income ("**FVTOCI**").

Financial Asset measured at amortized cost

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate ("**EIR**") method. The EIR amortization is recognized as finance income in the statement of Profit & Loss. Our Company while applying above criteria has classified the following at amortized cost:

(i) Trade receivables;

(ii) Loans; and

(iii) Other Financial Assets.

Financial Assets Measured at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income.

Fair value movements are recognized in the other comprehensive income ("**OCI**"). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the statement of profit and loss.

Financial Assets at fair value through profit or loss

Financial Assets are measured at Fair value through Profit & Loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of Profit & Loss.

Equity Instruments: All investments in equity instruments classified under financial assets are initially measured at fair value, the group may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL. The classification is based on initial recognition and is irrevocable

De-recognition of Financial Assets: Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured on the date of recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the statement of Profit & Loss.

Impairment of Financial Assets: In accordance with Ind AS 109, our Company applies expected credit loss ("**ECL**") model by adopting the simplified approach using a provision matrix reflecting current condition and forecasts of future economic conditions for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(i) Financial Assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance;

(ii) Financial Assets that are debt instruments and are measured at FVTOCI;

(iii) Lease receivables under Ind AS 17;

(iv) Trade receivables or any contractual right to receive cash or another financial asset;

(v) Loan commitments which are not measured at FVTPL; and

(vi) Financial guarantee contracts which are not measured at FVTPL.

Financial Liability

Initial recognition and measurement

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Subsequent measurement

Financial liabilities are subsequently measured at amortized cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss.

Financial Liabilities at amortized cost

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount. Our Company is classifying the following under amortized cost:

(i) Borrowings from banks;

(ii) Borrowings from others;

(iii) Trade payables; and

(iv) Other financial liabilities.

Derecognition

A financial liability shall be derecognized when, and only when, it is extinguished *i.e.*, when the obligation specified in the contract is discharged or cancelled or expires.

Derivative financial instrument and hedge accounting

Our Company uses derivative financial instruments, such as foreign exchange forward contracts, interest rate swaps and currency options to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Taxes on Income

Tax expense comprises of current and deferred tax.

(i) Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Tax Act

(ii) Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

(iii) Minimum Alternate Tax ("**MAT**") credit is recognized as an asset only when and to the extent it is reasonably certain that our Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that our Company will pay normal income tax during the specified period.

Provisions, Contingent Liabilities and Contingent Assets.

A provision is recognized when our Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. Contingent Liabilities are not recognized but are disclosed in the notes.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, our Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period,

Operating cycle

The Group classifies an asset as current asset when: it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle:

(i) it holds the asset primarily for the purpose of trading;

(ii) it expects to realize the asset within twelve months after the reporting period; or

(iii) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) it expects to settle the liability or consume it, in its normal operating cycle;

(ii) it holds the liability primarily for the purpose of trading;

(iii) the liability is due to be settled within twelve months after the reporting period; or

(iv) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents The Group's normal operating cycle is twelve months.

Exceptional Items

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are nonrecurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group.

Recent accounting developments

The Ministry of Corporate Affairs ("**MCA**") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1, "Presentation of Financial Statements"

Companies are now required to disclose material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements.

Ind AS 8, "Accounting policies, Change in Accounting Estimates and Errors"

Definition of 'change in account estimate' has been replaced by revised definition of 'accounting estimate. As per revised definition, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty.

A company develops an accounting estimate to achieve the objective set out by an accounting policy. Accounting estimates include: (i) selection of a measurement technique (estimation or valuation technique); and (ii) selecting the inputs to be used when applying the chosen measurement technique.

The amendments will help entities to distinguish between accounting policies and accounting estimates.

Ind AS 12, "Income Taxes"

Narrowed the scope of the Initial Recognition Exemption (IRE) (with regard to leases and decommissioning obligations). Now IRE does not apply to transactions that give rise to equal and offsetting temporary differences. Accordingly, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on transactions such as initial recognition of a lease and a decommissioning provision.

The Group has evaluated the effect of the above on the financial statements and the impact is not material.

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BUSINESS VERTICALS INFORMATION

We operate across three verticals in our pharmaceutical business: (a) APIs; (b) Formulations; and (c) Emerging Business. Set forth below is the breakdown of our revenue from operations across our three verticals for the periods indicated.

Particulars	For the nine-month period ended,				For the Financial Year ended,					
	December 31, 2023		December 31, 2022		March 31, 2023		March 31, 2022		March 31, 2021	
	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
API	58,883.84	68.69	57,873.52	74.09	76,617.57	73.09	74,770.52	65.54	58,188.34	64.94
Formulations	22,986.80	26.82	19,117.12	24.47	26,456.27	25.24	37,292.78	32.69	31,154.94	34.77
Emerging Business	3,852.89	4.49	1,125.47	1.44	1,745.44	1.67	2,026.06	1.78	258.00	0.29
Total	**85,723.51**	**100.00**	**78,116.12**	**100.00**	**1,04,819.27**	**100.00**	**1,14,089.37**	**100.00**	**89,601.35**	**100.00**

PRINCIPAL COMPONENTS OF STATEMENT OF PROFIT AND LOSS

Income

Our income comprises: (i) revenue from operations; and (ii) other income.

Revenue from operations

Our revenue from operations comprises: (i) revenue from sale of goods; and (ii) revenue from product development and license fees.

Revenue from operations

Our revenue from operations comprises: (i) revenue from sale of goods; and (ii) revenue from product development and license fees.

Set forth below is a breakdown of our revenue from operations, for the periods indicated.

Particulars	Nine-month period ended December 31,				Fiscal					
	2023		2022		2023		2022		2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Revenue from sales	70,798.28	82.36	72,681.15	92.40	96,689.66	92.07	1,08,837.94	95.01	85,920.78	95.35
Revenue from product development and license fees	15,165.14	17.64	5,974.77	7.60	8,321.58	7.93	5,714.34	4.99	4,192.23	4.65
Total	**85,963.32**	**100.00**	**78,655.92**	**100.00**	**1,05,011.24**	**100.00**	**1,14,552.28**	**100.00**	**90,113.01**	**100.00**

Other income

Our other income primarily comprises: (i) interest income; (ii) liabilities written back; (iii) government grant; and (iv) miscellaneous income.

Set forth below is a breakdown of our other income, for the periods indicated.

Particulars	Nine-month period ended December 31,				Fiscal					
	2023		2022		2023		2022		2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Interest income on:										
(i) Deposit with bank	41.44	6.96	100.00	6.57	101.45	5.83	178,30	12.52	313.19	10.39
(ii) Others	59.49	9.99	47.00	3.09	75.59	4.34	28.36	1.99	30.56	1.01
Liabilities written back	120.51	20.24	992.00	65.13	1,024.98	58.91	501.46	35.20	701.64	23.28
Government Grant	119.87	20.13	112.00	7.35	156.51	8.99	141.05	9.90	45.57	1.51
Claims received	-	-	-	-	-	-	-	-	1,377.68	45.71

Particulars	Nine-month period ended December 31,				Fiscal					
	2023		2022		2023		2022		2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Miscellaneous income	254.05	42.67	271.00	17.79	381.44	21.92	575.38	40.39	545.52	18.10
Total	**595.39**	**100.00**	**1,523.00**	**100.00**	**1,739.97**	**100.00**	**1,424.55**	**100.00**	**3,014.16**	**100.00**

Expenses

Our expenses primarily comprise: (i) cost of raw materials consumed; (ii) purchase of stock-in-trade; (iii) changes in inventories of finished goods, work in progress and stock-in-trade; (iv) employee benefits expense; (v) finance costs; and (vi) depreciation and amortisation expense; and (vii) other expenses.

Set out below is a breakdown of our total expenses, for the periods indicated.

Particulars	Nine-month period ended December 31,				Fiscal					
	2023		2022		2023		2022		2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Cost of materials consumed	32,315.46	38.73	28,864.81	34.64	37,043.76	33,62	38,174.89	35.92	31,888.45	40.09
Purchase of stock-in-trade	1,265.73	1.52	2,216.44	2.66	3,398.52	3.08	849.07	0.80	1,067.66	1.34
Changes in inventories of finished goods, work in progress and stock-in-trade	(2,533.60)	(3.04)	1,564.83	1.88	1,150.02	1.04	(702.15)	(0.66)	(5,883.03)	(7.40)
Employee benefits expenses	21,504.29	25.77	21,493.15	25.80	28,733.09	26.07	26,448.65	24.89	23,530.71	29.59
Finance costs	6,760.56	8.10	4,091.33	4.91	5,865.21	5.32	4,116.52	3.87	2,186.87	2.75
Depreciation and amortisation expenses	8,124.48	9.74	6,980.82	8.38	9549.90	8.67	7,980.19	7.51	5,397.67	6.79
Other expenses	15,995.28	19.17	18,111.12	21.74	24457.70	22.19	29,396.25	27.66	21,344.07	26.84
Total expenses	**83,432.21**	**100.00**	**83,322.50**	**100.00**	**1,10,198.19**	**100.00**	**1,06,263.42**	**100.00**	**79,532.40**	**100.00**

Cost of materials consumed

Cost of materials consumed primarily includes the cost of raw materials and consumables, such as 2-ADB, PCRM01, Tobic Aldehyde, DMCD and CHA.

Purchase of stock-in-trade

Purchase of stock-in-trade denotes cost of purchase of medicines, bulk drugs and other drugs.

Changes in inventories of finished goods, work in progress and stock-in-trade

Changes in inventories of finished goods, work in progress and stock-in-trade denotes increase/decrease in inventories of finished goods, work in progress and stock-in-trade between opening and closing dates of a reporting period.

Employee benefit expenses

Employee benefit expenses include: (i) salaries, wages and bonus paid to our employees; (ii) contribution to provident fund, gratuity and other funds; and (iii) staff welfare expenses.

Finance costs

Finance costs includes: (i) interest on working capital facility; (ii) interest on lease liability; (iii) interest on term loans; (iv) dividend on cumulative preference shares; (v) interest on unsecured loan; (vi) factoring charges; and (vii) others.

Depreciation and amortisation expenses

Depreciation and amortisation expenses include: (i) depreciation of tangible assets; and (ii) amortisation of intangible assets.

Other expenses

Other expenses comprise expenses towards: power and fuel; repairs and maintenance; rent; freight charges; rates and taxes; insurance; traveling and conveyance; contractor labour charges; legal and professional fees; facility fees; payments to auditors; research and development expenses; transportation charges; brokerage and commission expenses; job work charges; directors' sitting fees; sales promotion expenses; advance written off; clearing and forwarding expenses; loss on sale/discard of assets; custom duty and vat expenses; CSR expenses; product filing fees or patent application fees; technology transfer expenses; expected credit loss; bad debts written off; and miscellaneous expenses. Other expenses are offset by exchange gain.

OUR RESULTS OF OPERATIONS

The table below sets forth, for the periods indicated, certain items from our consolidated statement of profit and loss, in each case also stated as a percentage of our total income.

Particulars	**Nine-month period ended December 31,**				**Fiscal**					
	2023		2022		2023		2022		2021	
	Amount	**Percentage of total income**	**Amount**	**Percentage of total income**	**Amount**	**Percentage of total income**	**Amount**	**Percentage of total income**	**Amount**	**Percentage of total income**
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Income										
Revenue from operations	**85,963.32**	**99.31**	**78,665.92**	**98.11**	**1,05,011.24**	**98.37**	**1,14,552.27**	**98.77**	**90,113.01**	**96.76**
(a) Net Sales/Income from operations	70,798.28	81.79	72,681.15	90.65	96,689.66	90.57	1,08,837.93	93.84	85,920.78	92.26
(b) Service Income and License Fees	15,164.04	17.52	5,974.77	7.45	8,321.58	7.80	5,714.34	4.93	4,192.23	4.50
Other income	**595.40**	**0.69**	**1,522.67**	**1.90**	**1,739.97**	**1.63**	**1,424.55**	**1.23**	**3,014.16**	**3.24**
Total income	**86,558.72**	**100.00**	**80,178.59**	**100.00**	**1,06,751.21**	**100.00**	**1,15,976.82**	**100.00**	**93,127.17**	**100.00**
Expenses										
Cost of materials consumed	32,315.46	37.33	28,864.81	36.00	37,043.76	34.70	38,174.89	32.92	31,888.45	34.24
Purchase of stock-in-trade	1,265.73	1.46	2,216.44	2.76	3,398.52	3.18	849.07	0.73	1,067.66	1.15
Changes in inventories of finished goods, work in progress and stock-in-trade	(2,533.60)	(2.93)	1,564.83	1.95	1,150.02	1.08	(702.15)	(0.61)	(5,883.03)	(6.32)
Employee benefits expenses	21,504.29	24.84	21,493.15	26.81	28,733.09	26.92	26,448.65	22.81	23,530.71	25.27
Finance costs	6,760.56	7.81	4,091.33	5.10	5,865.21	5.49	4,116.52	3.55	2,186.87	2.35
Depreciation and amortization expense	8,124.48	9.39	6,980.82	8.71	9549.90	8.95	7,980.19	6.88	5,397.67	5.80
Other expenses	15,995.28	18.48	18,111.12	22.59	24457.70	22.91	29,396.25	25.35	21,344.07	22.92
Total expenses	**83,432.21**	**96.39**	**83,322.50**	**103.92**	**110198.19**	**103.23**	**1,06,263.42**	**91.62**	**79,532.40**	**85.40**
Share of profit/(loss) in Associate/ Joint Venture, Exceptional item and tax	**3,126.50**	**3.61**	**(3,143.91)**	**(3.92)**	**(3446.98)**	**(3.23)**	**9,713.40**	**8.38**	**13,594.77**	**14.60**
Share of profit/(loss) in Associate/ Joint Venture, net of tax	(463.81)	(0.54)	(260.28)	(0.32)	(380.97)	(0.36)	(366.03)	(0.32)	(173.58)	(0.19)
Profit/(loss) before exceptional items and tax	**2,662.69**	**3.08**	**(3,404.19)**	**(4.25**	**(3827.95)**	**(3.59)**	**9,347.37**	**8.06**	**13,421.03**	**14.41**
Exceptional income/ (expense)	-	-	-	-	-	-	(879.11)	(0.76)	(6,084.00)	(6,53)
Profit before tax	**2,662.69**	**3.08**	**(3,404.19)**	**(4.25)**	**(3827.95)**	**(3.59)**	**10,266.48**	**8.82**	**19,505.19**	**20.94**
Tax expenses	**1,917.47**	**2.22**	**(1,118.23)**	**(1.39)**	**(736.36)**	**(0.69)**	**4,168.27**	**3.59**	**4,884.83**	**5.25**
Current tax	3,451.46	3.99	2325.28	2.90	3413.10	3.20	3,404.31	2.94	4,523.00	4.86
Deferred tax (net of MAT credit)	(1,553.99)	(1.77)	(3,443.51)	(4.29)	(4149.46)	(3.89)	763.96	0.66	361.83	0.39
Profit for the period/year before non-controlling interest	**745.23**	**0.86**	**(2,285.96)**	**(2.85)**	**(3,091.59)**	**(2.90)**	**6,058.21**	**5.22**	**14,620.36**	**15.70**
Share of (loss)/profit attributable to non-controlling interest	**(8.09)**	**(0.01)**	**(157.46)**	**(0.20)**	**156.04**	**0.15**	**(8.02)**	**(0.01)**	**(157.67)**	**(0.17)**

Particulars	Nine-month period ended December 31,				Fiscal					
	2023		2022		2023		2022		2021	
	Amount	Percentage of total income	Amount	Percentage of total income	Amount	Percentage of total income	Amount	Percentage of total income	Amount	Percentage of total income
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Profit after taxes attributable to owners of the Parent Company fro the period/year	**737.15**	**0.86**	**(2,443.42)**	**(3.05)**	**(3,247.63)**	**(3.04)**	**6,066.23**	**5.23**	**14,778.03**	**15.87**
Other comprehensive income/(Expenses)										
Items that will not be reclassified to profit or loss:										
Re-measurement of the net defined benefit (liability)/ asset (net of tax)	3.16	0.00	148.49	0.19	322.64	0.30	(159.06)	(0.14)	10.48	0.01
Items that will be reclassified to profit or loss:										
Effective portion of gains/(losses) on hedging instrument in cash flow hedges (net of tax)	-	-	-	-	-	-	22.73	0.02	16.59	0.02
Total other comprehensive income/(loss) for the year	**3.16**	**0.00**	**148.49**	**0.19**	**322.64**	**0.30**	**(136.33)**	**(0.12)**	**27.07**	**0.03**
Total comprehensive income/(loss) for the year	**748.50**	**0.86**	**(2,294.93)**	**(2.86)**	**(2,768.95)**	**(2.59)**	**5,921.88**	**5.11**	**14,647.44**	**15.73**
Profit/(Loss) for the year attributable to:										
Owners of the Company	737.15	0.85	(2,443.42)	(3.05)	(3,247.63)	(3.04)	6,066.23	5.23	14,778.03	15.87
Non-Controlling Interest	(8.09)	(0.01)	157.46	(0.20)	156.04	0.15	(8.02)	(0.01)	(157.67)	(0.17)
Other comprehensive income/(Loss) for the year attributable to:										
Owners of the Company	3.16	0.00	148.49	0.19	322.64	0.30	(136.33)	(0.12)	27.07	0.03
Non-Controlling Interest	-	-	-	-	-	-	-		-	-
Total comprehensive income/(Loss) for the year attributable to:										
Owners of the Company	740.30	0.86	(2,294.93)	(2.86)	(2,924.98)	(2,74)	5,929.91	5.11	14,805.10	15.90
Non-Controlling Interest	(8.09)	(0.01)	(157.46)	(0.20)	156.04	0.15	(8.02)	(0.01)	(157.67)	(0.17)
Paid-up equity share capital (par value ₹1 each, fully paid)	868.02	1.00	868.02	1.08	868.02	0.81	868.02	0.75	815.27	0.88
Reserves *i.e.*, other equity	-	-	-	-	1,77,459.68	166.24	1,81,351.46	156.37	147,051.39	157.90
Earnings per equity share, par value of ₹1 each										
Basic (₹)	**(0.85)**		**(2.81)**		**(3.74)**		**7.26**		**18.13**	
Diluted (₹)	**(0.85)**		**(2.81)**		**(3.74)**		**7.26**		**18.13**	

Nine-month period ended December 31, 2023 compared to nine-month period ended December 31, 2022

Income

Our total income increased by 7.95% to ₹86,558.72 lakh in the nine-month period ended December 31, 2023 from ₹80,178.59 lakh in the nine-month period ended December 31, 2022 primarily due to an increase in our revenue from operations, which was partially offset by decrease in our other income during this period.

Revenue from operations: Our revenue from operations increased by 9.29% to ₹85,963.32 lakh in the nine-month period ended December 31, 2023 from ₹78,655.92 lakh in the nine-month period ended December 31, 2022, which was primarily due to an increase in revenue of our service income and licence fee by 153.82% to ₹15,165.04 lakh from ₹5,974.77 lakh in the nine-month period ended December 31, 2022.

Other income: Our other income decreased by 60.89% to ₹595.40 lakh in nine-month period ended December 31, 2023 (which accounted for 0.69% of our total income in that period) from ₹1,522.67 lakh in the nine-month period ended December, 2022 (which accounted for 1.90% of our total income in that period), primarily due to decrease in liabilities written back by ₹871.56 lakh in nine-month period ended December 31, 2023

Expenses

Total expenses

Our total expenses increased marginally by 0.13% to ₹83,432.21 lakh in the nine-month period ended December 31, 2023 (which accounted for 96.39% of our total income in that period) from ₹83,322.50 lakh in the nine-month period ended December 31, 2022 (which accounted for 103.92% of our total income in that period), primarily as a result of increases in the cost of materials consumed, employee benefit expenses, finance costs, depreciation and amortisation expenses, which were offset by decrease in our purchase of stock-in trade, changes in inventories of finished goods, work-in-progress and stock-in-trade and other expenses.

Cost of materials consumed

Our cost of materials consumed increased by 11.95% to ₹32,315.46 lakh in the nine-month period ended December 31, 2023 from ₹28,864.82 lakh in the nine-month period ended December 31, 2022, commensurate with the increase in our revenue from net sales and income from operations in that period.

Our cost of materials consumed accounted for: (i) 37.33% of our revenue from operations in the nine-month period ended December 31, 2023, compared to 36.00% in the nine-month period ended December 31, 2022; and (ii) 38.73% of our total expenses in the nine-month period December 31, 2023, compared to 34.64% in the nine-month period ended December 31, 2022.

Purchase of stock-in-trade

The decrease in purchase of stock-in-trade to ₹1,265.73 lakh in the nine-month period ended December 31, 2023 from ₹2,216.44 lakh in the nine-month period ended December 31, 2022 was primarily a result of decrease in purchase of medicines, bulk drugs, due to decrease in sale in the nine-month period ended December 31, 2023.

Change in inventories of finished goods, work-in-progress and stock-in-trade

The decrease in change in inventories of finished goods, work-in-progress and stock-in-trade to ₹(2,533.60) lakh in the nine-month period ended December 31, 2023 from ₹1,564.83 lakh in the nine-month period ended December 31, 2022 was primarily a result of increase in our stock of inventories, consistent with increase in our revenue from operations by 9.28% to ₹85,963.32 lakh in the nine-month period ended December 31, 2023 from ₹78,655.92 lakh in the nine-month period ended December 31, 2022.

Employee benefits expenses

Our employee benefits expense increased marginally by 0.05% to ₹21,504.29 lakh in the nine-month period ended December 31, 2023 from ₹21,493.15 lakh in the nine-month period ended December 31, 2022. Our employee benefits expense accounted for: (i) 24.84% of our revenue from operations in the nine-month period ended December 31, 2023, compared to 26.81% in the nine-month period ended December 31, 2022; and (ii) 25.77% of our total expenses in the nine-month period ended December 31, 2023, compared to 25.79% in the nine-month period ended December 31, 2022.

Finance costs

Our finance costs increased by 65.24% to ₹6,760.56 lakh in the nine-month period December 31, 2023 from ₹4,091.33 lakh in the nine-month period December 31, 2022 primarily as a result of increase in our interest costs on account of interest costs on SPLL NCDs and SBPL NCDs. Our finance costs accounted for: (i) 7.81% of our revenue from operations in the nine-month period ended December 31, 2023, compared to 5.10% in the nine-month period ended December 31, 2022; and (ii) 8.10% of our total expense in the nine-month period ended December 31, 2023, compared to 4.91% in nine-month period ended December 31, 2022.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by 16.38% to ₹8,124.48 lakh in the nine-month period December 31, 2023 from ₹6,980.82 lakh in the nine-month period December 31, 2022 as a result of an increase in depreciation of tangible assets to ₹6,106.93 lakh in the nine-month period December 31, 2023 from ₹6,102.91 lakh in the nine-month period December 31, 2022 primarily due to capitalization of assets.

Further, there was an increase in amortisation of intangible assets to ₹2,017.55 lakh in the nine-month period December 31, 2023 from ₹877.91 lakh in the nine-month period December 31, 2022 primarily due to capitalization of assets. Our depreciation and amortization expenses accounted for: (i) 9.39% of our revenue from operations in the nine-month period ended December 31, 2023, compared to 8.71% in the nine-month period ended December 31, 2022; and (ii) 9.73% of our total expenses in the nine-month period ended December 31, 2023, compared to 8.38% in the nine-month period ended December 31, 2022.

Other expenses

Our other expenses decreased by 11.68% to ₹15,995.28 lakh in the nine-month period ended December 31, 2023 from ₹18,111.12 lakh in the nine-month period ended December 31, 2022.

Our other expenses accounted for: (i) 18.48% of our revenue from operations in the nine-month period ended December 31, 2023, compared to 22.59% in the nine-month period ended December 31, 2022; and (ii) 19.17% of our total expenses in the nine-month period ended December 31, 2023, compared to 21.74% in the nine-month period ended December 31, 2022.

Profit before exception items and tax

As a result of the foregoing factors, our profit before exceptional items and tax increased by 178.22% to ₹2,662.69 lakh in the nine-month period ended December 31, 2023 from a loss of ₹3,404.19 lakh in the nine-month period ended December 31, 2022.

Taxation

Our total tax expenses increased by 271.47% to ₹1,917.47 lakh in the nine-month period ended December 31, 2023 from ₹(1,118.23) lakh in the nine-month period ended December 31, 2022 primarily as a result of an increase in our current tax by 48.43% to ₹3,451.46 lakh in the nine-month period ended December 31,2023 from ₹2,325.28 lakh in the nine-month period ended December 31, 2022, partially offset by decrease in our deferred tax by 55.45% to ₹(1,533.99) lakh in the nine-month period ended December 31, 2023 from ₹(3,443.51) lakh in the nine-month period ended December 31, 2022.

Profit for the period

As a result of the foregoing factors, our profit for the period increased by 132.60% to ₹745.23 lakh in the nine-month period ended December 31, 2023 from loss of ₹2,285.96 lakh in the nine-month period ended December 31, 2022.

Fiscal 2023 compared to Fiscal 2022

Income

Our total income decreased by 7.95% to ₹1,06,751.21 lakh in Fiscal 2023 from ₹1,15,976.82 lakh in Fiscal 2022 primarily due to a decrease in our revenue from operations, partially offset by increase in our other income during this period.

Revenue from operations: Our revenue from operations decreased by 8.33% to ₹1,05,011.24 lakh in Fiscal 2023 from ₹1,14,552.27 lakh in Fiscal 2022, which was primarily due to decrease in (i) sale of our products by 11.13% to ₹95,831.09 lakh in Fiscal 2023 from ₹1,07,827.67 lakh in Fiscal 2022, in particular, sale of formulations products by 46.00% to ₹17,626.00 lakh in Fiscal 2023 from ₹32,639.68 lakh in Fiscal 2022; and (ii) energy sales by 58.53% to ₹191.97 lakh in Fiscal 2023 from ₹462.91 lakh in Fiscal 2022, which was partially offset by export incentives by 21.79% to ₹666.60 lakh from ₹547.35 lakh.

The decrease in our revenues from sale of formulations products was primarily due to a significant decrease in sale on account of (i) the U.S. Import Alert; and (ii) decrease in sale of Azacitidine due to pricing pressure.

Other income: Our other income increased by 22.14% to ₹1,739.97 lakh in Fiscal 2023 (which accounted for 1.63% of our total income in that year) from ₹1,424.55 lakh in Fiscal 2022 (which accounted for 1.23% of our total income in that year), primarily due to increase in our liabilities written back by 104.40% to ₹1,024.98 lakh in Fiscal 2023 from ₹501.46 lakh in Fiscal 2022. The increase in our other income was partially offset by decrease in our miscellaneous income by 33.71% to ₹381.44 lakh in Fiscal 2023 from ₹575.38 lakh in Fiscal 2022.

Expenses

Total expenses

Our total expenses increased by 3.70% to ₹1,10,198.19 lakh in Fiscal 2023 (which accounted for 103.23% of our total income in that year) from ₹1,06,263.42 lakh in Fiscal 2022 (which accounted for 91.62% of our total income in that year), primarily as a result of increases in the purchase of stock-in trade, changes in inventories of finished goods, work-in-progress and stock-in-trade, employee benefit expenses, finance costs, depreciation and amortisation expenses, which were offset by decrease in our cost of materials consumed, and other expenses.

Cost of materials consumed

Our cost of materials consumed decreased by 2.96% to ₹37,043.76 lakh in Fiscal 2023 from ₹38,174.89 lakh in Fiscal 2022, primarily on account of decrease in the selling price and margins of our products, which was compounded by increase in sales of our non-Oncology products.

Our cost of materials consumed accounted for: (i) 35.28% of our revenue from operations in Fiscal 2023, compared to 33.33% in Fiscal 2022; and (ii) 33.62% of our total expenses in Fiscal 2023, compared to 35.92% in Fiscal 2022.

Purchase of stock-in-trade

The increase in purchase of stock-in-trade to ₹3,398.52 lakh in Fiscal 2023 from ₹849.07 lakh in Fiscal 2022 was primarily a result of purchase of equipment.

Change in inventories of finished goods, work-in-progress and stock-in-trade

The increase in change in inventories of finished goods, work-in-progress and stock-in-trade to ₹1,150.02 lakh in Fiscal 2023 from ₹(702.15) lakh in Fiscal 2022 was primarily a result of increase in finished goods due to decrease in sale during the period.

Employee benefits expense

Our employee benefits expense increased by 8.64% to ₹28,733.09 lakh in Fiscal 2023 from ₹26,448.65 lakh in Fiscal 2022, primarily due to (i) increase in our expenses on salaries, wages and bonus to ₹26,790.62 lakh in Fiscal 2023 from ₹24,487.68 lakh in Fiscal 2022; (ii) increase in our contribution to provident fund, gratuity and other funds to ₹1,517.59 lakh in Fiscal 2023 from ₹1,504.84 lakh in Fiscal 2022, which was partially offset by decrease in our staff welfare expenses by 6.85% to ₹424.89 lakh in Fiscal 2023 to ₹456.13 lakh in Fiscal 2022.

Our employee benefits expense accounted for: (i) 27.36% of our revenue from operations in Fiscal 2023, compared to 23.09% in Fiscal 2022; and (ii) 26.07% of our total expense in Fiscal 2023, compared to 24.89% in Fiscal 2022.

Finance costs

Our finance costs increased by 42.48% to ₹5,865.21 lakh in Fiscal 2023 from ₹4,116.52 lakh in Fiscal 2022 primarily as a result of an increase in our interest expense on our working capital facility by 248.78% to ₹2,147.46 lakh in Fiscal 2023 from ₹615.70 lakh in Fiscal 2022 on account of increase in interest rates and higher utilisation of working capital facility.

Our finance cost accounted for: (i) 5.59% of our revenue from operations in Fiscal 2023, compared to 3.59% in Fiscal 2022; and (ii) 5.32% of our total expense in Fiscal 2023, compared to 3.87% in Fiscal 2022.

Depreciation and amortisation expenses

Depreciation and amortisation increased by 19.67% to ₹9,549.90 lakh in Fiscal 2023 from ₹7,980.19 lakh in Fiscal 2022 as a result of an increase in depreciation of tangible assets to ₹8,115.88 lakh in Fiscal 2023 from ₹7,221.37 lakh in Fiscal 2022 primarily due to additions of tangible assets during the year. Further, there was an increase in amortisation of intangible assets to ₹1,434.02 lakh in Fiscal 2023 from ₹765.68 lakh in Fiscal 2022 primarily due to capitalisation of intangible assets.

Our depreciation and amortisation expense accounted for: (i) 9.09% of our revenue from operations in Fiscal 2023, compared to 6.97% in Fiscal 2022; and (ii) 8.66% of our total expenses in Fiscal 2023, compared to 7.50% in Fiscal 2022.

Other expenses

Our other expenses decreased by 16.80% to ₹24,457.70 lakh in Fiscal 2023 from ₹29,396.25 lakh in Fiscal 2022 primarily due to:

(i) decrease in repair and maintenance expenses towards plant and machinery by 15.44% to ₹3,133.86 lakh in Fiscal 2023 from ₹3,706.27 lakh in Fiscal 2022;
(ii) decrease in other repair and maintenance charges by 7.18% to ₹481.28 lakh in Fiscal 2023 from ₹518.51 lakh in Fiscal 2022;
(iii) decrease in rent expenses by 12.93% to ₹100.95 lakh in Fiscal 2023 from ₹115.94 lakh in Fiscal 2022;
(iv) decrease in rates and taxes by 15.60% to ₹206.53 lakh in Fiscal 2023 from ₹244.69 lakh in Fiscal 2022;
(v) decrease in legal and professional fees by 51.08% to ₹2,497.12 lakh in Fiscal 2023 from ₹5,104.49 lakh in Fiscal 2022;
(vi) decrease in facility fees by 7.06% to ₹642.97 lakh in Fiscal 2023 from ₹691.79 lakh in Fiscal 2022;
(vii) decrease in research and development expenses by 10.82% to ₹4,910.23 lakh in Fiscal 2023 from ₹5,506.05 lakh in Fiscal 2022;
(viii) decrease in transportation charges by 2.59% to ₹203.22 lakh in Fiscal 2023 from ₹208.63 lakh in Fiscal 2022;
(ix) decrease in brokerage and commission expenses by 67.65% to ₹399.75 lakh in Fiscal 2023 from ₹1,235.76 lakh in Fiscal 2022;
(x) decrease in director sitting fees by 30.36% to ₹3.90 lakh in Fiscal 2023 from ₹5.60 lakh in Fiscal 2022;
(xi) decrease in sales promotion and advertisement expenses by 53.66% to ₹262.25 lakh in Fiscal 2023 from ₹565.89 lakh in Fiscal 2022;
(xii) decrease in advances written off by 99.92% to ₹0.10 lakh in Fiscal 2023 from ₹122.96 lakh in Fiscal 2022;
(xiii) decrease in loss on sale or discard of assets by 83.47% to ₹26.48 lakh in Fiscal 2023 from ₹160.22 lakh in Fiscal 2022;
(xiv) decrease in custom duty and VAT expenses by 2.82% to ₹396.10 lakh in Fiscal 2023 from ₹407.61 lakh in Fiscal 2022;
(xv) decrease in product filing fees or patent application fees by 36.55% to ₹159.49 lakh in Fiscal 2023 from ₹251.35 lakh in Fiscal 2022; and
(xvi) decrease in bad debts written off by 92.24% to ₹32.54 lakh in Fiscal 2023 from ₹419.26 lakh in Fiscal 2022.

Profit before exceptional items and tax

As a result of the foregoing factors, our profit before exceptional items and tax decreased by 140.95% to ₹(3.827.95) lakh in Fiscal 2023 from ₹9,347.37 lakh in Fiscal 2022.

Taxation

Our total tax expense decreased by 117.67% to ₹(736.36) lakh Fiscal 2023 from ₹4,168.27 lakh in Fiscal 2022.

The decrease in income tax expense was primarily a result of an decrease in deferred tax by 643.15% to ₹(4,149.46) lakh in Fiscal 2023 from ₹763.96 lakh in Fiscal 2022. The decrease in deferred tax was due to creation of deferred tax asset on account of disallowance. The effective tax rate for our Company was nil and 40.76% in Fiscals 2023 and 2022, respectively.

Profit for the year

As a result of the foregoing factors, our profit for the year decreased by 151.03% to ₹(3,091.59) lakh in Fiscal 2023 from a profit of ₹6,058.21 lakh in Fiscal 2022.

Fiscal 2022 compared to Fiscal 2021

Income

Our total income increased by 24.54% to ₹115,976.82 lakh in Fiscal 2022 from ₹93,127.17 lakh in Fiscal 2021 primarily due to an increase in our revenue from operations during this period.

Revenue from operations: Our revenue from operations increased by 27.12% to ₹1,14,552.27 lakh in Fiscal 2022 from ₹90,113.01 lakh in Fiscal 2021, which was primarily due to an increase (i) sale of our products by 26.39% to ₹1,07,827.68 lakh in Fiscal 2022 from ₹85,312.01 lakh in Fiscal 2021, in particular, sale of bulk drugs by 28.45% to ₹72,218.11 lakh in Fiscal 2022 from ₹56,223.27 lakh in Fiscal 2021; and (ii) export incentives by 463.64% to ₹547.35 lakh in Fiscal 2022 from ₹97.11 lakh in Fiscal 2021. The increase in our revenues from sale of bulk drugs was primarily due to increase in sale of our (i) Oncology segment by 30.41% in Fiscal 2022 to ₹44,751.49 lakh from ₹34,316.74 lakh in Fiscal 2021; (ii) non-Oncology segment by 23.40% in Fiscal 2022 to ₹27,445.51 lakh from ₹22,242.08 lakh in Fiscal 2021.

Other income: Our other income decreased by 52.74% to ₹1,424.54 lakh in Fiscal 2022 (which accounted for 1.23% of our total income in that year) from ₹3,014.16 lakh in Fiscal 2021 (which accounted for 3.24% of our total income in that year), primarily due to a decrease in (i) liabilities written back by 28.53% to ₹501.46 lakh in Fiscal 2022 from ₹701.64 lakh in Fiscal 2021, on account of claims received by from ₹1,377.68 lakh in Fiscal 2021 to nil in Fiscal 2022.

Expenses

Total expenses

Our total expenses increased by 33.61% to ₹1,06,263.42 lakh in Fiscal 2022 (which accounted for 91.62% of our total income in that year) from ₹79,532.40 lakh in Fiscal 2021 (which accounted for 85.40% of our total income in that year), primarily as a result of increases in the cost of materials consumed, employee benefit expenses, finance costs, depreciation and amortisation expenses and other expenses, which were partially offset by a decrease in purchase of stock-in trade, changes in inventories of finished goods, work-in-progress and stock-in-trade.

Cost of materials consumed

Our cost of materials consumed increased by 19.71% to ₹38,174.89 lakh in Fiscal 2022 from ₹31,888.45 lakh in Fiscal 2021 primarily on account of pressure on margin and selling price of our products, which was compounded by the increase in the procurement cost of our raw materials.

Our cost of materials consumed accounted for: (i) 33.33% of our revenue from operations in Fiscal 2022, compared to 35.39% in Fiscal 2021; and (ii) 35.92% of our total expenses in Fiscal 2022, compared to 40.09% in Fiscal 2021.

Purchase of stock-in-trade

The decrease in purchase of stock-in-trade to ₹849.07 lakh in Fiscal 2022 from ₹1,067.66 lakh in Fiscal 2021 was primarily a result of decrease in purchase of medicines, bulk drugs.

Change in inventories and work-in-progress and stock in trade

The increase in change in inventories of finished goods, work-in-progress and stock-in-trade to ₹(702.14) lakh in Fiscal 2022 from ₹(5883.03) lakh in Fiscal 2021 was primarily a result increase in work in progress goods.

Employee benefits expense

Our employee benefits expense increased by 12.40% to ₹26,448.65 lakh in Fiscal 2022 from ₹23,530.71 lakh in Fiscal 2021, primarily due to (i) increase in our expenses on salaries, wages and bonus to ₹24,487.68 lakh in Fiscal 2022 from ₹21,473.78 lakh in Fiscal 2021; and (ii) increase in staff welfare expenses to ₹456.13 lakh in Fiscal 2022 from ₹396.02 lakh in Fiscal 2021, which was partially offset by decrease in contribution to provident fund, gratuity and other funds to ₹1,504.84 lakh in Fiscal 2022 from ₹1,660.91 lakh in Fiscal 2021.

Our employee benefits expense accounted for: (i) 23.09% of our revenue from operations in Fiscal 2022, compared to 26.11% in Fiscal 2021; and (ii) 24.89% of our total expense in Fiscal 2022, compared to 29.59% in Fiscal 2021.

Finance costs

Our finance costs increased by 88.24% to ₹4,116.52 lakh in Fiscal 2022 from ₹2,186.87 lakh in Fiscal 2021 primarily as a result of an increase of interest expense on our (i) working capital facility by 23.78% to ₹615.70 lakh in Fiscal 2022 from ₹497.42 lakh in Fiscal 2021; and (ii) term loans by 110.69% to ₹3,450.53 lakh in Fiscal 2022 from ₹1,637.69 lakh Fiscal 2021, primarily on account of capitalisation of borrowing cost in Fiscal 2021.

Our finance cost accounted for: (i) 3.59% of our revenue from operations in Fiscal 2022, compared to 2.43% in Fiscal 2021; and (ii) 3.87% of our total expense in Fiscal 2022, compared to 2.75% in Fiscal 2021.

Depreciation and amortisation expenses

Depreciation and amortisation increased by 47.85% to ₹7,980.19 lakh in Fiscal 2022 from ₹5,397.67 lakh in Fiscal 2021 as a result of an increase in depreciation of tangible assets to ₹7,221.37 lakh in Fiscal 2022 from ₹4,557.64 lakh in Fiscal 2021 primarily due to capitalisation of assets. Further, there was an increase in amortisation of intangible assets to ₹681.65 lakh in Fiscal 2022 from ₹554.88 lakh in Fiscal 2021 primarily due to capitalisation of intangible assets.

Our depreciation and amortisation expense accounted for: (i) 6.97% of our revenue from operations in Fiscal 2022, compared to 5.99% in Fiscal 2021; and (ii) 7.51% of our total expenses in Fiscal 2022, compared to 6.79% in Fiscal 2021.

Other expenses

Our other expenses increased by 37.73% to ₹29,396.24 lakh in Fiscal 2022 from ₹21,344.90 lakh in Fiscal 2021 primarily due to:

(i) increase in power and fuel charges by 29.38% to ₹5,242.69 lakh in Fiscal 2022 from ₹4,052.06 lakh in Fiscal 2021;
(ii) increase in repair and maintenance expenses towards plant and machinery by 20.84% to ₹3,706.27 lakh in Fiscal 2022 from ₹3,067.08 lakh in Fiscal 2021;
(iii) increase in rates and taxes by 6.84% to ₹244.69 lakh in Fiscal 2022 from ₹ 229.02 lakh in Fiscal 2021;
(iv) increase in insurance expenses by 6.48% to ₹386.57 lakh in Fiscal 2022 from ₹363.04 lakh in Fiscal 2021;
(v) increase in travel and conveyance charges by 86.72% to ₹325.57 lakh in Fiscal 2022 from ₹174.36 lakh in Fiscal 2021;
(vi) increase in contract labour charges by 32.75% to ₹1,374.19 lakh in Fiscal 2022 from ₹1,035.16 lakh;
(vii) increase in legal professional fees by 68.13% to ₹5,104.49 lakh in Fiscal 2022 from ₹3,035.78 lakh;
(viii) increase in research and development charges by 62.86% to ₹5,506.05 lakh in Fiscal 2022 from ₹3,035.78 lakh Fiscal 2021;
(ix) increase in transportation charges by 3.82% to ₹208.63 lakh in Fiscal 2022 form ₹ 200.95 lakh in Fiscal 2021;
(x) increase in brokerage and commission by 47.01% to ₹1,235.76 lakh in Fiscal 2022 form ₹ 840.57 lakh in Fiscal 2021;
(xi) increase in job work charges by 2,209% to ₹88.01 lakh in Fiscal 2022 from ₹3.81 lakh in Fiscal 2021;
(xii) increase in directors’ sitting fees by 33.33% to ₹5.60 lakh in Fiscal 2022 from ₹4.20 lakh in Fiscal 2021;
(xiii) increase in sales promotion and advertisement charges by 60.89% to ₹565.89 lakh in Fiscal 2022 to ₹351.73 lakh in Fiscal 2021;
(xiv) increase in advance written-off from nil in Fiscal 2021 to ₹122.96 lakh in Fiscal 2022;
(xv) increase in bad debt written-off by 690.44% to ₹419.25 lakh in Fiscal 2022 from ₹53.04 lakh in Fiscal 2021;
(xvi) increase in clearing and forwarding expenses by 8.45% to ₹727.11 lakh in Fiscal 2022from ₹670.49 lakh in Fiscal 2021;
(xvii) increase in loss on sale or discard of assets by 170.09% to ₹160.22 lakh in Fiscal 2022 from ₹59.32 lakh in Fiscal 2021;
(xviii) increase in custom duty and VAT expenses by 88.15% to ₹407.61 lakh in Fiscal 2022 from ₹216.64 lakh in Fiscal 2021;
(xix) increase in CSR expenses by 7.16% to ₹372.51 lakh in Fiscal 2022 from ₹347.62 lakh in Fiscal 2021; and
(xx) increase in product filing fees or patent application fees by 69.34% to ₹251.35 lakh in Fiscal 2022 from ₹148.43 lakh in Fiscal 2021.

Profit before exceptional items and tax

As a result of the foregoing factors, our profit before exceptional items and tax decreased by 30.35% to ₹9,347.36 lakh in Fiscal 2022 from ₹13,421.03 lakh in Fiscal 2021.

Taxation

Our total tax expense decreased by 14.67% to ₹4,168.27 lakh in Fiscal 2022 from ₹4,884.83 lakh in Fiscal 2021. The decrease in income tax expense was primarily a result of a decrease in our current tax by 24.73% to ₹3,404.31 lakh in Fiscal 2022 from ₹4,523.00 lakh in Fiscal 2021. The effective tax rate for our Company was 40.76% and 25.04% in Fiscals 2022 and 2021, respectively.

Profit for the year

As a result of the foregoing factors, our profit for the year decreased by 58.56% to ₹6,058.21 lakh in Fiscal 2022 from a profit of ₹14,620.36 lakh in Fiscal 2021.

LIQUIDITY AND CAPITAL RESOURCES

Historically, our primary liquidity requirements have been to finance our working capital needs for our operations. We had met these requirements through cash flows from operations and borrowings. Cash in the form of cash on hand, balance with bank in current accounts and deposits with original maturity of less than 3 months together represent our cash and cash equivalents.

As at March 31, 2023, we had ₹2,131.82 lakh in cash and cash equivalents and ₹24.64 lakh as bank balances other than cash and cash equivalents. We believe that the lines of credit maintained by us and our working capital facilities, along with cash flow from our operations, provide us sufficient liquidity to meet our present requirements and anticipated requirements for working capital for 12 months following the date of this Preliminary Placement Document. We will fund our capital expenditure requirements in the near future towards through a mix of debt and equity capital along with cash flow from our operations.

Cash flows

The table below sets forth our cash flows for the periods indicated:

Particulars	Six-month period ended September 30,		Fiscal		
	2023	2022	2023	2022	2021
	(₹ lakh)				
Net cash flows generated from/(used in) operating activities	9,066.24	6,457.35	22,617.15	10,513.32	4,692.78
Net cash flows generated from/(used in) investing activities	(10,838.35)	(14,142.19)	27,848.25	(28,549.84)	(40,427.61)
Net cash flows generated from/(used in) financing activities	2,421.35	9,730.64	4,579.81	8,285.83	43,637.41
Net increase in cash and cash equivalents	**649.24**	**2,045.80**	**(651.39)**	**(9,750.67)**	**7,092.59**
Cash and cash equivalents at the beginning of the year	1,882.49	2,533.89	2,533.89	12,284.57	4,431.43
Cash and cash equivalents at the end of the year (net of book overdraft)	**2,372.10**	**4,634.12**	**1,822.50**	**2,533.91**	**12,334.01**

Six-month period ended September 30, 2023

Cash flows from operating activities

The net cash flow used in from operating activities in the six-month period ended September 30, 2023 was ₹9,066.24 lakh, while we had profit before tax of ₹1,246.18 lakh. The difference was attributable primarily to adjustments for finance cost of ₹4,138.79 lakh, depreciation and amortisation expense of ₹5,453.56 lakh, provision for gratuity and compensated absence of ₹317.02 lakh, provision for bad debts written off of ₹80.75 lakh, provision for capital advances of ₹84.08 lakh and unrealised foreign exchange loss of ₹128.52 lakh. These were partially offset by inflows of liabilities written back of ₹48.17 lakh, profit on sale of assets of ₹27.01 lakh, government grants of ₹79.92 lakh and interest income of ₹68.15 lakh.

Further there were also working capital changes including increase in financial and non-financial assets of ₹2,074.82 lakh, increase in inventories of ₹1,177.95 lakh, increase in trade receivables of ₹3,432.77 lakh, increase in financial liabilities and other liabilities of ₹1,380.53 lakh and increase in trade payables of ₹4,099.04 lakh.

Cash flows from investing activities

Net cash outflow towards investing activities in the six-month period ended September 30, 2023 was ₹10,838.35 lakh, which reflected proceeds from sale of assets of ₹470.40 lakh and interest received of ₹173.85 lakh. These were partially offset by outflow of cash on purchase of property, plant and equipment and intangible assets of ₹10,869.86 lakh and investments of ₹612.74 lakh.

Cash flows from financing activities

Net cash inflow from financing activities was ₹2,421.35 lakh in the six-month period ended September 30, 2023, which reflected outflow of cash on interest paid of ₹4,367.03 lakh, payment of lease liabilities (net) of ₹13.84 lakh, proceeds from long term borrowings (net) of ₹10,579.61 lakh and repayment of short term borrowings (net) of ₹3,777.39 lakh.

Six-month period ended September 30, 2022

Cash flows from operating activities

The net cash flow used in operating activities in the six-month period ended September 30, 2022 was ₹6,457.35 lakh, while we had losses before tax from our continued operations of ₹2,488.24 lakh. The difference was attributable primarily to adjustments for finance cost of ₹2,305.86 lakh, depreciation and amortisation expense of ₹4,572.88 lakh, provision for bad debts written off of ₹19.93 lakh, loss on sale of assets of ₹38.73 lakh. These were partially offset by inflows of liabilities written back of ₹872.33lakh, foreign exchange gain of ₹324.27 lakh, interest income of ₹106.55 lakh and amortisation of capital subsidy of ₹70.69 lakh.

Further there were also working capital changes including increase in financial and non-financial assets of ₹602.52 lakh, increase in inventories of ₹857.43 lakh, decrease in trade receivables of ₹1,409.26 lakh, decrease in financial liabilities and other liabilities of ₹997.43 lakh and increase in trade payables of ₹3,366.55 lakh.

Cash flows from investing activities

Net cash flow used in investing activities in the six-month period ended September 30, 2022 was ₹14,142.19 lakh, which reflected outflow of cash on purchase of property, plant and equipment and intangible assets of ₹12,601.76 lakh, investments of ₹724.84 lakh and movement in other bank balances of ₹953.99 lakh. These were partially offset by inflow of cash from sale of assets of ₹41.27 lakh and interest received of ₹97.13 lakh.

Cash flows from financing activities

Net cash generated from financing activities was ₹9,730.64 lakh in the six-month period ended September 30, 2022, which reflected inflow of cash from short-term borrowings of ₹ 20,781.71 lakh. These were partially offset by outflow of cash on interest paid of ₹2,334.20 lakh, payment of lease liabilities (net) of ₹5.52 lakh and repayment of long-term borrowings (net) of ₹8,722.39 lakh.

Fiscal 2023

Cash flows from operating activities

The net cash flow generated from operating activities in Fiscal 2023 was ₹22,617.15 lakh, while we had loss before tax of ₹3,827.95 lakh. The difference was attributable primarily to adjustments for depreciation and amortisation expense of ₹9,549.90 lakh, finance cost of ₹5,865.21 lakh, loss on sale of asset of ₹26.48 lakh, loss on sale of associates and joint ventures of ₹380.97 lakh and bad debts, advances written off of ₹44.54 lakh, advances to suppliers of ₹94.70 lakh and gratuity and compensated absence of ₹379.87 lakh. These were partially offset by inflows of interest income of ₹101.45 lakh, liabilities/provisions written back of ₹1,024.97 lakh, unrealised foreign gain of ₹372.45 lakh and government grant of ₹156.50 lakh.

Further there were also working capital changes including decrease in inventories of ₹3,541.73 lakh, decrease in trade receivables of ₹6,506.36 lakh, decrease in trade payables of ₹232.28 lakh, decrease in financial and non-financial assets of ₹4,431.58 lakh and increase in financial liabilities and other liabilities of ₹6,20.49 lakh.

Cash flows from investing activities

Net cash flow used in investing activities in Fiscal 2023 was ₹27,848.35 lakh, which reflected payment for purchase of property, plant and equipment of ₹27,253.87 lakh and increase in investments of ₹892.97 lakh, partially offset by cash acquired from property, plant and equipment of ₹120.87 lakh, interest received of ₹127.62 lakh and dividend received from equity accounted investees of ₹50.00 lakh.

Cash flows from financing activities

Net cash generated in financing activities was ₹4,579.81 lakh in Fiscal 2023, which reflected inflow of cash from short-term loans and borrowings of ₹14,126.24 lakh, which was partially offset by repayment of long-term loans and borrowings of ₹2,745.29 lakh, payment of lease liabilities of ₹54.41 lakh, dividend paid including DDT of ₹954.82 lakh and interest payment of ₹5,791.91 lakh.

Fiscal 2022

Cash flows from operating activities

The net cash flow generated from operating activities in Fiscal 2022 was ₹10,513.33 lakh, while profit before tax was ₹10,226.48 lakh. The difference was attributable primarily to adjustments for depreciation and amortisation expense of ₹7,980.19 lakh, finance cost of ₹4,116.52 lakh, loss on sale of asset of ₹160.22 lakh, loss on sale of associates and joint ventures of ₹366.03 lakh and bad debts and advances written off of ₹419.25 lakh. These were partially offset by inflows of interest income of ₹206.66 lakh, liabilities/provisions written back of ₹501.46 lakh, unrealised foreign gain of ₹379.70 lakh, net gain recognised on sale of stake in group company of ₹879.11 lakh and government grant of ₹141.05 lakh.

Further there were also working capital changes including increase in inventories of ₹3,840.10 lakh, increase in trade receivables of ₹16,827.15 lakh, increase in trade payables of ₹8,372.57 lakh, decrease in financial and non-financial assets of ₹1,969.29 lakh and increase in financial liabilities and other liabilities of ₹3,126.27 lakh.

Cash flows from investing activities

Net cash flow used in investing activities in Fiscal 2022 was ₹28,549.84 lakh, which reflected payment for purchase of property, plant and equipment of ₹33,182.61 lakh, investments of ₹1,732.38 lakh and movement in other bank balances of ₹2.26 lakh, partially offset by proceeds from property, plant and equipment of ₹61.11 lakh, redemption of fixed deposits of ₹3,163.60 lakh, proceeds from sale of stake in group company of ₹2,841.27 lakh, interest received of ₹201.42 lakh and dividend received from equity accounted investees of ₹100.02 lakh.

Cash flows from financing activities

Net cash generated in financing activities was ₹8,285.83 lakh in Fiscal 2022, which reflected inflow of cash from proceeds from issue of shares of ₹29,683.96 lakh, which was partially offset by repayment of long-term loans and borrowings of ₹12,149.26 lakh, repayment of short-term loans and borrowings of ₹4,155.72 lakh, payment of lease liabilities of ₹58.36 lakh, dividend paid including DDT of ₹896.80 lakh and interest payment of ₹4,137.98 lakh.

Fiscal 2021

Cash flows from operating activities

The net cash flow generated from operating activities in Fiscal 2021 was ₹4,692.78 lakh, while profit before tax was ₹19,505.19 lakh. The difference was attributable primarily to adjustments for depreciation and amortisation expense of ₹5,397.66 lakh, finance cost of ₹2,186.87 lakh, loss on sale of asset of ₹57.68 lakh, loss on sale of associates and joint ventures of ₹173.58 lakh and bad debts and advances written off of ₹53.04 lakh. These were partially offset by inflows of interest income of ₹353.17 lakh, liabilities/provisions written back of ₹701.64 lakh, unrealised foreign gain of ₹108.23 lakh, net gain recognised on sale of stake in group company of ₹6,084.00 lakh and government grant of ₹45.57 lakh.

Further there were also working capital changes including increase in inventories of ₹10,634.32 lakh, decrease in trade receivables of ₹1,304.82 lakh, decrease in trade payables of ₹630.22 lakh, increase in financial and non-financial assets of ₹3,395.81 lakh and increase in financial liabilities and other liabilities of ₹2,726.91 lakh.

Cash flows from investing activities

Net cash flow used in investing activities in Fiscal 2021 was ₹40,427.61 lakh, which reflected payment for purchase of property, plant and equipment of ₹35,424.21 lakh, payment for acquisition of subsidiaries of ₹6,243.93 lakh, investments of ₹1,416.70 lakh, investment in fixed deposits of ₹4,151.61 lakh and movement in other bank balances of ₹1.22 lakh, partially offset by proceeds from property, plant and equipment of ₹480.94 lakh, proceeds from sale of stake in group company of ₹6,084.00 lakh, interest received of ₹196.66 lakh and dividend received from equity accounted investees of ₹48.47 lakh.

Cash flows from financing activities

Net cash generated in financing activities was ₹43,637.41 lakh in Fiscal 2021, which reflected inflow of cash from proceeds of long-term loans and borrowings of ₹38,052.39 lakh, proceeds from short-term loans and borrowings of ₹7,813.05 lakh, partially offset by payment of lease liabilities of ₹41.16 lakh and interest payment of ₹2,186.87 lakh.

Financial indebtedness

As at September 30, 2023 and March 31, 2023, our outstanding borrowings aggregated to ₹86,349.69 lakh and ₹79,572.18 lakh, respectively. The table below sets forth details of our outstanding borrowings as at September 30, 2023 and March 31, 2023.

Category of Borrowing	**Outstanding Amount as at**	
	September 30, 2023	**March 31, 2023**
	(₹ lakh)	
Non-current		
Secured loans		
- Term loan from banks	10.683.18	24,291.89
- Unlisted, rated, secured, redeemable and non-convertible debentures of face value of ₹1.00 lakh each issued by our Subsidiaries namely, Shilpa Pharma Lifesciences Limited and Shilpa Biologicals Private Limited	45,000.00	-
Unsecured loans		
- Loans from NBFC	-	4,590.00
Sub-total (A)	**55,683.18**	**28,881.89**
Current		
Secured loans repayable on demand		
- Working capital loans	30,666.51	50,690.29
Sub-total (B)	30,666.51	**50,690.29**
Total (A+B)	**86,349.69**	**79,572.18**

Also see "*Risk Factors—Our financing arrangements contain restrictive covenants.*" on page 58.

Credit ratings

The cost and availability of capital is dependent, among other factors, on our short-term and long-term credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position and our ability to meet our obligations. Details of our credit ratings as on the date of this Preliminary Placement Document are provided below:

Agency	Instrument	Rating/ Outlook
India Ratings & Research	Fund-based working capital limits	IND A/Negative/IND A2
	Term loans	IND A/Negative

Also see "*Risk Factors—Our financing arrangements contain restrictive covenants."* on page 58.

Contractual obligations and commercial commitments

The table below sets forth our undiscounted contractual maturities of significant financial liabilities as at March 31, 2023. These obligations primarily relate to our contractual maturities of significant financial liabilities such as borrowings, trade payables and other financial liabilities. The amounts are on a gross basis and undiscounted contractual cash flow includes contractual interest payment and excludes netting arrangements.

Particulars	Undiscounted contractual maturities of significant financial liabilities as at March 31, 2023				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
	(₹ lakh)				
Short-term borrowings	34,416.69	-	-	-	**34,416.69**
Long-term borrowings	-	16,273.60	28,881.89	-	**45,155.49**
Trade and other payables	-	14,439.94	1.45	-	**14,441.39**
Lease Liabilities	-	36.56	180.14	-	**216.70**
Other Financial Liabilities	-	8,358.39	-	-	**8,358.39**
Total	**34,416.69**	**39,108.49**	**29,063.48**	**-**	**10,2588.66**

Contingent liabilities and commitments

Set out below are our contingent liabilities and commitments as at March 31, 2023 that have not been provided for, based on our Fiscal 2023 Audited Consolidated Financial Statements.

Contingent Liabilities and commitments	As at March 31, 2023
	(₹ lakh)
(a) Foreign letter of credit	9.26
(b) Bank guarantees/Corporate guarantee	417.53
(c) Claims against the Company not acknowledged as debt	6,296.93
(d) Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances	11,915.48
Total	18,639.20

Also see "*Risk Factors—We have certain contingent liabilities and commitments that have not been provided for and could materialize.*" on page 60.

Off-balance sheet commitments and arrangements

Except as disclosed in our Financial Statements included in this Preliminary Placement Document, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors. We do not enter into derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Related party transactions

We have engaged in the past, and may engage in the future, in transactions with related parties, our Subsidiaries, Associates, affiliates and Key Managerial Personnel. For details of our related party transactions, see Note 41 to our Audited Consolidated Financial Statements in "*Financial Information*" on page 248.

Quantitative and qualitative disclosures about market risk

We are exposed to market risk, interest rate risk, credit risk, liquidity risk, foreign currency risk and commodity risk in the normal course of our business. Our Board has overall responsibility for the establishment and oversight of our risk management framework. Our risk management policies are established to identify and analyse the risks faced, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Our risk management policies and systems are reviewed regularly to reflect changes in market conditions and our activities.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The changes in the values of financial assets/liability may result from change in the foreign currency exchange rates or change in interest rates.

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 changes in market interest rates. Our exposure to the risk of changes in market interest rates relates primarily to our short-term debt obligations with floating interest rates. We manage our interest rate risk by having a balanced portfolio of fixed and variable rate long-term and short-term borrowings. We do not enter into any interest rate swaps.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises principally from our operating activities (primarily trade receivables) and from our investing activities, including deposits with banks and financial institutions and other financial instruments.

We assess the credit quality and financial health of our customers and counterparties, taking into account our financial position and past experience. Credit risk is controlled by analysing credit limits and creditworthiness of customers and other counterparties on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collections from our trade receivables are monitored on a continuous basis by our receivables team.

We establish an allowance for credit loss that represents our estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trends. The maximum exposure to credit risk as at September 30, 2023 and March 31, 2023 was primarily from our trade receivables amounting to ₹35,538.73 lakh and ₹32,434.91 lakh, respectively, and one and three customers accounted for more than 10% of our trade receivable as at September 30, 2023 and March 31, 2023, respectively. Credit risk on cash and cash equivalents is limited as we generally transact with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Liquidity risk

Liquidity risk refers to that risk where we are not able to meet our financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per our requirements without incurring losses and risk. Our objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits, working capital facilities and other debt. See "—*Liquidity and Capital Resources*" and "—*Contractual obligations and commercial commitments*" on pages 125 and 128, respectively, for further details.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. We are exposed to the risk of changes in foreign exchange rates primarily on account of our operating activities (when revenue or expense is denominated in a foreign currency. We operate internationally and a major portion of our business is transacted in foreign currencies such as the U.S. dollar, Euro and GBP and, consequently, we are exposed to foreign exchange risk through operating and borrowing activities in foreign currency. We do not hold any derivative instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure. Our management monitors the movement in foreign currency and our exposure to each foreign currency. For further details, see "*Risk Factors—We have material exposure to foreign exchange related risks since a substantial portion of our revenue from operations accrues in foreign currencies.*" on page 59.

Commodity risk

We are exposed to risks in relation to the prices of our principal raw material, *i.e.*, risk of price fluctuation of the raw materials we use of manufacture of our products primarily as a reason if us not having long-term contractual arrangements with these suppliers. Inflationary factors such as increases in the costs of commodities and raw materials used in our operations may adversely affect our operating results. Raw material pricing can be volatile due to a number of factors beyond our control and there are uncertainties inherent in estimating such variables, regardless of the methodologies and assumptions that we may use. Our inability to pass fluctuations in raw material prices on to our customers and/or any gap in time to revise prices to pass on increased costs could adversely affect our business, financial condition and results of operations. Based on our analysis of the Fiscals and periods presented, we believe that inflation has not had a material effect on our operating results as inflationary increases in raw material prices and employee costs have generally been offset through increases in price of our products and services. For further details, see "*Risk Factors—We rely on third-party suppliers and logistics providers for the supply of raw materials and transportation of our manufactured products and unsatisfactory services provided by them or failure to maintain relationships with them could disrupt our operations.*" on page 47.

Other qualitative factors

Unusual or infrequent events of transactions

Other than as described below and elsewhere in this Preliminary Placement Document and under the heading titled "*—COVID-19*" on page 131, to our knowledge, there have been no other events or transactions that, may be described as "unusual" or "infrequent" and which materially affect or are likely to affect our revenue from operations.

COVID-19

Fiscal 2022 experienced the second and third wave of the COVID-19 pandemic that resulted in slowing down of economic activity globally and in India. Several countries, including India, were forced into a complete or partial lockdown, which had an adverse impact on our business operations as well as projects and services at our sites.

Our Company has evaluated the possible impact that may result from the continuing effects of the COVID-19 pandemic on the carrying amounts of our assets and liabilities and its internal financial controls. Our Company has considered internal and external sources of information as at the date of approval of our Audited Consolidated Financial Statements in determining the possible impact, if any, of the resurgence of the COVID-19 pandemic on the carrying amounts of its trade receivables, inventories, financial and non-financial assets. Our Company has been prudent in applying judgments and making estimates. Based on its evaluation, our Company believes that it has fully considered all possible impact of known events in the Audited Consolidated Financial Statements; however, the eventual outcome of the impact of COVID-19 pandemic may be different from those estimated on the date of its approval as the COVID-19 situation evolves in India and globally. Our Company will continue to closely monitor any material changes to future economic conditions.

Known trends or uncertainties

Our business has been affected and we expect will continue to be affected by the trends identified above in "*—Factors Affecting Our Financial Condition and Results of Operations*" and the uncertainties described in "*Risk Factors*" on pages 93 and 43, respectively. To our knowledge, except as described or anticipated in this Preliminary Placement Document, there are no known factors which we expect will have a material adverse impact on our revenues or income from continuing operations.

New products or services

Other than as described in "*Business*" on page 169, there are no plans to introduce any new products or services in the near future which are likely to materially affect our revenue from operations or profitability.

Statutory Auditors' Qualifications or Observations

There are no qualifications in the respective auditors' reports on the Audited Consolidated Financial Statements or the limited review reports on the Unaudited Interim Consolidated Financial Information.

Material Developments

Except as set forth in "*—Financial Indebtedness*" and "*Capitalization Statement*" on pages 128 and 82, respectively and except as set forth below and elsewhere in this section, to our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in this Preliminary Placement Document which materially or adversely affect or are likely to materially or adversely affect, within the next 12 months, our operations or profitability, or the value of our assets or our ability to pay our liabilities.

One of the Subsidiaries of the Company, Vegil Labs Private Limited, has disinvested its 40% stake in Auxilla Pharmaceuticals and Research LLP, our erstwhile associate, for a consideration of Rs.1,100.00 lakhs. Additionally, our Company acquired 100 shares (par value of $1.00 per share) of common stock in Pilnova Pharma Inc. on December 15, 2023.

INDUSTRY OVERVIEW

*The information in this section is derived from the report titled "Assessment of the global pharmaceuticals industry" dated March, 2024 (the "**CRISIL Report**"), prepared by CRISIL MI&A, a division of CRISIL Limited. We commissioned the CRISIL Report, which is a paid report, for the purpose of confirming our understanding of the industry exclusively in connection with this Issue for an agreed fee pursuant to an engagement letter dated February 26, 2024.*

The CRISIL Report is subject to the following disclaimer:

> *"CRISIL Market Intelligence & Analytics (CRISIL MI&A), a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Shilpa Medicare Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL MI&A operates independently of, and does not have access to information obtained by CRISIL Ratings Limited, which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL MI&A and not of CRISIL Ratings Limited. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."*

The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purpose of presentation. Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. Also see "Industry and Market Data" and "Risk Factors—This Preliminary Placement Document contains information from the industry report from CRISIL MI&A. Investors are advised not to base their investment decision solely on such information." on pages 17 and 64, respectively.

GLOBAL MACROECONOMIC ASSESSMENT

Global GDP to grow through 2025 amid cooling inflation and steady growth of key economies

Global gross domestic product ("**GDP**"), which is estimated to have expanded 3.1% in 2023, is projected to mirror that growth rate in 2024 and expand slightly thereafter to 3.2% in 2025, according to the International Monetary Fund's January 2024 update. At 3.1%, the latest forecast for 2024 is 0.2 percentage point higher compared with the IMF's previous forecast in October 2023, mainly on account of better-than-expected resilience of the U.S. and several large emerging market and developing economies, as well as fiscal support in China.

With disinflation, steady economic growth and broadly balanced risks to global growth, the likelihood of a hard landing of economies has receded. In fact, inflation has been cooling faster than expected amid easing of global supply chains. Faster disinflation could lead to further easing of financial conditions as well.

India among the world's fastest-growing large economies

India was the fastest-growing major economy in 2021 (i.e., Fiscal 2022; fiscal year is from April 1 to March 31), with a growth rate of 9.8%, followed by China at 8.5%. In 2022, India had logged healthy growth, with GDP expanding 7.0% and overtaking the United Kingdom as the fifth-largest economy. In 2023, too, India's GDP is projected to have grown 7.6%, faster than that of China *(according to Second Advanced Estimate for Fiscal 2024 (2023) from MoSPI)*.

In 2024 and 2025, India's GDP is forecasted to grow 6.8% and 6.5%, respectively.

Emerging markets and developing economies are projected to post a stable growth of 4.1% in 2024, with a slight pick-up to 4.2% in 2025. Many emerging economies will continue to show resilience, led by domestic factors-driven economies such as India and Indonesia. China is a notable exception as it is facing growing headwinds from a real estate crisis and weakening household confidence.

In contrast, GDP growth of the advanced economies is estimated to have moderated to 1.6% in 2023 and is expected to moderate further to 1.5% in 2024 from 2.6% in 2022 before recovering to 1.8% in 2025 amid stronger U.S. momentum.

Real GDP growth by geography

Region	GDP, current prices ($ billion)	GDP growth rate											
	2022	2017	2018	2019	2020	2021	2022	2023 P	2024 P	2025 P	2026 P	2027 P	2028 P
U.S.	25,462.7	2.2	2.9	2.3	-2.8	5.9	2.1	2.5	2.1	1.7	2.1	2.1	2.1
China	17,886.3	6.9	6.8	6.0	2.2	8.5	3.0	5.2	4.6	4.1	4.1	3.7	3.4
Euro area	14,150.7	2.6	1.8	1.6	-6.1	5.6	3.3	0.5	0.9	1.7	1.7	1.5	1.3
Japan	4,237.5	1.7	0.6	-0.4	-4.2	2.2	1.0	1.9	0.9	0.8	0.5	0.4	0.4
India*	3,389.7	6.8	6.5	3.9	-5.8	9.8*	7.0*	7.6*	6.8*	6.5	6.3	6.3	6.3
United Kingdom	3,081.9	2.4	1.7	1.6	-11.0	7.6	4.1	0.5	0.6	1.6	2.1	1.8	1.5
Latin America & Caribbean	5,821.8	1.3	1.1	0.2	-7.0	7.4	4.1	2.5	1.9	2.5	2.5	2.6	2.5
Indonesia	1,318.8	5.1	5.2	5.0	-2.1	3.7	5.3	5.0	5.0	5.0	5.0	5.0	5.0
Thailand	495.4	4.2	4.2	2.1	-6.1	1.5	2.6	2.5	4.4	2.0	3.0	3.0	3.0
Vietnam	406.5	6.9	7.5	7.4	2.9	2.6	8.0	4.7	5.8	6.9	6.8	6.8	6.8
World	**-**	**3.8**	**3.6**	**2.8**	**-2.8**	**6.3**	**3.5**	**3.0**	**3.1**	**3.2**	**3.2**	**3.1**	**3.1**

*P: Projected. *Numbers for India are for Fiscal (2020 is fiscal 2021 and so on) and as per the CRISIL's forecast for 2024 and as per IMF's forecast for 2025 to 2028. India GDP estimate for the current fiscal is 7.6% according to second advanced estimate from the Ministry of Statistics and Programme Implementation ("**MoSPI**").*

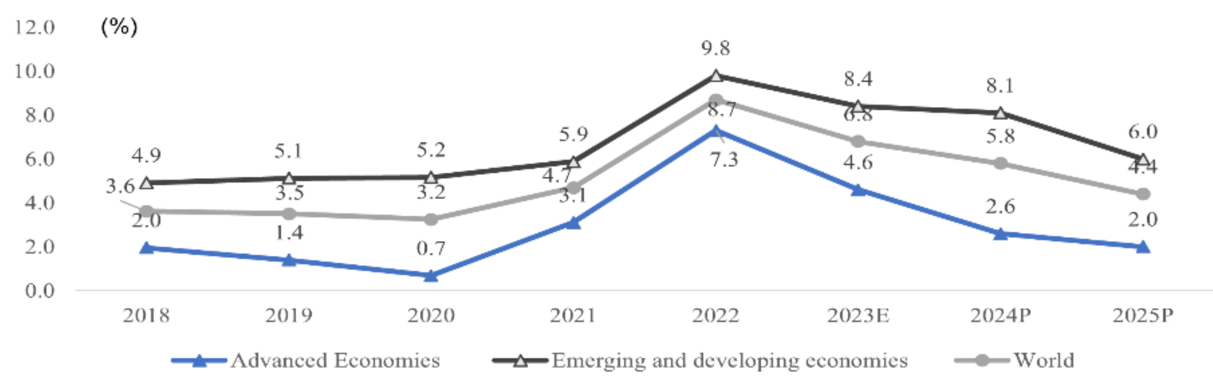
Note: Projection as per IMF update in January 2024.

Source: IMF economic database; World Bank national accounts data; OECD national accounts data; CRISIL MI&A Consulting; CRISIL Report.

Global inflation to subside in the medium term

As per the IMF, global headline inflation is expected to abate from an estimated 6.8% in 2023 (annual average) to 5.8% in 2024 and 4.4% in 2025. Inflation is expected to decrease more rapidly in advanced economies, with inflation falling 2.0 percentage points in 2024 to 2.6%. In emerging market and developing economies, though, inflation is projected to decline by just 0.3 percentage point to 8.1%. Still, overall, approximately 80% of the world's economies are expected to see lower annual average headline and core inflation in 2024.

Trend and outlook on consumer prices

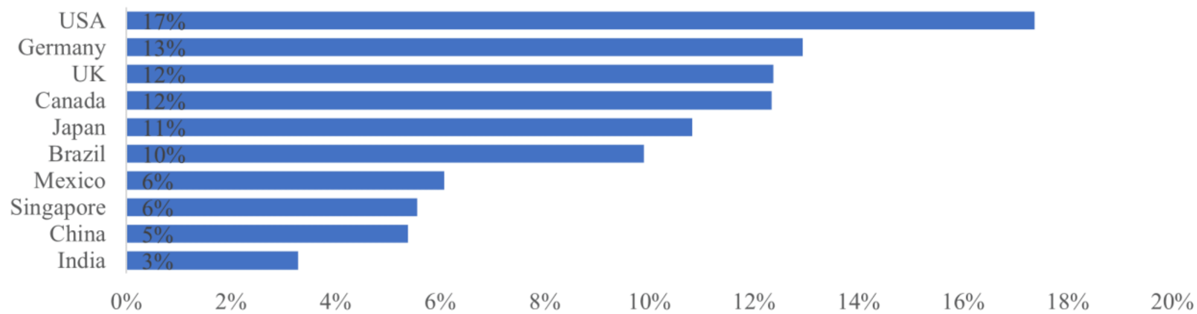


E – estimates, P – projections.
Source: IMF, CRISIL MI&A Consulting; CRISIL Report.

Global healthcare expenditure accounts for approximately 10% of global GDP

Globally, healthcare expenditure as a percentage of GDP increased at 10.3% on-year in 2021, owing to availability of better medical facilities, advancements in medicine and increase in disposable incomes.

Current healthcare expenditure as percentage of GDP (2021)



*Source: Global Health Expenditure Database – World Health Organization ("**WHO**"), CRISIL MI&A Consulting; CRISIL Report*

Per capita CHE (in current PPP)

Countries	CHE, in current PPP per capita		
	2017	2021	CAGR (2017-2021)
USA	9,902.8	12,012.2	4.9%
Germany	6,026.1	7,607.0	6.0%
Canada	5,268.3	6,552.2	5.6%
Singapore	4,051.4	6,352.6	11.9%
UK	4,438.5	6,159.8	8.5%
Japan	4,427.2	4,675.5	1.4%
Brazil	1,371.2	1,625.6	4.3%
Mexico	1,093.3	1,190.1	2.1%
China	711.8	1,032.7	9.8%
India	179.4	235.7	7.1%

Note: 2021 is the latest available data for the set of countries
Source: Global Health Expenditure Database – WHO, CRISIL MI&A Consulting; CRISIL Report.

MACROECONOMIC OVERVIEW OF INDIA

GDP rose at 5.7% CAGR between fiscals 2012 and 2023

India's GDP rose at 5.7% CAGR between Fiscals 2012 and 2023 to ₹160 trillion. A large part of the lower growth rate was because of challenges heaped by the Covid-19 pandemic in Fiscals 2020 and 2021. In Fiscal 2022, the economy recovered with abating of the pandemic and subsequent easing of restrictions and resumption in economic activity. Inflation, though, rose sharply in the last quarter of the fiscal owing to geopolitical pressures. Still, the GDP printed 9.1% growth versus (5.8)% in Fiscal 2021

In Fiscal 2025, CRISIL expects the GDP to expand 6.8%. The slower growth rate versus. Fiscal 2024 will be because of slowing global growth, impact of rising interest rates, waning of pent-up demand for services and increasing geopolitical uncertainty. Still, the manufacturing sector, investments and domestic demand will remain resilient.

Between Fiscal 2025 and Fiscal 2031, CRISIL expects India to sustain average GDP growth of 6.7%. Fiscal 2031 will mark the year when India enters the upper middle-income country club with per capita income rising to approximately US$4,500, as per the World Bank definition. Capital investments will contribute more to this growth.

India's per capita GDP growing faster than the global average

Global GDP per capita clocked a CAGR of 3.1% between 2018 and 2023, as per the IMF. India's per capita registered a higher CAGR of 5.8% over the period, i.e., Fiscal 2019 to 2024.

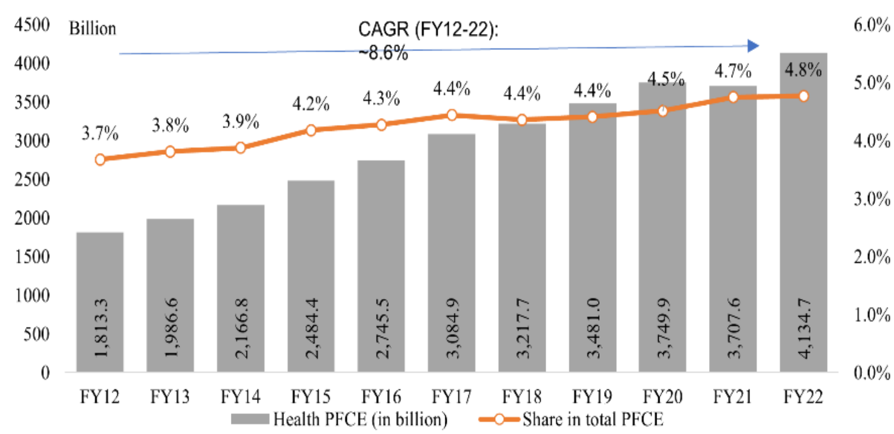
GDP per capita, current prices (U.S.$)

Regions	2018	2019	2020	2021	2022	2023E	2024P	2025P	CAGR (2018-2023E)
Canada	46,626	46,450	43,384	52,388	55,037	53,247	55,528	57,899	2.7%
China	9,849	10,170	10,525	12,572	12,670	12,541	13,156	14,031	5.0%
Euro area	39,865	39,001	37,915	42,404	40,819	44,566	46,926	49,067	2.3%
India	**1,974**	**2,050**	**1,913**	**2,238**	**2,392**	**2,612**	**2,848**	**3,102**	**5.8%**
Japan	39,850	40,548	40,133	39,933	33,854	33,950	34,555	36,657	-3.2%
United Kingdom	43,378	42,797	40,347	46,422	45,461	48,913	52,426	55,732	2.4%
U.S.	62,788	65,077	63,577	70,160	76,343	80,412	83,063	85,877	5.1%
Advanced economies	48,077	48,350	47,220	52,474	53,129	55,921	58,172	60,674	3.1%
Emerging market and developing economies	5,364	5,415	5,152	5,972	6,357	6,455	6,772	7,130	3.8%
World	11,457	11,500	11,077	12,468	12,895	13,333	13,872	14,477	3.1%

E – estimates, P – projections
Source: IMF, CRISIL MI&A Consulting; CRISIL Report

Share of health expenditure in total PFCE consistently increasing

The share of health expenditure in total PFCE has been consistently increasing; it rose from 3.7% in Fiscal 2012 to 4.8% in Fiscal 2022. In absolute terms, health expenditure increased at a CAGR of approximately 8.6% from ₹1,813.3 billion in Fiscal 2012 to ₹4,134.7 billion in Fiscal 2022.



Source: MoSPI, CRISIL MI&A Consulting; CRISIL Report

Growing population, increasing urbanisation and rising per capita income to strengthen India's consumer base and demand

According to Census 2011, India's population grew to approximately 1.2 billion between 2001 and 2011, at a CAGR of 1.9%. As per Census 2010, the country had approximately 246 million households. Additionally, as per United Nations Population Fund's ("**UNFPA**") State of World Population Report of 2023, India's population by mid-2023 is estimated to have surpassed China by approximately 2.9 million. This demographic expansion along with increasing per capita income will boost consumer spending in India.

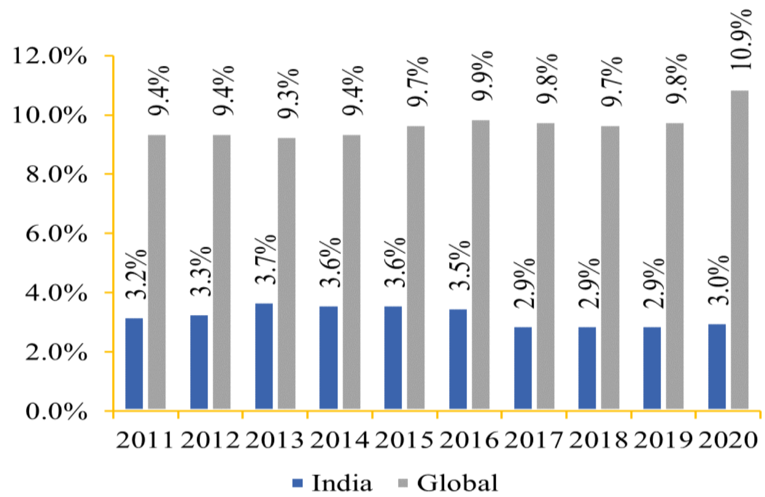
Also, India's urban population is expected to continue to rise on the back of economic growth. The share of urban population is projected to increase to nearly 40% by 2030, according to a UN report on urbanization. In accordance with the UN 2022 Revision of World Population Prospects, India's youth (0-24 years) accounted for nearly half its population in 2010, significantly higher than that for some of its peers (Brazil at 42.5%, China at 35.1% and the Russian Federation at 29.7%). Approximately 31% of the population aged below 15 indicates that a high proportion of the country's young population is expected to remain so in the coming years.

This share is, in fact, expected to reach approximately 39% by 2030, and remain significantly higher than that of its peers (Brazil at 31.5%, China at 25.4% and the Russian Federation at 27.7%). This also indicates a higher proportion of population entering the workforce. However, the share of population above 50 years is also expected to increase from approximately 19.4% in 2020 to approximately 23.0% in 2030 (projected).

India lags other economies in healthcare expenditure

According to the Global Health Expenditure Database, India's healthcare expenditure accounted for 3% of its GDP in 2020. This places India behind not only developed countries, such as the U.S. and the United Kingdom, but also several developing countries such as Brazil, Malaysia, Nepal, Sri Lanka and Thailand. Furthermore, India's public spending on healthcare services is considerably lower than its global counterparts. For instance, India's per capita expenditure on healthcare, calculated at an international dollar rate and adjusted for purchasing power parity, was a mere U.S.$56.6 in 2020, compared with the global average of U.S.$1,177.

CHE as a percentage of GDP – India vs Global



In contrast, the per capita expenditures of the U.S., the United Kingdom, and Singapore were significantly higher approximately U.S.$11,702 for the U.S.$4,927 for the United Kingdom, and U.S.$3,537 for Singapore.

Country	U.S.$
U.S	11,702
United Kingdom	4,927
Japan	4,388
Singapore	3,537
Korea, Rep.	2,642
World	**1,177**
Brazil	701
China	583
Malaysia	419
Indonesia	133
India	57
Bangladesh	51

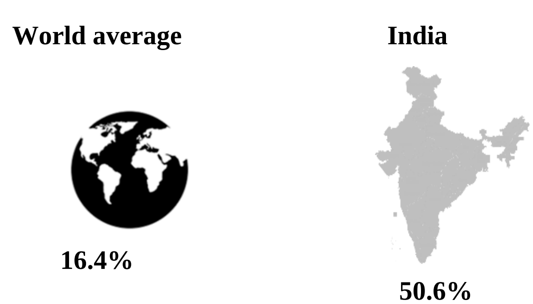
Source: World Bank, CRISIL MI&A Consulting; CRISIL Report.

Out-of-pocket expenditure on healthcare in India is one of the highest globally with 16.4 % as world average, compared to 50.6 in India.

The Indian government's spending on healthcare is lower than the size of the economy warrants, which leads to high out-of-pocket ("**OOP**") expenditure. India's OOP expenditure as a percentage of current health spending was 50.6% in 2020, significantly above the global average of 16.4%, and among the highest in the world.

Furthermore, in India, majority of insurance cover does not cover outpatient treatments, which also makes OOP due to outpatient greater in comparison to inpatient treatments. However, the government has introduced schemes such as Ayushman Bharat Pradhan Mantri Jan Arogya Yojana, state-sponsored health insurance (AB-PMJAY State Extension Schemes), Employees' State Insurance Scheme and Central Government Health Scheme to increase the coverage of medical insurance.

OOP % of CHE (CY2020)



Source: World Bank, CRISIL MI&A Consulting

Share of government spending in total health expenditure one of the lowest globally

The share of domestic government health expenditure ("**GHE**"), (% of CHE) in India is still one of the lowest among emerging as well as developed economies. For instance, in 2020, the share of GHE in total CHE of developed countries such as the U.S., the United Kingdom and Japan was 56.8%, 83.7% and 84.2%, respectively. Even in developing countries, the share of government spending on health as a percentage of CHE was higher than in India.

Government health spending as % of CHE (2020)

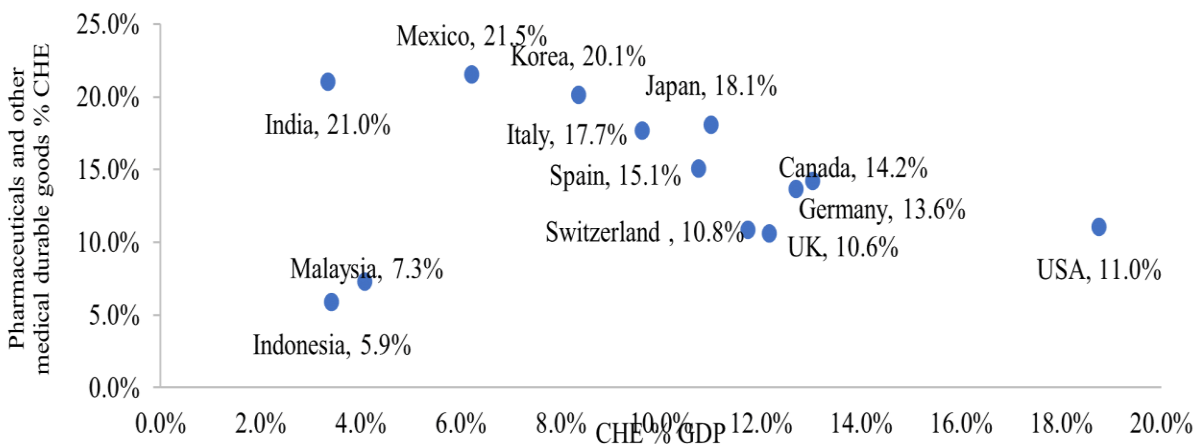
Source: World Bank, CRISIL MI&A Consulting

In Indonesia and Malaysia, the share of GHE was 55% and 52.8%, respectively, whereas, in India, it was just 36.6%. Overall, as well, the share of GHE as a percentage of CHE was less than the global average of 63.4%.

India's share of pharmaceuticals in CHE one of the highest globally

According to data published by World Health Organization ("**WHO**"), India's spending on pharmaceuticals and other medical durable goods as a percentage of CHE was 21% in 2020, which is one of the highest globally. Other countries with a similar range are Mexico (21.5%), Korea (20.1%), Italy (18.1%) and Japan (17.7%).

Share of pharmaceuticals in CHE in 2020



Source: Global Health Expenditure Database – WHO, CRISIL MI&A Consulting

However, due to lower CHE spending, per capita pharmaceuticals and other medical durable goods spending for India was comparatively lower at approximately U.S.$13 in 2020, in contrast to the top spending countries – the U.S. (U.S.$1,298), Switzerland (U.S.$1,094) and Germany (U.S.$810) in 2020.

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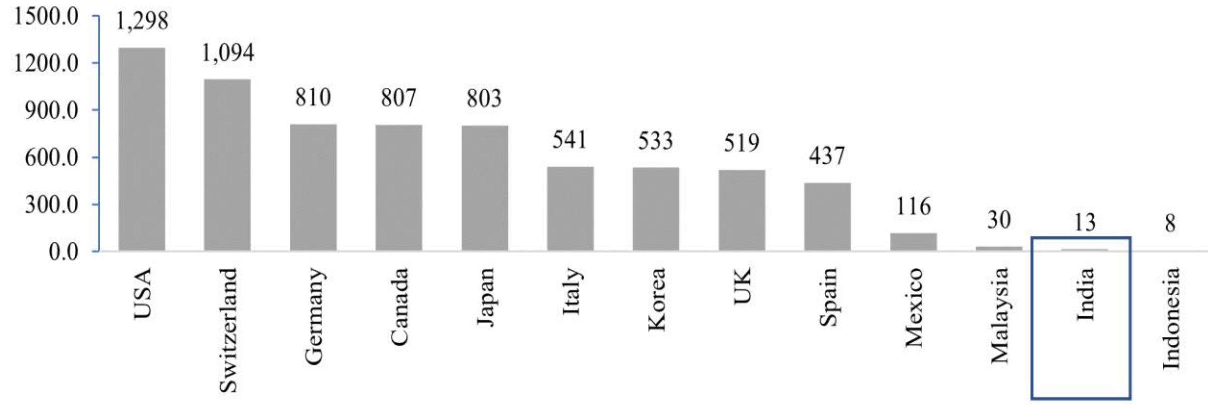
Pharmaceuticals and other medical durable goods, in current U.S.$ per capita in 2020



Source: Global Health Expenditure Database – WHO, CRISIL MI&A Consulting; CRISIL Report

Overview of impact of COVID-19

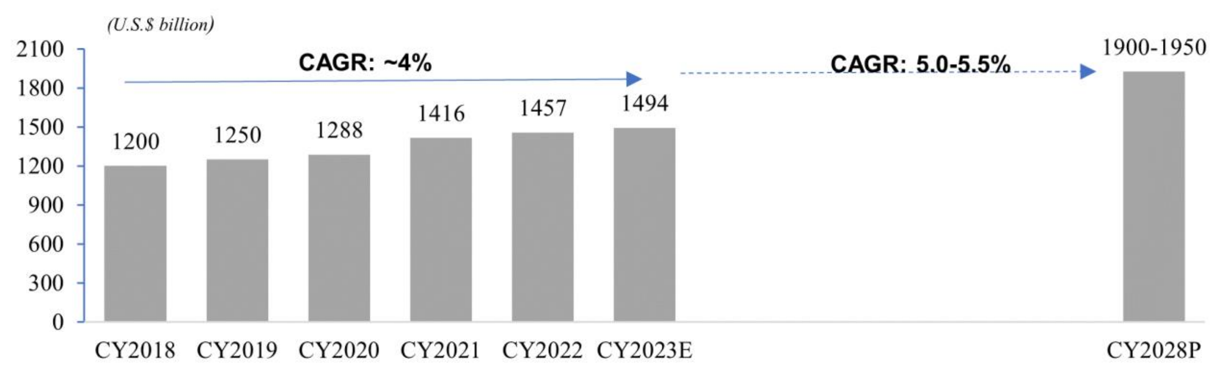
The pandemic highlighted the global reliance on China for APIs for various drugs. However, the Covid-19 have given the opportunities for pharmaceutical players to tap into the opportunities created by players diversifying the supply chains especially in the API segment where globally players are diversifying the sourcing from single source like China. India being one of the key manufacturing hubs for pharmaceutical production can be the benefitting factors for Indian pharmaceutical players.

ASSESSMENT OF GLOBAL PHARMACEUTICALS MARKET

Global pharmaceutical market to grow at steady 5 to 5.5% CAGR between 2023 and 2028

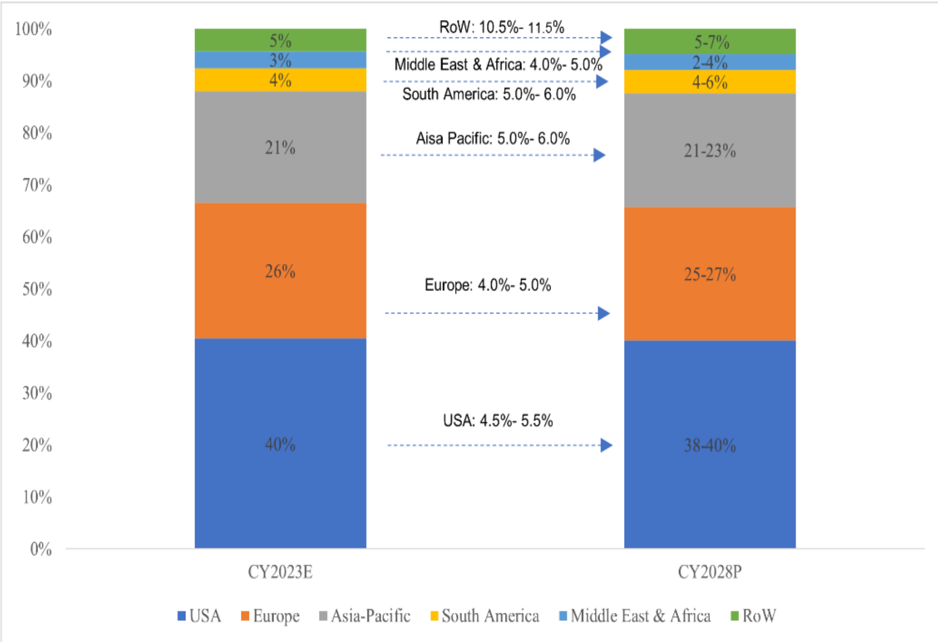
The global pharmaceuticals market has logged a CAGR of approximately 4% from approximately U.S.$1,200 billion in 2018 to approximately U.S.$1,494 billion in 2023. After clocking strong growth in 2021 and 2022 on account of pent-up demand, the market is estimated to have moderated in 2023. However, it is expected to sustain 5.0%-5.5% CAGR over the next five years from 2023 to 2028 to reach approximately U.S.$1,900 to U.S.$1,950 billion by 2028. Globally, pharmaceutical companies are offering drugs for customized treatment and precision medicine for different diseases, which aim to provide medical care according to the patient's individual characteristics, needs, preferences, and genetic make-up. Also, generic medicines are seeing increased uptake with cost advantages and effective treatment options.

Global pharmaceuticals (formulations) market by value



Note: E-estimates, P-projections, CY-calendar year
Source: Pharma company reports, CRISIL MI&A Consulting; CRISIL Report

U.S. expected to continue holding major share of global pharmaceuticals industry



Note: E: Estimate, P: Projected, Overall pharmaceutical market was sized at around US$ 1,494 billion in 2023, RoW market consists of markets excluding USA, Europe, and Asia Pacific, South America, Middle East and Africa

Source: CRISIL MI&A Consulting; CRISIL Report

The U.S. has been the dominant market in the global pharmaceuticals industry and constitutes approximately 40% of the overall consumption of the global pharmaceuticals market. It is followed by Europe, which accounts for approximately 26% of the global pharmaceuticals market. The Asia-Pacific region accounts for approximately 21% share in the global pharmaceuticals market with countries such as India and China, which are among the fastest growing markets. The overall share of the Asia Pacific region in the global pharmaceuticals market is projected to increase to approximately 22% by 2028. Another emerging market of South America constituted around 4% of the global pharmaceuticals market.

India becoming a key market for pharmaceuticals

The Indian pharmaceuticals industry is the world's third largest by volume and was valued at ₹3.6 to 3.8 trillion (including bulk drugs and formulation exports) as of Fiscal 2023. At present, low-value generic drugs constitute a large part of India's exports. In period 2018-22, India accounted for an average approximately 2.5% of total pharmaceutical products exports globally. India exports pharmaceuticals to more than 200 countries and territories, including highly regulated markets such as the U.S., the United Kingdom, the European Union and Canada. India has a complete ecosystem for the development and manufacturing of pharmaceuticals, with companies having state-of-the-art facilities and skilled/technical manpower. Moreover, India has several renowned, pharmaceutical, educational and research institutes and a robust ecosystem of allied industries.

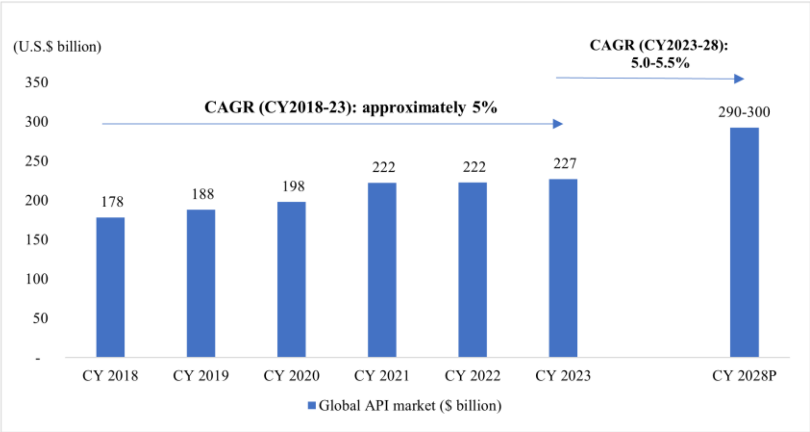
Review of global API market

APIs serve as raw materials for manufacturing finished dosage forms or formulations. US Food & Drug Administration defines an APIs/ API and intermediaries as any substance which is an active ingredient in a finished dosage. The global API market is connected through supply chains across the different parts of the world. The supply chains for API are constantly evolving according to demand-supply trend in the industry. Price and regulatory compliances are also one of the key elements that affects the global API market. The global API market consists of regional hubs in which manufacturers specialize in producing different types of ingredients for different sections of the global pharma market. In Asia particularly in China, the API industry is known for low-cost, high-volume API manufacturing and it is one of the key global source for the global

Global API market to grow at steady approximately 5.0 to 5.5% CAGR from 2023 to 2028

The global API market was valued at approximately U.S.$ 227 billion in 2023 and is expected to reach U.S.$ 290-300 billion by 2028, registering a CAGR of approximately 5.0-5.5% during the period of 2023-2028.The rising introduction of new drugs and biological products, acquisitions, collaborations, and regional expansion are some of the key factors which will support the growth in the global API market. Another key factor driving the growth of the global active pharmaceutical ingredients market are the rising importance of generics, rising prevalence of chronic diseases and the increasing uptake of biopharmaceuticals. Rising research and development trends, novel drug delivery systems, the growing demand of shifting toward the development of complex APIs used in novel formulations and targeting niche therapeutic areas are likely to boost the global API market.

Review and outlook of global API market

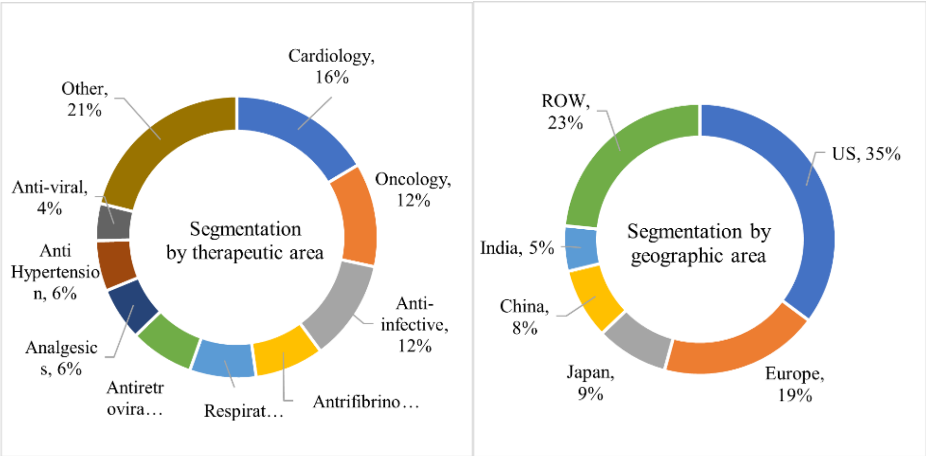


Note: P-Projected
Source: CRISIL MI&A Consulting; CRISIL Report

Cardiology and oncology are key therapies catered by global API market

Oncology which is another chronic therapy area is one of the key segment in the global API market. The oncology segment of the market will be driven the rising burden of cancer and new product launches. Several companies are focusing on extensive research and development activities for the development of drugs that are specific to novel biomarkers. Oncology segment in global API market is estimated to be U.S.$ 27 billion in 2023 and accounts for approximately 12% of the market.

Segmentation of global API market based on therapeutic area and geography, CY 2023



Source: CRISIL MI&A Consulting; CRISIL Report

U.S. and Europe are the largest markets of the global API market

Region wise U.S. and Europe are one of the largest markets for the global API industry with share of 35% and 19% respectively as of 2023. As these are developed and matured markets, going ahead the share of these markets in global API industry is expected to remain on similar levels in the total market. Emerging pharmaceutical markets in Asia-pacific regions like India and China are expected to witness much higher growth going ahead. As of 2023, China constituted 8% of the total market while India constituted 5% of the total market.

As the pharmaceutical industry is evolving, various countries and regulators have implemented stringent regulations on developing high quality APIs, thus enhancing the potential clinical effectiveness of the final product and at the same time maintain the environmental safety standards. As a result, many companies are outsourcing API manufacturing and Asia-pacific region has witnessed strong growth in API manufacturing due to its cost-effectiveness. Large number of manufacturers have their bases located in China and India which is propelling many global pharmaceutical industries to seek partnerships with manufactures in these countries. The advantage of technical know-how and capabilities for largescale manufacturing, is expected to drive the growth in the Asia-pacific markets like India and China.

Key growth drivers for global pharmaceuticals industry

The global pharmaceuticals market is expected to be driven by the following factors:

Rise in ageing population

The share of older population (50 and above) formed 25.1% of the total population in 2023. Moving forward, the share of older population is projected to increase further and account for approximately 27.4% and 33.3% of the overall population by 2030 and 2050, respectively. Additionally, older population forms a dominant share in developed countries (approximately 39.2% in 2020), compared to lesser developed countries, where the older population comprised 17.3% in 2020. This rise in the older population along with the growing prevalence of a sedentary lifestyle is expected to increase the occurrence of lifestyle diseases. Additionally, healthcare needs of the aging group which mainly consist of chronic diseases is expected to drive the growth of the global pharmaceuticals industry.

Growing prevalence of chronic diseases

The incidence and prevalence of chronic diseases is increasing rapidly all around the world. The rising incidence of diseases such as cancer, cardiovascular diseases, obesity, and diabetes, is likely to drive demand for pharmaceuticals and can have a significant impact on the economy of a country.

According to the Organization for Economic Co-operation and Development's ("**OECD's**") Health at a Glance 2021 report, almost one-third of people aged 16 years and above reported living with serious illnesses. Cardiovascular diseases are found to be most prevalent across the world and are the leading causes of death causing an estimated 17.9 million deaths each year. Increasing number of chronic diseases are expected to further increase the demand for drugs and accelerate the development of pharmaceuticals globally.

Better access to medicine in emerging markets

With the world's population reaching closer to approximately 8 billion in 2023, per capita usage of medicine per person per day is also estimated to have increased. Much of the increased usage has been driven by emerging pharmaceutical markets, such as China, India, Brazil and Indonesia, where there has been a substantial rise in average medicine volume usage. This increased level of medicine usage is a reflection of both a very basic healthcare infrastructure and ease of access for medicines where even the most complex medicines can be readily available. The gap in average medicine usage between developed markets and emerging markets is closing, owing to reasons such as increased per capita income, improvement in healthcare infrastructure, and increase in insurance coverage. The rise of government safety nets and private insurance are also key factors that will increase medicine volume usage across emerging markets. The extent and pace of investments, both public and private, will be a key determinant of continued increase in medicine usage.

Strong development of market for generic formulations

Developed economies spend a significant portion of their GDP on healthcare expenditure. Going forward, demand for pharma products in the developed markets is expected to be driven by factors such as an ageing population and the growing incidence of chronic diseases.

Healthcare reforms in the US have resulted in higher insurance coverage and greater usage of generic medicines. The US is the largest pharmaceuticals market for both innovator brands and generic drugs. It has been at the forefront of medicine research and healthcare spending. Driven by the Hax-Watchman Act, the generic drugs industry in the U.S.

has grown tremendously over the years. The Hax-Watchman Act is a U.S. federal law introduced in 1984 to regulate procedures for approval and marketing of generic drugs in the country. Driven by greater dependence on generic medicines and enactment of the Patient Protection and Affordable Care Act, growth in the generic drugs market in the US is expected to continue.

Increased preference for affordable healthcare along with favourable regulatory environment for generic medicines such as the Hax-Watchman Act and Generic Drug User Fee Amendments (“**GDUFA**”) are expected to drive growth in the generic drugs market in the U.S.

In Europe, it is expected that austerity measures adopted by the government will continue to drive demand for generic drugs. The key growth driver for the European market will be underpenetrated generic markets, such as Belgium (16.6%), the United Kingdom (28.0%), France (19.5%) and Germany (23.0%), which indicate tremendous untapped potential for growth of generic medicines.

Key trends in the global pharmaceutical industry

Pharmaceutical players building complex generics and specialty molecules portfolio

A complex generic is a generic that could have a complex active ingredient, complex formulation, complex route of delivery, or complex drug device combinations. Specialty drugs are high-cost prescription medications used to treat complex, chronic conditions such as cancer, rheumatoid arthritis, and multiple sclerosis. They can be used in rare or orphan disease indications. It may have unique storage or shipment requirements and might require additional patient education, adherence, and support beyond traditional dispensing activities.

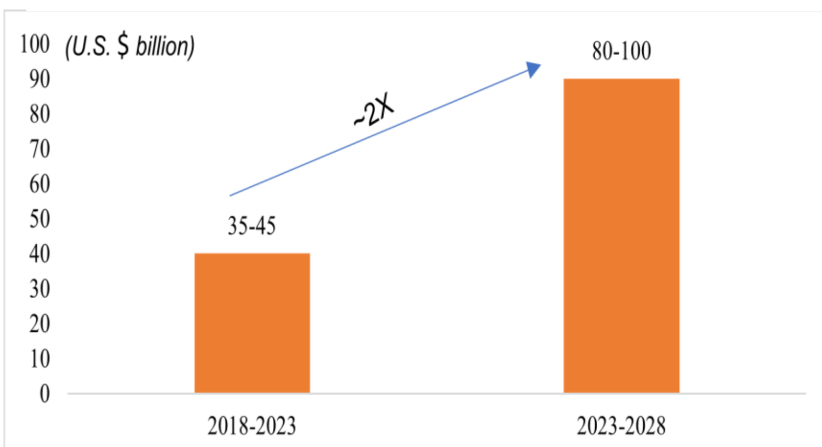
With declining opportunity in the conventional generics segment and pricing pressures on the existing portfolios, it has become important for generic players to look for high-value and high-margin drugs. Players have been developing niche products in order to weather the impact of pricing pressure. Some of the leading global generic companies has a major pipeline of specialty drugs in order to mitigate the impact of base erosion in the U.S.

Growth of biopharmaceuticals in the global market

Biopharmaceuticals are complex medicines made from living cells or organisms, often produced using sophisticated biotechnological methods. The global biopharma industry has shown significant growth in the recent years. The efficacy and safety of biopharmaceutical products, combined with their ability to address previously untreatable conditions, allows biopharma companies to command high prices for these biopharmaceuticals innovative drugs.

Patented biopharmaceuticals of value nearly 80 to 100 are set to expire over the next 5 years globally. Further, even among the drugs where patents have already expired, the penetration of biosimilars is very low due to regulatory challenges and difficult procedural requirements of all-phase clinical trials. In core pharmaceuticals, all-phase clinical trials are not required for generic launches. These expiries will present a lucrative opportunity for Indian players to launch biosimilar versions in regulated markets. Compared with a generic chemical molecule, such biopharmaceutical drugs can contribute higher revenue and margin realisation since most products catering to critical chronic ailments.

Global value of biopharmaceutical drugs going off-patent



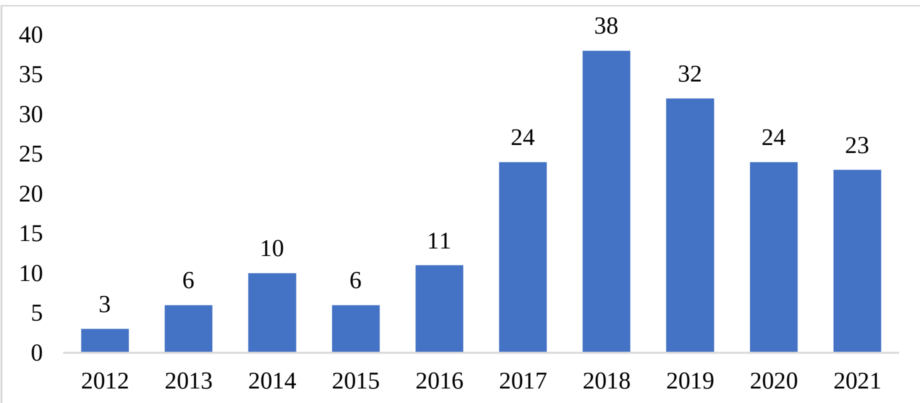
Source: CRISIL MI&A Consulting

Regulated markets speed up biosimilars approvals, opportunity looms for Indian players

The regulated markets have been more cautious in allowing biosimilars, primarily due to quality concerns. Therefore, Indian players have largely concentrated on the semi-regulated markets for biosimilars launches. However, the demand and the margins enjoyed in the semi-regulated markets are substantially lower.

However, the regulated markets have now shown increased interest in promoting biosimilars in order to cut high healthcare expenditures. The first biosimilar (in regulated markets) was launched in Europe in 2007 and, till 2012, only a total of 21 biosimilars were launched. However, post 2012, over 40 biosimilars have been launched in various markets, thereby providing an opportunity to global generic players. The pace of approvals in the regulated markets has increased substantially over the last few years. Therefore, due to the opportunity visible in regulated markets, generics players have started to increase their focus on the biosimilars segment.

Number of biosimilars approvals in regulated market



Source: CRISIL MI&A Consulting

Increasing number of products going off patent in the US to further drive market growth

Pharmaceutical players across the globe track the patent exclusivity of key drugs, as research and development activities for these drugs start well in advance. The time-to-market of new products is a significant driver of competitive advantage for pharmaceutical players.

Set forth below are the number of products going off patent in the United States during the years indicated.

Year	Number of products going off patent
2024	447
2025	430
2026	424
2027	181
2028	163

Note: Number of products going off patent indicates products that are losing their market exclusivity; Source: U.S. FDA, CRISIL MI&A Consulting; CRISIL Report.

ASSESSMENT OF INDIAN PHARMACEUTICAL MARKET

Introduction to India's pharmaceutical market

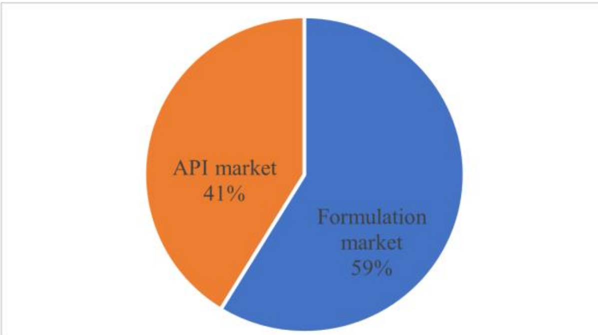
The Indian pharmaceutical industry is the world's third largest by volume and was valued at ₹3.6-3.8 trillion (including bulk drugs and formulation exports) as of Fiscal 2023

In period CY 2018-22, India accounted for an average approximately 2.5% of total pharmaceutical products exports globally. Drugs and Pharmaceuticals exports constitute 5.71% of the total exports from India in fiscal 2023 and it ranks 3rd worldwide for the production of Drugs and Pharmaceuticals by volume

Indian pharmaceutical industry (Fiscal 2023) (Rs billion)

Indian pharmaceutical industry accounted in India stood at 54% reaching to ₹1,858 billion, while exports stood at 46%.

API market formed 41% of the overall Indian pharmaceutical industry



The pharmaceutical industry can be broadly classified into formulations and bulk drugs. A bulk drug refers to any substance, which is an active ingredient and raw material for a formulation. U.S.FDA defines a bulk drug as any substance which is an active ingredient in a finished dosage. However, the term does not include intermediates used in the synthesis of the bulk drug itself. As of Fiscal 2023, formulation market dominated the Indian pharmaceutical markets at 59%, with API having the remaining 41% share.

Source: CRISIL MI&A Consulting; CRISIL Report

Key growth drivers

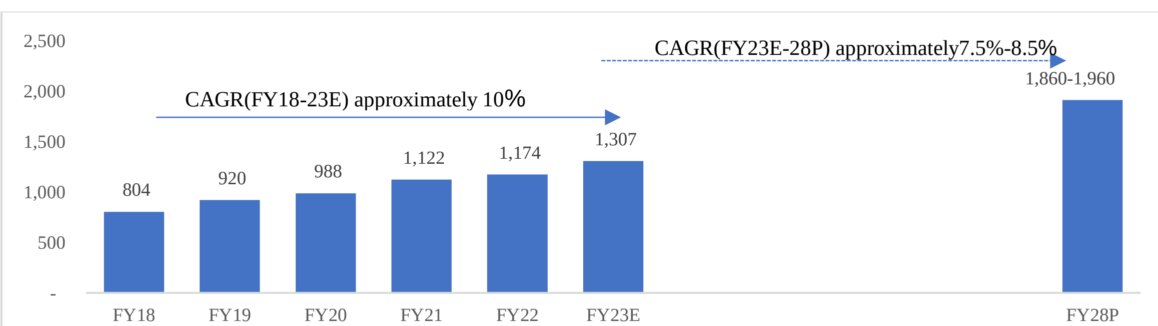
- With life expectancy improving and changing demographic profile, healthcare services a must;
- Trend and outlook on age-group wise segmentation of Indian population;
- Growth in chronic segment to continue to boost growth in medium term with long term treatments and prescriptions;
- Disability adjusted life years lost in India led by non-communicable diseases;
- Rising income levels along with strong awareness for health has resulted in people seeking quality healthcare services; and
- Improvement in health insurance penetration in India.

Introduction to India's API market

Transition to specialty segment to support India's API growth over medium term

During Fiscal 2018 to 2023, India grew its strong footing on the global market as customers look to secure their supply chains and reduce dependence on China, following Covid-19 pandemic. The market registered a CAGR of approximately 10% between fiscal 2018 to 2023 to reach an estimated market size of ₹1,307 billion. Moving forward, industry growth is expected to grow at a CAGR of approximately 7.5% to 8.5%. India is due to return of normalcy in China and increased exports competition from other Asian countries including China. However, the transition towards the specialty segment and higher capabilities of Indian players viz a viz Chinese players in high value API will support growth and the overall market size is expected to increase ₹1,860 to 1,960 billion by Fiscal 2028.

Market size of Indian API (bulk drug) industry



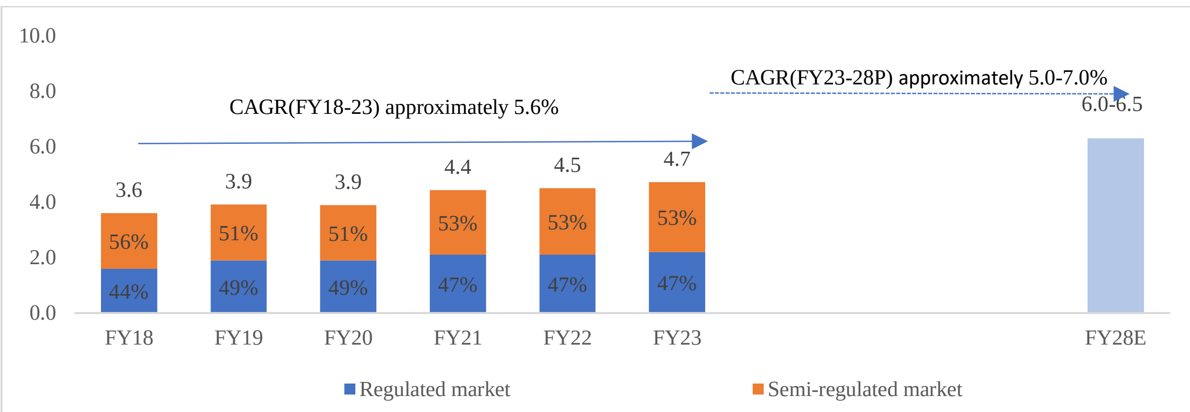
Source: CRISIL MI&A Consulting

Indian bulk drugs exports to grow at a CAGR of 5.0 to 7.0% between Fiscals 2023 to 2028

In Fiscal 2019, bulk drug exports increased approximately 10% on-year on the back of a short-term opportunity in the export market because of supply disruption from China. Chinese players had been forced to shift their manufacturing facilities inland and outside the cities as the government continues to crack down on polluting industries. With this, overall supply of bulk drugs from China was impacted. Overall, the export of bulk drugs from India witnessed a CAGR of 5.6% between Fiscal 2018 to Fiscal 2023 on back of supply chain disruptions in China and improved manufacturing capabilities of India.

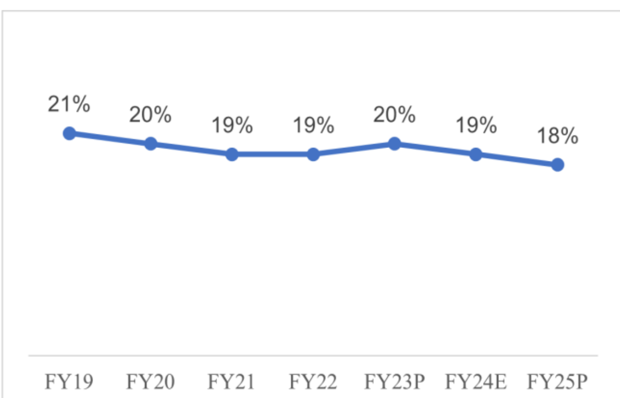
Moving forward, exports are estimated to grow at approximately 1 to 3% in Fiscal 2024, due to low realization on account of moderation in API/bulk drug product prices and China's supply chain coming back to normalcy. Furthermore, even though pricing pressure by formulation players will continue to impact the growth of Indian bulk drug players, transition towards the specialty segment and higher capabilities of Indian players versus Chinese players in high-value API will aid growth over the medium term. Further, demand is expected to pick up in regulated as well as semi-regulated markets, as customers source from India as part of de-risking value chain from China. Consequently, overall exports are projected to grow at a CAGR of 5.0-7.0% over the Fiscals 2023-2028 as players focus on niche molecules and specialty segments. Furthermore, the government's production linked incentive scheme and development of bulk drug parks to promote Indian bulk drug industry, which includes providing incentives for manufacturing is likely to aid growth in the long term.

Exports of Indian API (bulk drug)



Source: DGCIS, CRISIL MI&A Consulting

Share of bulk drugs in overall exports estimated at 20% in Fiscal 2023



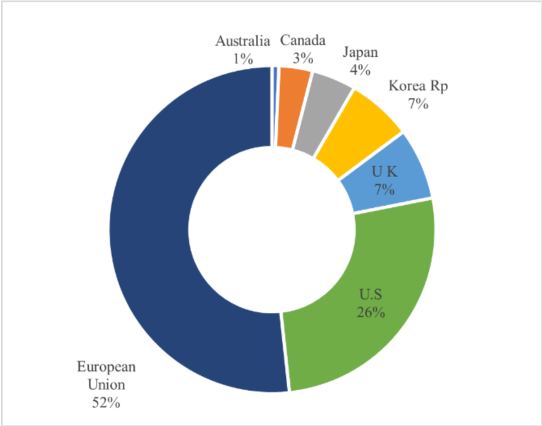
Share of bulk drugs in overall pharmaceutical exports is projected to have improved to 20% in Fiscal 2023, compared to 19% in Fiscal 2022. This pick-up in bulk drug exports have led to somewhat gaining back the share of bulk drugs in the export basket. However, compared to Fiscal 2019, when the share of bulk drug stood at 21%, the share of bulk drug in exports have decreased owning to an increase in the formulation exports as the players are climbing up the value chain. Moving forward, the share of bulk drugs in export is expected to further moderate to 19% in Fiscal 2024 and 18% in Fiscal 2025.

Source: DGCIS, CRISIL MI&A Consulting

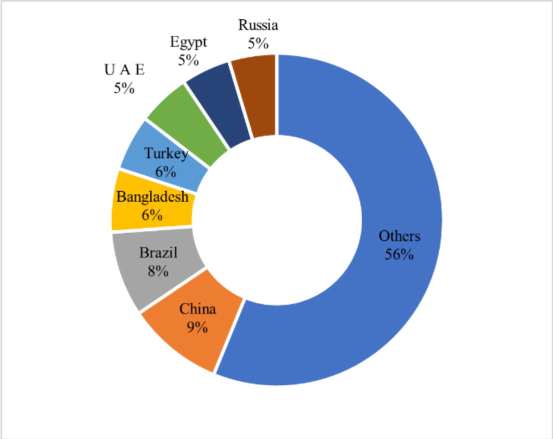
European Union is the major exporter in regulated markets, China in semi-regulated market

Within the regulated countries, European Union had the major share of 52% in Indian bulk exports in Fiscal 2023 followed by U.S. at 26% and United Kingdom at 7%. Whereas within semi- regulated markets, China had the share of 9% followed by Brazil and Bangladesh at 8% and 6% respectively is Fiscal 2023.

Share of countries in regulated markets



Share of countries in semi-regulated markets



Source: DGCIS, CRISIL MI&A Consulting

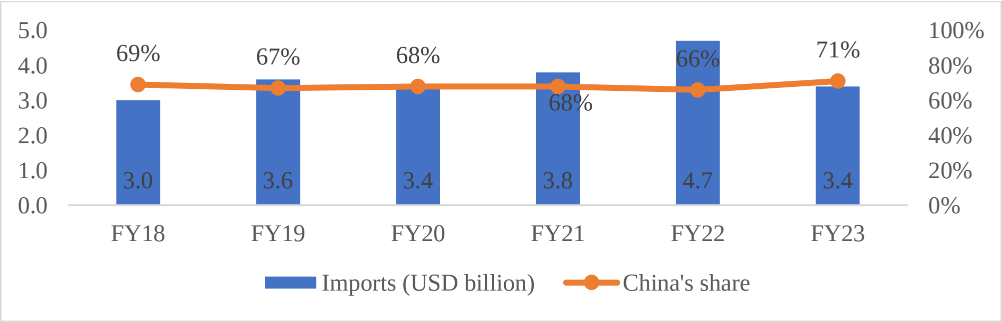
Overall, U.S., China and Bangladesh were top three export destinations of bulk exports from India with share of 11.0%, 5.5% and 4.8% respectively in Fiscal 2023.

Top 10 export destination for bulk drugs from India

Country	Export Value (U.S. $ million)	Share in exports (%)
U S A	517.7	11.0
China	257.5	5.5
Brazil	227.6	4.8
Bangladesh	169.5	3.6
Germany	160.9	3.4
Turkey	149.2	3.2
UAE	140.7	3.0
Japan	138.9	3.0
Egypt	131.6	2.8
Russia	127.8	2.7

Source: DGCIS, CRISIL MI&A Consulting

Imports of bulk drugs in India



Source: DGCIS, CRISIL MI&A Consulting

Key trends and growth drivers

Renewed regulatory interest a to positively impact the pharmaceutical industry

High dependence on Chinese imports is a concern for the domestic pharmaceuticals industry. The covid outbreak has been detrimental in revealing the consequences of a supply disruption from China and its potential impact.Therefore, the central government has earmarked approximately ₹100 billion for the bulk drug industry, including ₹30 billion for promotion of bulk drug parks (for next five years) and ₹69.4 billion towards production-linked incentive scheme for promotion of domestic manufacturing of critical KSMs/Drug Intermediates and APIs in the country (for next eight years).

Focus on niche and specialty products to aid growth

A focus on specialty products and niche molecules would aid the growth of bulk drug players. Players have a healthy pipeline of complex generics and limited competition products, which are difficult to manufacture but command a higher premium. The pricing pressure is also expected to normalise in regulated markets in the coming years. Further, the supply disruption from China is expected to aid business opportunities for bulk drug players in the global market. Also, recent quality issues related to Chinese APIs have slightly dented the country's image globally, which would in turn boost business for India, the next largest and cost-effective API supplier after China. Some multinational corporations ("**MNCs**") are looking at alternative sources for bulk drug procurement following Chinese issues.

Outsourcing of bulk drugs from MNCs to continue

In view of high operating expenses, CRISIL MI&A believes MNCs will look at bulk drug outsourcing to control cost and improve profitability. Margins of global innovator players dipped substantially from 2015 to 2018. Going ahead as well, MNCs are likely to continue outsourcing bulk drugs manufacturing to India.

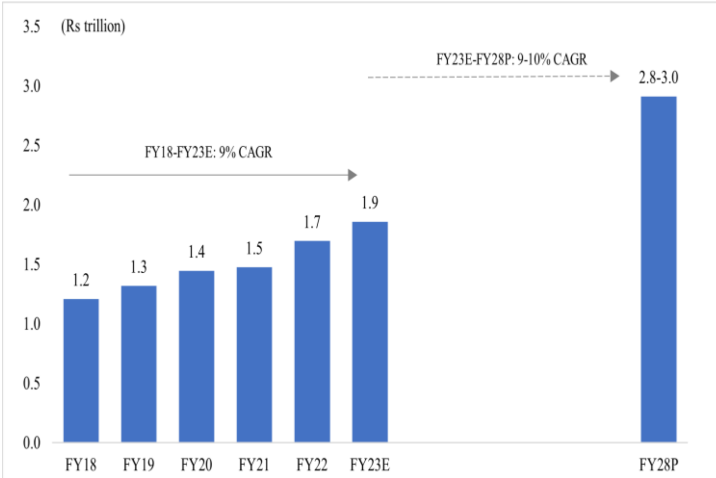
Major players look to improve capacities to reduce China dependence

Major pharma companies are looking at expanding their API capacities with an aim to reduce dependence on China. Recent supply and quality issues in China have resulted in disruptions in the industry. Indian players are now looking at capitalizing the opportunity as even some global MNCs are moving away from China as they consider alternate sourcing of APIs. The new production-linked incentive scheme announced by government will also see new green field projects coming up which will boost bulk drug production in the country.

Overview and outlook of Indian domestic Formulation market

Domestic formulations market to grow at approximately 9 to 10% CAGR over Fiscal 2023 to Fiscal 2028

The Indian domestic formulation market has seen healthy growth in the recent times. As of Fiscal 2023, the Indian domestic formulation market contributed to approximately 2 to 3% of the total global pharmaceutical market. Indian domestic formulations market (consumption) grew at a healthy rate at a CAGR of 9% CAGR from Fiscal 2018 to Fiscal 2023. The Indian domestic formulations segment (consumption) is expected to grow at a CAGR of 9-10% CAGR over the next five years from Fiscal 2023 to reach approximately ₹2.8 to 3.0 trillion in fiscal 2028, aided by strong demand because of rising incidence of chronic diseases, increased awareness and access to quality healthcare.



Notes: P-Projected,
Source: AIOCD AWACS, CRISIL MI&A Consulting; CRISIL Report.

One of the key growth drivers for the Indian pharmaceutical industry is the increasing prevalence of non-communicable diseases such as cardiovascular disease, stroke, cancer, diabetes and chronic lung diseases. The chronic segment in general is expected to grow at a CAGR of 10-11% from Fiscal 2023 to Fiscal 2028. In addition, a growing population and, in turn, growing demand for medicine generally, is expected to fuel the growth of the Indian pharmaceutical industry. India is expected to become one of the leading countries in the world in terms of spending on medicine over the next few years. Along with the abovementioned factors, favourable initiatives, and schemes from the Government of India to encourage companies to manufacture ingredients domestically ("**PLI scheme**") will also support the growth of the domestic pharmaceutical industry.

Chronic segment is dominated by Anti-diabetic & cardiac while anti-infectives & gastro-intestinal are the top therapeutic segments in acute segment

The Indian domestic formulation industry can be categorized into the chronic therapies segment and acute therapies segment. The chronic segment mainly comprises of anti-diabetic, cardiac, oncology etc. The acute segment mainly comprises of anti-infectives, gastro-intestinal, pain and analgesics etc.

As of Fiscal 2023, chronic therapies and acute therapies constituted 53% and 47% of the total domestic formulation market, respectively. As of Fiscal 2023, anti-diabetic and cardiac were some of the largest therapeutic segments catered by the Indian formulations industry in chronic therapies segment, together accounting for nearly one-fourth share of the Indian domestic formulation market. As the prevalence of chronic diseases have grown in the country, chronic diseases such as diabetes and cardiac disorders are more prevalent in the Indian population. Anti-diabetic constituted approximately 9.1% of all therapies catered by Indian domestic formulation market. Similarly, cardiac constituted to approximately 13% of all therapies catered by Indian domestic formulation market. Sedentary lifestyles along with poor dietary habits have resulted in growing incidence of chronic diseases in Indian population, which is expected to drive the growth of therapies such as anti-diabetic and cardiac in the next few years.

In the acute segment, anti-infectives, gastro-intestinal and pain and analgesics are some of largest therapeutic areas catered in the Indian domestic formulation market. The chronic therapies segment in the Indian domestic formulation market is expected to register higher growth at a CAGR of 10-11% from Fiscal 2023 to Fiscal 2028 than the acute therapies segment which is expected to register a CAGR of 9-10% from Fiscal 2023 to Fiscal 2028.

Key therapy areas in domestic formulation market

Therapy Name	Share in total market FY18	Share in total market FY23	Share in total market FY28P	CAGR (FY18 to FY23)	CAGR (FY23 to FY28P)
Cardiac	12.1%	13.0%	13.9%	10.6%	10-11%
Anti-Infectives	13.1%	12.3%	11.8%	7.6%	8-9%
Gastrointestinal	11.4%	11.7%	12.3%	9.6%	10-11%
Anti-Diabetic	9.2%	9.1%	11.1%	9.0%	13-14%
Vitamins / Minerals / Nutrients	8.7%	8.9%	9.9%	9.5%	12-13%
Respiratory	7.5%	8.3%	9.0%	11.2%	12-13%
Pain / Analgesics	6.9%	7.0%	7.0%	9.5%	9-10%
Derma	7.3%	6.7%	6.1%	7.0%	8-9%
Neuro / CNS	6.1%	6.1%	6.7%	9.0%	11-12%
Gynecological	5.1%	5.1%	5.1%	8.9%	10-11%

Notes: P-Projected,

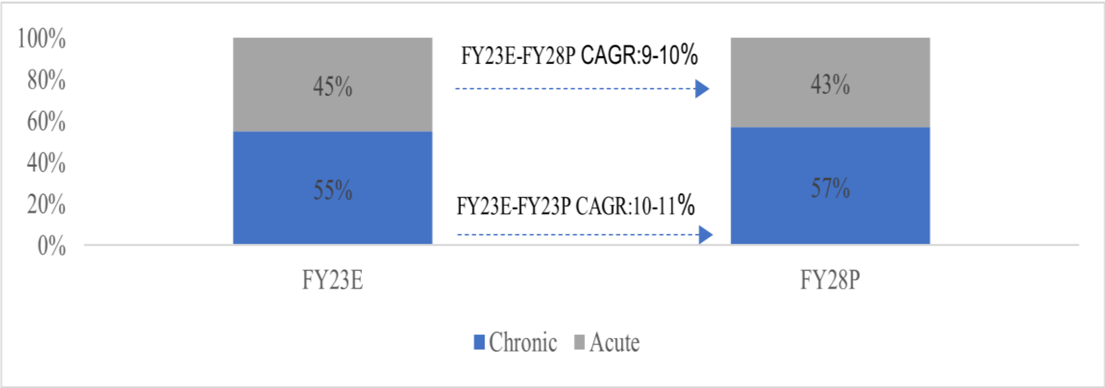
Source: AIOCD AWACS, CRISIL MI&A Consulting.

Rising prevalence of chronic diseases is likely to aid growth in the chronic segment in medium to long term. Further, the rise in the anti-diabetic and cardiac segments would support growth of the domestic industry.

Chronic portfolios of major companies have seen a significant growth in the past few years, with anti-diabetes being one of the fastest growing segments. Also, chronic therapies usually have better margins for players as these it provides them with assured demand for chronic medications which are used for treatment for linger duration of time. Also multi-drug therapy in chronic diseases also helps players have strong demand for these medicines.

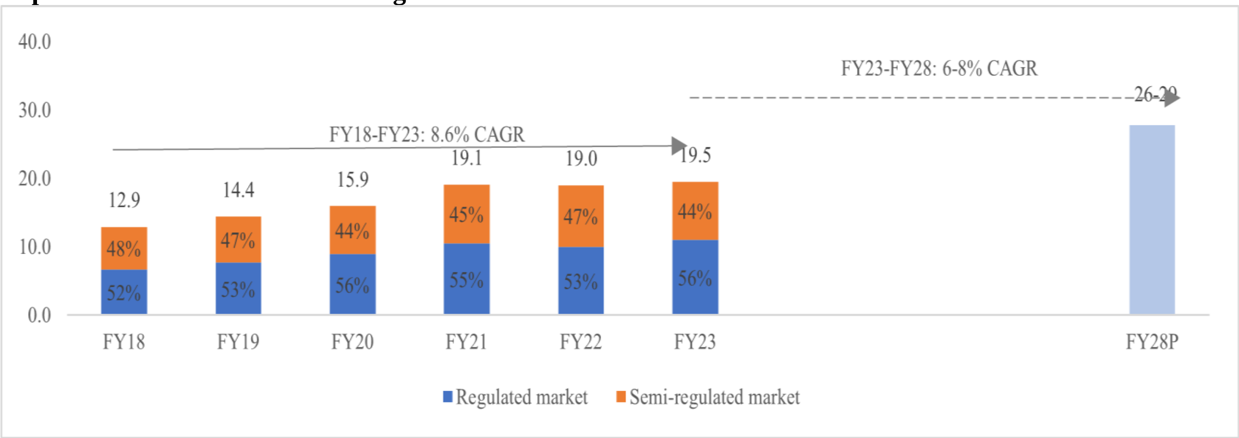
As per World Bank data, India's per capita expenditure on health is among the lowest among developing countries, representing significant potential. The chronic segment is also expected to benefit from factors such as rising incidence of lifestyle-related diseases, and better healthcare, diagnostic and hospital infrastructure, which has helped improve the disease detection rate. In the Acute segment the growth is expected to be lower than the chronic segment, the key therapies such as gastro-intestinal and nutraceuticals are expected to aid the growth in the segment.

Chronic versus Acute split in Indian domestic formulation market



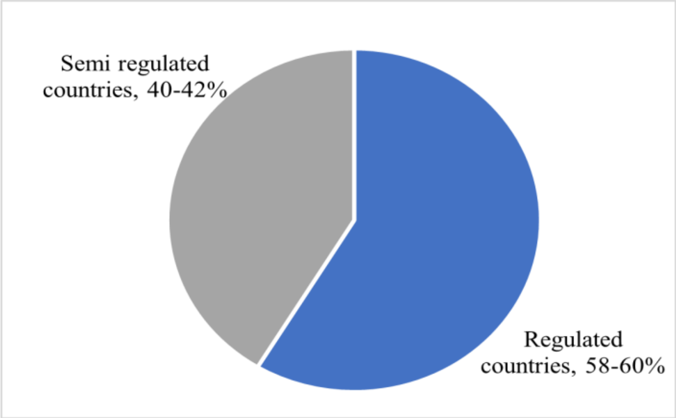
Source: CRISIL MI&A Consulting.

Exports of Indian formulation drugs



Source: DGCIS, CRISIL MI&A Consulting.

Share of regulated market to increase further in exports by fiscal 2025



Share of regulated countries in the overall formulations exports of India is expected to increase further to 58%-60% due to launch of new products as well as easing of pricing pressure in U.S., which accounted for approximately 35% of the total exports of formulations from India in Fiscal 2023.

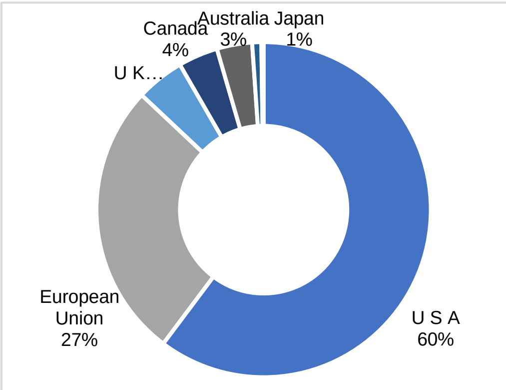
Additionally, exports to European Union is also expected to pick up momentum due to observed shortage for certain cancer drugs as well as increasing generic penetration.

Source: DGCIS, CRISIL MI&A Consulting

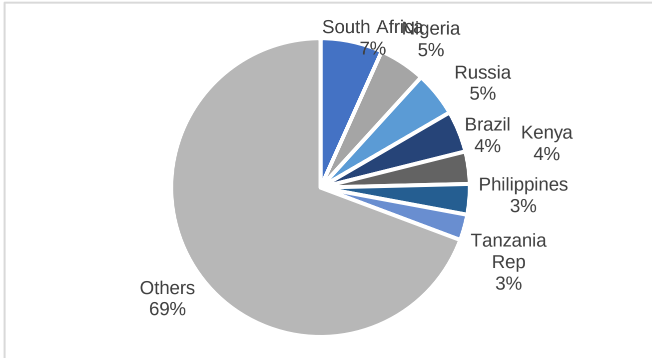
USA is the major importer in regulated markets, South Africa in semi-regulated market

Within the regulated countries, U.S. had the major share of 60% in Indian formulations export in Fiscal 2023 followed by European Union at 27% and United Kingdom at 5%. Whereas within semi- regulated markets, South Africa had the share of 7% followed by Nigeria and Russia at approximately 5% each is Fiscal 2023.

Share of countries in regulated markets



Share of countries in semi-regulated markets



Note: South Korea had the share of 0.2% in Fiscal year 2023 within regulated markets

Source: DGCIS, CRISIL MI&A Consulting

Overall, U.S., China and Bangladesh were top three export destinations of bulk exports from India with share of 11.0%, 5.5% and 4.8% respectively in Fiscal 2023.

OVERVIEW OF ONCOLOGY THERAPEUTIC AREA AND NON-ONCOLOGY THERAPEUTIC MOLECULES

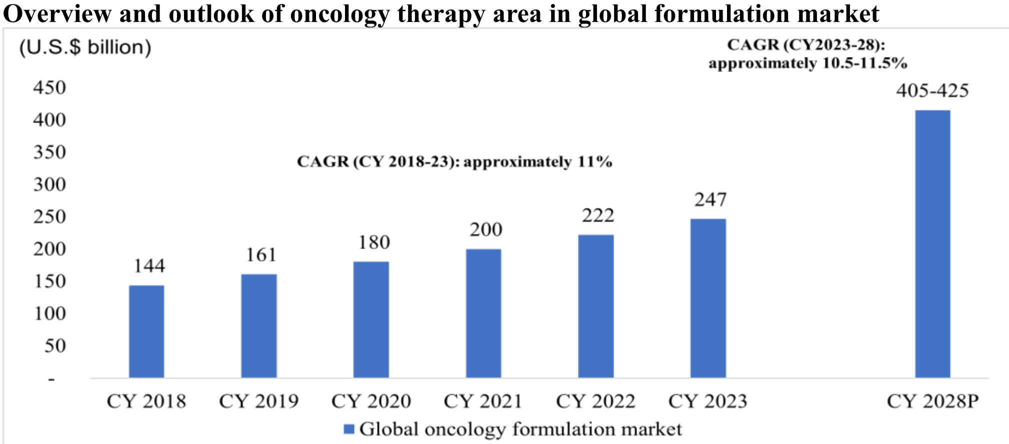
Overview of oncology therapy area in global and Indian formulation market

Globally, oncology is among the key therapies to see strong growth going forward

Cancer is a leading cause of death worldwide. The most common cancers are breast, lung, colon and rectum and prostate cancers. Around one-third of deaths from cancer are due to tobacco use, high body mass index, alcohol consumption, low fruit and vegetable intake, and lack of physical activity as per WHO studies.

The oncology therapy area in global formulation market is valued at U.S. $ 247 billion as of 2023 and is expected to rise to U.S.$ 405-425 billion by the year 2028, registering a CAGR of 10.5%-11.5% during the period. The share of oncology therapy area in the overall global formulation market has seen an increasing trend and is expected to reach approximately 22% by the year 2028.

Overview and outlook of oncology therapy area in global formulation market



Note: P: Projected; Source: CRISIL MI&A Consulting.

Rapidly rising prevalence of cancer across the globe

In accordance with WHO, the global cancer burden is estimated to have risen to 20 million new cases and 9.7 million deaths in 2022. One in five people worldwide develop cancer during their lifetime, and one in 9 men and one in 12 women die from the disease. Worldwide, an estimated 35 million new cancer cases are projected to occur in 2050, a 77% increase from the estimated 20 million cases in 2022. The projected increase in the new cancer cases by approximately 77% in the 28 years from 2022 to 2050 is expected to be a prime factor driving oncology therapeutic area across the globe.

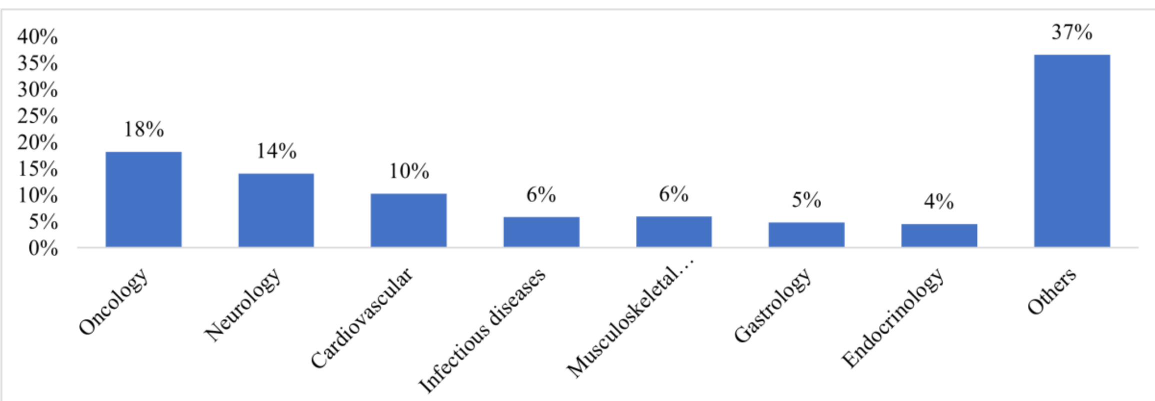
The leading ten cancer types account for more than 65% of the newly diagnosed cancer cases and cancer deaths. Lung cancer was the most commonly occurring cancer worldwide with 2.5 million new cases accounting for 12.4% of the total new cases. Female breast cancer ranked second (2.3 million cases, 11.6%), followed by colorectal cancer (1.9 million cases, 9.6%), prostate cancer (1.5 million cases, 7.3%), and stomach cancer (970 000 cases, 4.9%).

Lung cancer was the leading cause of cancer death (1.8 million deaths, 18.7% of the total cancer deaths) followed by colorectal cancer (900 000 deaths, 9.3%), liver cancer (760 000 deaths, 7.8%), breast cancer (670 000 deaths, 6.9%) and stomach cancer (660 000 deaths, 6.8%).

Rising number of research and development activities to support growth in the oncology therapy area

There has been rising number research and development of investments in the oncology therapy area which has fostered the development of newer molecules along with inventions in the newer and unresolved cancer therapeutic areas. Clinical trials in the oncology therapy area have seen rapid growth in the recent years as per WHO estimates from 1999 to 2022 the number of clinical trials registered for oncology were 112,899 which constituted 18% of all the clinical trials.

Share of different therapy areas in clinical trials (1999-2022)



Source: WHO, CRISIL MI&A Consulting.

Number of treated patients have grown at steady rate in recent years

In accordance with American Cancer Society, as of January 2022, it is estimated that there were 18.1 million cancer survivors in the U.S. This represents approximately 5.4% of the country's population. The number of cancer survivors is projected to increase by 24.4%, to 22.5 million, by 2032 and become 26 million by 2040. Over the next decade, the number of people in U.S. $ who have lived 5 or more years after their cancer diagnosis is projected to increase approximately 30%, to 16.3 million.

***Key* products going off-patent in oncology therapy area**

Oncology drugs are used in cancer management for treatment and prevention or slowing down the growth of the tumor. Demand in the oncology therapy area is driven by the need for effective treatment for cancer treatment however high cost and access to these medicines can be a limiting factor. Generic drugs present an opportunity for manufacturers to provide cost effective treatment options for the patients.

Set forth below are the key Oncology drugs going off-patent during the years indicated.

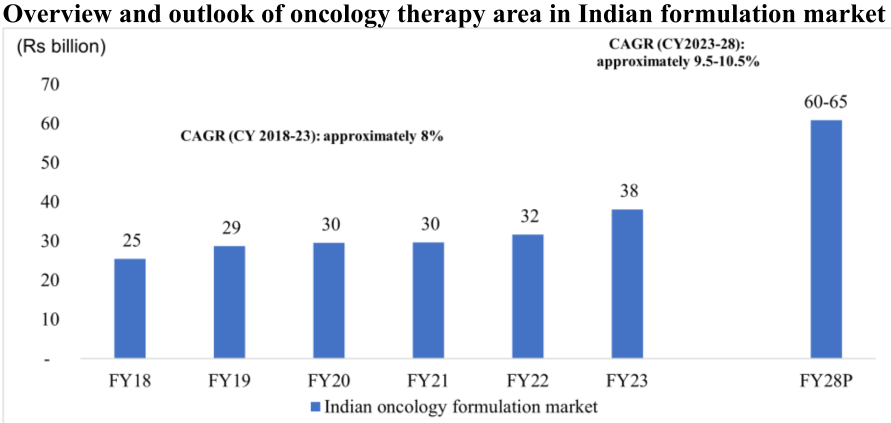
Brand Name	Generic Name	Indication	U.S. market Approval details	Year of Patent expiry/loss of exclusivity
Lynparza	Olaparib	Ovarian, Prostate, breast, and Pancreatic cancer	2014	2024
Iclusig	Ponatinib hydrochloride	Chronic myelogenous leukaemia, acute lymphoblastic leukaemia	2012	2026
Gilotrif	Afatinib dimaleate	Lung cancer	2013	2026
Zykadia	Ceritinib	Lung cancer	2014	2024
Zolinza	Vorinostat	T- cell lymphoma	2006	2025
Caprelsa	Vandetanib	Thyroid cancer	2011	2028

Note: The list above is an indicative list and not an exhaustive list; Source: U.S. FDA, Industry, CRISIL MI&A Consulting; CRISIL Report.

Indian oncology formulations to grow at 9.5 to 10.5% over fiscal 2023-28

As per the Indian Council of Medical Research – National Cancer Registry Programme ("**ICMR-NCRP**"), the estimated number of incidences and estimated number of mortalities of cancer cases was 1.46 million, and 0.8 million in 2022. The oncology therapy area in Indian formulation market is valued at ₹38 billion as of Fiscal 2023 and is expected to rise to ₹60-65 billion by Fiscal 2028 growing at approximately 9.5 to 10.5% CAGR from Fiscal 2023 to Fiscal 2028. The share of oncology therapy area constitutes 2% of the overall domestic formulation market and is expected to maintain this share in fiscal 2028.

Overview and outlook of oncology therapy area in Indian formulation market



Note: P: Projected; Source: CRISIL MI&A Consulting.

Overview of oncology API market

Oncology is one of the key therapeutic areas in the global pharmaceutical market. In line with the global trends, oncology API market has also seen healthy growth in the overall API market. Oncology API manufacturing have been aided by development of complex APIs in the oncology, peptides and complex injectables. The demand for oncology APIs is primarily driven by increasing cancer incidences, a growing number of research and development activities related to anti-cancer drugs, growing demand for biologics and biosimilars for oncology therapeutic area.

Considering the huge market potential and unmet clinical need, the growth in the oncology API molecules is expected to continue in the near future. biologics' targeted approach and substantial reduction of side effects in therapeutic areas such as oncology, have made them the more promising therapeutics.

ASSESSMENT OF GLOBAL BIOLOGICS AND BIOSIMILARS MARKET

Overview of the global biologics and biosimilars market

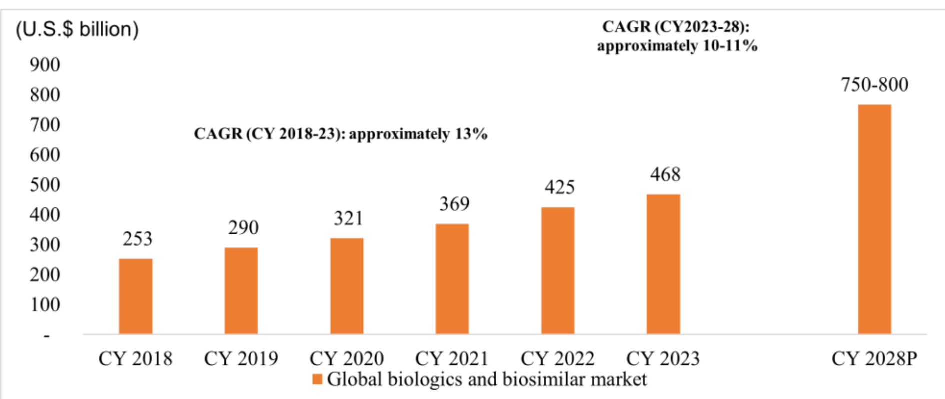
Biopharmaceuticals refer to drugs developed through the application of biotechnology on living organisms/biologics for the treatment of diseases. Traditional chemical pharmaceuticals are used to treat a particular disease or indication, while biologics are used to prevent the occurrence of a particular disease as well as for therapeutic purposes

Biopharmaceutical Drug development stages

Global biopharmaceuticals segment will see increase in share in pharmaceutical market

Biologics and biosimilar market is expected to reach around approximately 750-800 U.S. $ billion by the year 2028 growing at approximately 10-11% CAGR in the period 2023-2028, driven by the launch of new biologics. Higher effectiveness of biologics over conventional drugs has prompted global players to undertake more research and development in the segment. Therefore, by 2028, CRISIL expects the share of biopharmaceuticals segment to increase to approximately 39-42% from approximately 31% in 2023. As per CRISIL estimates, of the top 50 global drugs as of 2020, 25-30 belonged to the biopharma segment. Therefore, the share of biopharma is expected to continue to increase, supported by new drug approvals coupled with the increasing sales of the current portfolio of biologics drugs.

Review and outlook of global biologics and biosimilar market

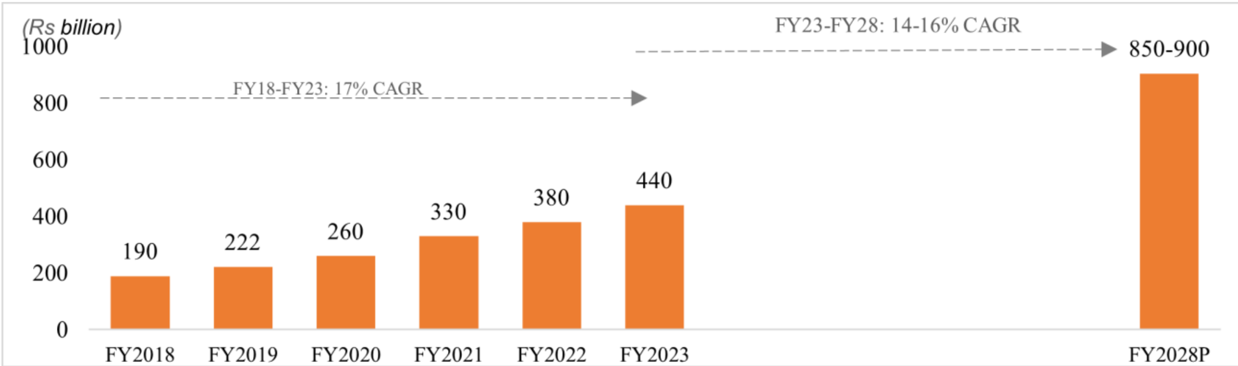


Note: P: Projected; Source: Industry, CRISIL MI&A Consulting.

Overview of the biologics and biosimilars market in India

Biopharmaceuticals or biologics are substances produced by manipulating living organisms via techniques such as genomics (mapping of genes), proteomics (study of structure of proteins), mutation analysis (change in the DNA sequence of a cell) and systems biology (study of complex interactions in a biological system) intended for human/animal treatment. Globally, these techniques are referred to as biotechnology, which in other words is a process technology or a drug discovery research tool. Biopharmaceuticals are drugs developed by applying biotechnology on living organisms / biologics for treatment of diseases.

Review and outlook of Indian biopharmaceutical industry



Note: Market included domestic and export sales of biopharmaceuticals.
Source: CRISIL MI&A Consulting.

During Fiscal 2018 to Fiscal 2023, the Indian biopharmaceuticals industry clocked a CAGR of approximately 17%, primarily on account of increase in sale of vaccines in the domestic as well as global markets

Overview of select molecules in biologics

Overview of past growth of global sales for respective molecules

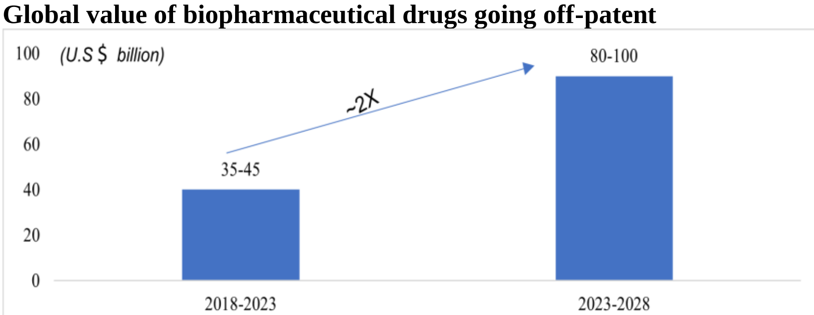
Molecule	Description
Adalimumab	The global sales for Adalimumab have grown at healthy pace of 8-10% CAGR from 2019 to 2023 with the molecule recording total sales of approximately U.S. $ 40-42 billion in the year 2023.
Aflibercept	The global sales for Aflibercept have grown at 5-6% CAGR from 2019 to 2023 with the molecule recording total sales of approximately U.S. $ 4.5-5 billion in the year 2023.

Overview of key trends and growth drivers

Patent cliff presents opportunity in regulated markets

Patented biopharmaceuticals of value nearly 80-100 are set to expire over the next 5 years globally. Further, even among the drugs where patents have already expired, the penetration of biosimilars is very low due to regulatory challenges and difficult procedural requirements of all-phase clinical trials.

Global value of biopharmaceutical drugs going off-patent

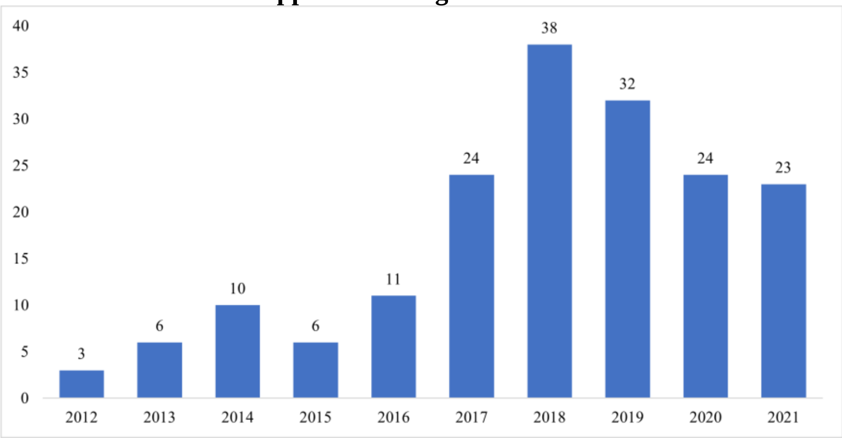


Source: CRISIL MI&A Consulting.

Regulated markets speed up biosimilars approvals, opportunity looms for Indian players

The regulated markets have been more cautious in allowing biosimilars, primarily due to quality concerns. Therefore, Indian players have largely concentrated on the semi-regulated markets for biosimilars launches. However, the demand and the margins enjoyed in the semi-regulated markets are substantially lower.

Number of biosimilars approvals in regulated market



Source: CRISIL MI&A Consulting.

Biosimilars presents opportunity for Indian players

Biologics share in total patent expires by value is expected to be higher in next few years, signifying a tremendous opportunity for players. The top 10 biologics had a combined global sales worth over U.S.$65 billion. The top players have already started moving towards bio-similar.

These expiries will present a lucrative opportunity for Indian players to launch biosimilar versions in regulated markets. Compared with a generic chemical molecule, such biopharmaceutical drugs can contribute higher revenue and margin realization since most products catering to critical chronic ailments. Moreover, there are relatively fewer players per product on account of the higher cost of development and the drugs can be more effective.

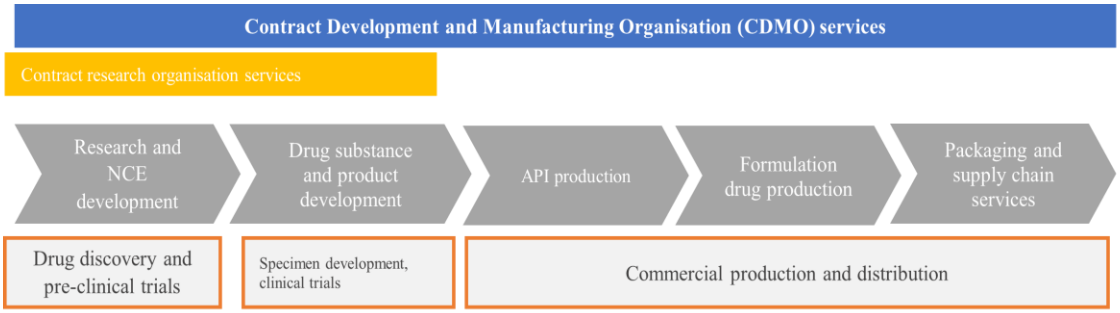
ASSESSMENT OF GLOBAL AND INDIA FORMULATIONS CDMO MARKET

Overview of outsourcing in global pharma market

CDMO has emerged as a viable model for the global pharmaceutical industry. With increasing globalisation and the focus of large players on cutting costs and optimising operations, there is significant acceptance for CDMOs in the pharmaceutical industry worldwide

Hence, pharmaceutical companies are gradually outsourcing R&D to academic entities and private contract research organisations ("**CROs**") to reduce drug-development timelines and costs.

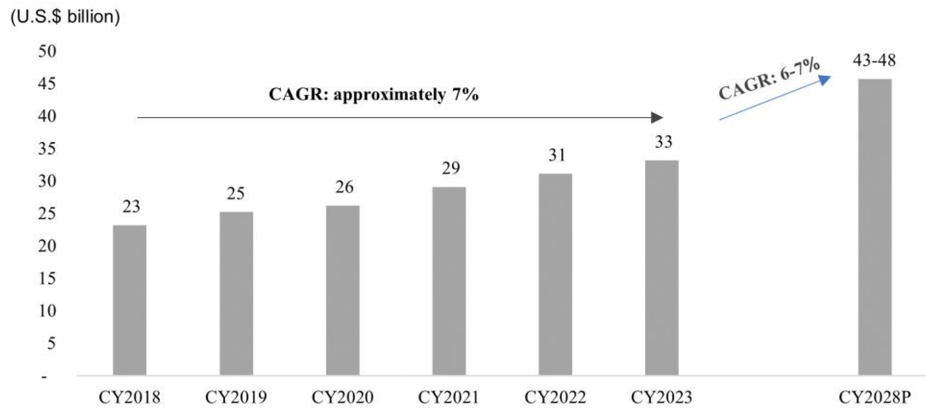
Overview of CDMO services



Global formulations CDMO market to grow at 6 to 7% CAGR from 2023 to 2028

The global CDMO formulations market is expected to reach U.S.$43-48 billion by 2028 due to robust growth in the outsourcing space, aided by many large pharma players outsourcing their research and manufacturing to specialised contract manufacturing players. In addition, companies are increasingly outsourcing formulations research and development to CDMOs. Rising penetration of generics along with development of newer molecules is expected to support the growth of the CDMO market in the near to medium term.

Review and outlook on global formulations outsourcing market



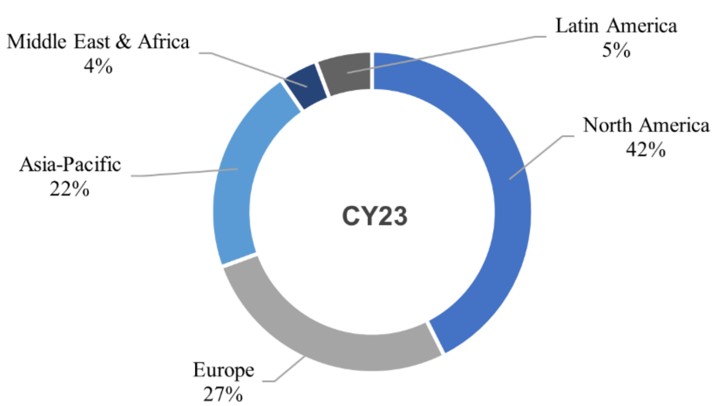
Note: E: Estimate, P-Projected.

Source: CRISIL MI&A Consulting.

North America leads the formulations outsourcing market

Accounting for approximately 42% of overall revenue, North America had the highest revenue share of the global formulations outsourcing market in 2023. It was followed by Europe with 27% of total global formulations outsourcing revenue, while the growing Asia-Pacific market's revenue share stood at 22%. The smaller Latin America and Middle East and Africa markets accounted for approximately 5% and 4%, respectively.

Region-wise segmentation of global formulations outsourcing market

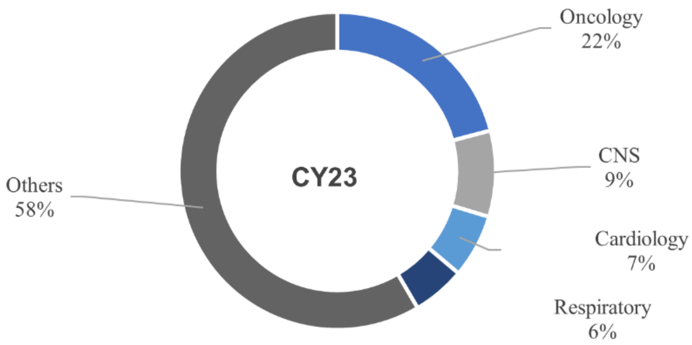


Source: CRISIL MI&A Consulting.

Oncology is the largest therapy segment

Oncology is the largest therapy under the global formulations outsourcing segment. With the increased prevalence of cancer across the globe, the share of oncology is estimated to be approximately U.S.$7.3 billion in 2023. Oncology is followed by central nervous system ("**CNS**") related therapy and cardiology at approximately U.S.$2.8 billion and approximately U.S. $ 2.2 billion, respectively. In 2023, oncology had 22% share of the overall revenue of the global formulations outsourcing market, followed by CNS-related therapies and cardiology at 9% and 7%, respectively.

Therapy-wise segmentation of global formulations outsourcing market



Source: CRISIL MI&A Consulting.

CDMOs as integrated service providers

CDMOs are investing in personnel, infrastructure and technology to acquire a significant revenue share of the healthcare outsourcing market. CDMO players are investing in technology and are becoming end-to-end service providers to meet the rising demand for low-cost drug development and manufacturing. Moreover, novel drug delivery mechanisms and new product launches are anticipated to drive formulation development outsourcing demand. CDMOs are investing in novel areas like technology advancements and latest drug delivery mechanisms to provide a better value proposition and occupy larger share in the outsourcing market.

Increasing demand for diversified sourcing for supply stability

Recently, regulatory authorities across the world have strongly recommended pharmaceutical companies secure a source for stable drug production. For example, the U.S. FDA requested pharmaceutical companies to establish a contingency plan, believing that supply stability cannot be guaranteed in case the drug is manufactured at a single site. Accordingly, pharmaceutical companies are making use of CDMOs to run multiple manufacturers for a single drug.

Asia-Pacific becoming a key outsourcing destination

The global pharmaceutical industry has been looking for new contract manufacturing regions, apart from North America and Europe. As a result, the Asia-Pacific region is becoming one of thkey destinations for outsourced manufacturing with the presence of skilled workforce and certain cost advantages. Globally, industry players are looking at companies from countries like India and China for strategic partnership for outsourcing activities. Apart from cost advantages, growing consumption demand in end markets and increased expertise of region across pharma value chain are supporting the Asia-Pacific region become a key outsourcing destination.

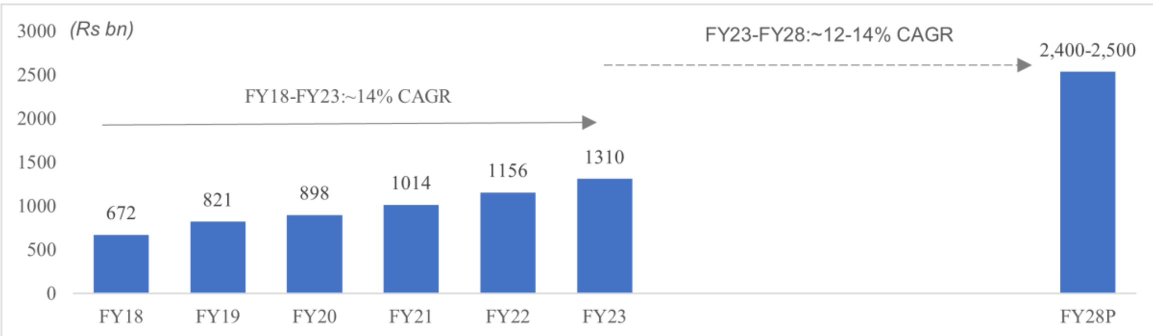
Global CDMO market highly fragmented with several smaller players

The global CDMO market is characterised by high levels of fragmentation. Majority players in the market have annual revenue of less than U.S.$50-100 million. The CDMO industry is highly fragmented with many small players and a few large players. The industry is likely to undergo a significant degree of consolidation in the future as pharmaceutical companies prefer to work with fewer suppliers in order to achieve better accountability and quality assurance.

Indian CDMO segment to sustain its strong growth trajectory over Fiscals 2023-2028

Pharmaceutical companies are increasingly outsourcing development and manufacturing of pharmaceutical products across the world and India. The Indian CDMO market grew at a CAGR of 14% from Fiscal 2018 to Fiscal 2023, and such growth trend is expected to continue in the next five years from fiscal 2023 to fiscal 2028. Supported by strong growth sustained by the global pharmaceutical industry and rise in India's export potential, it is projected that the Indian CDMO market (including domestic and exports) will grow at a CAGR of approximately 12-14% from ₹1,310 billion in Fiscal 2023 to ₹2,400 to 2,500 billion in Fiscal 2028. The CDMO segment growth is expected to be driven by strong demand of outsourcing of development and manufacturing of new products by big pharmaceutical companies, including both Indian and multinational/global companies. The key drivers for growth in the CDMO industry include growth of asset light pharmaceutical companies, increasing cost awareness and manufacturing efficiency, growing focus on product/ packaging innovation, CDMO's enabling customer's end market aspirations through combinations products and new dosages, increasing generics and institutionalization of pharmaceutical industry, end to end services, time to market, strong development in export market, maintaining margins, regulatory changes and increasing economies of scale shifting CDMO identity from 'supplier' to 'partner' status.

Review and outlook on Indian CDMO market



Note:P-Projected, CDMO market is inclusive of Domestic as well as export values of APIs and Formulation.
Source: CRISIL MI&A Consulting.

Key growth drivers for the Indian CDMO industry

Rising trend of outsourcing among the pharmaceutical industry players

Over the past few years, there has been an increasing trend across pharmaceutical companies to outsource discovery, development and manufacturing of new products, thus saving fixed or capital costs and gaining access to capacity and specialty capabilities which are not routinely available in-house. In this context, contract development and manufacturing organizations (CDMOs) have been providing niche services such as product development and characterization, manufacturing of clinical and commercial APIs and drug products, along with a range of ancillary services including but not limited to clinical, logistical, distribution and regulatory support.

Rising demand for generics

As the patents for innovative drugs continue to expire, many pharmaceutical companies are actively exploring the generic market and breaking the monopoly of multinational pharmaceutical companies in Europe and America. India maintains a high share of ANDA approvals across the world, which signifies penetration of Indian generic players in regulated markets such as the U.S.. This trend is expected to provide opportunities for Indian CDMO players as there is significant export opportunity to big pharma companies across the world. CDMOs have accumulated a lot of process research and development and large-scale production experience in the field of manufacturing. Combined with versatile production facilities, pharmaceutical companies are expected to partner with professional CDMO companies to break through pharmaceutical process barriers. Accordingly, patents expiry is expected to offer a significant growth opportunity to CDMOs in India.

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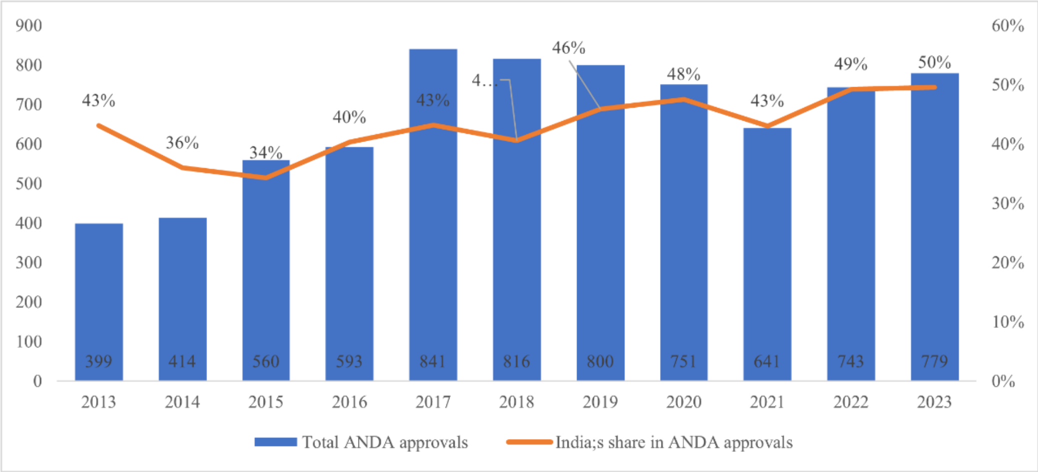
India's share in ANDA approvals

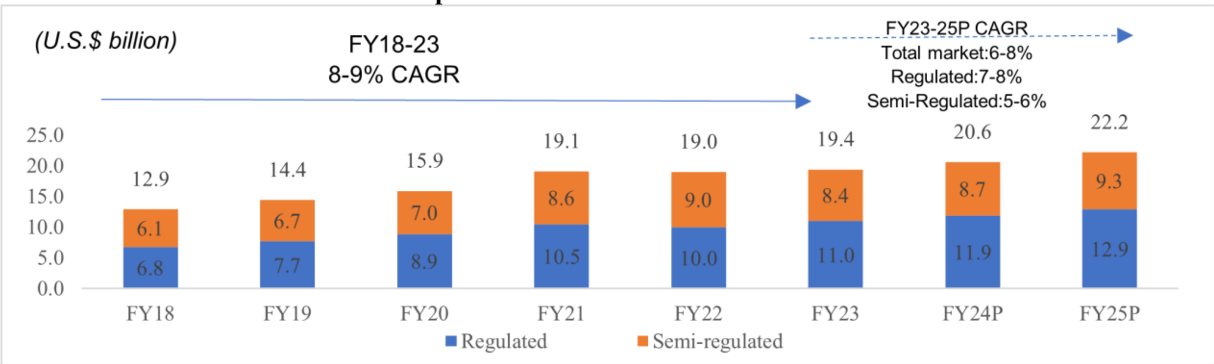


Source: US FDA, CRISIL MI&A Consulting.

India has seen strong growth in its exports over the years which is expected to aid CDMO players

CRISIL expects India's formulation exports to increase at a CAGR of 6-8% from Fiscal 2023 to Fiscal 2025, compared to a CAGR of 8-9% over the previous five years from Fiscal 2018 to Fiscal 2023. The growth in formulation export markets will aid the growth of the CDMO segment in India as more and more companies outsource their development and manufacturing activities to CDMO players to meet export demands. In addition, Covid-19 vaccine development will also provide CDMO players with the opportunities of being strategic partners with pharmaceutical companies in the vaccine development and manufacturing processes.

Review and outlook on formulation exports from India



P: Projected.

Source: Directorate General of Commercial Intelligence & Statistics (DGCIS), CRISIL MI&A Consulting.

End to end service makes CDMOs key partner in pharmaceutical value chain

Indian pharmaceutical companies and multinational companies engaging in outsource drug discovery and development are looking for a long-term engagement where a CDMO partner can support them through the entire process.

Healthy demand-supply gap to aid Indian pharmaceutical market and in turn boost contract manufacturing segment

In Indian domestic market, growth of the formulations and API sector has aided the growth of the CDMO sector. Growth of the domestic formulations industry is expected to be healthy with new product launches and increase in chronic disease prevalence which is expected to support growth of CDMOs in India.

Patent cliff and traction in regulated market for biosimilars expected to aid CDMO segment

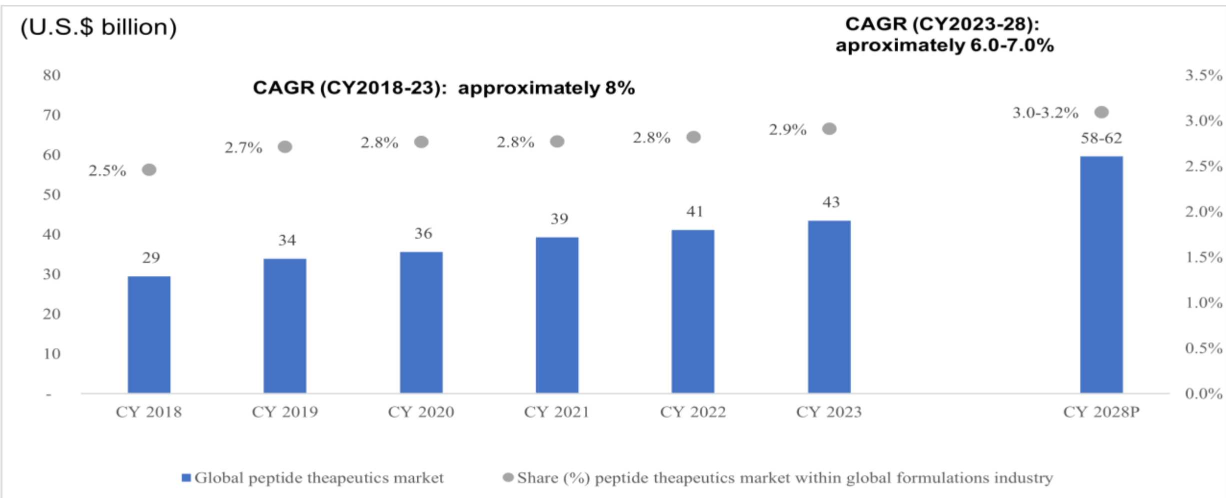
Many patented biopharmaceuticals are set to expire over the next 5-10 years in the U.S. and Europe. Further, even among the drugs where patents have already expired, the penetration of biosimilar is low but slowly picking up. In core pharmaceuticals, all-phase clinical trials are not required for generic launches and hence generic penetration has been higher which has driven generic growth in the overall pharmaceutical market. These patent expiries will present a lucrative opportunity for CDMO players in biologics segment to cater to the regulated market.

ASSESSMENT OF SELECT SEGMENTS IN PHARMACEUTICAL INDUSTRY

Overview of global peptides therapeutic area

A peptide is defined as a compound that contains two or more amino acids linked by an amide (peptide) bond and that can be synthesized chemically. Oncology, metabolism and endocrinology are some of the most frequent medical indications for peptides. However, cardiovascular conditions, gastroenterology, bone diseases, dermatology, and sexual dysfunction are also targeted by peptides. In addition to the use of peptides as drugs or in diagnostics, these molecules are playing an increasingly important role as drug delivery systems and as the base for new biomaterials with broad potential applications in medicine.

Review and outlook on global peptide therapeutics market



Note: P: Projected; Source: CRISIL MI&A Consulting.

Drug discovery, research and development provide boost for peptide therapeutics market

The increasing prevalence of cancer and metabolic disorders, rising investments in research and development of novel drugs, and technological advancements in peptide therapeutics are the major factors driving the market growth.

Oncology application is expected to be key driver for global peptide therapeutics market

Oncology application is expected to be the key therapeutic area in the global peptide therapeutic market. Conventional chemotherapeutic applications have limitations. The disadvantage of traditional therapy is that the tumours might develop resistance, it may relapse after certain period of treatment, and the drugs may induce secondary malignancies in the treatment of metastatic cancer. There is a vital need for drugs that can target cancer cells selectively.

Peptides offer targeted drug delivery system for cancer treatment due to their high specificity, discernment, low toxicity, small sizes and high biocompatibility. Peptide therapy targets the tumour cells with specificity, minimising the impact on the healthy cells. Thus, reducing side effects. Peptides also have higher efficiency in tissue penetration and cell internalization than antibodies.

COMPETITIVE LANDSCAPE ASSESSMENT

In this section, CRISIL MI&A has analysed some key players operating in the Indian pharmaceutical industry.

Data in this section has been obtained from publicly available sources, including annual reports and investor presentations of listed players, regulatory filings, rating rationales, and/or company websites. Financials in the competitive section have been re-classified by CRISIL MI&A, based on annual reports and financial filings by the relevant players. The financial ratios used in this report may not match the reported financial ratios by the players on account of standardisation and re-classification done by CRISIL MI&A.

Note: The list of competitive landscape peers considered in this section is not exhaustive but an indicative list.

Operational Overview

Company Name	Year of Incorporation	Overview
Aarti Industries Ltd	1984	Aarti Industries was established in 1984 and is a global speciality chemical company specialising in benzene-based derivatives. The company has presence over 60 countries and provides customised solutions for various downstream industries.
Aarti Pharmalabs	2019[1]	Aarti Pharmalabs Ltd. is a public limited company engaged in manufacturer of Active Pharmaceutical Ingredients (API), pharmaceutical intermediates, New Chemical Entities (NCE), and xanthine derivatives situated in India.
Avra Laboratories Pvt Ltd	1995	Established in the year 1995, Avra focuses on providing contract research and manufacturing of advanced intermediates and APIs covering oncology and other therapeutic areas. In September 2022, Advent International (Advent), a global PE investor, acquired 99.98% stake in Avra (through wholly owned step-down subsidiary – Jusmiral Holdings Limited)
Biophore India Pharmaceuticals Pvt Ltd	2007	Biophore is engaged in the development and manufacturing of niche pharmaceutical products for the global markets. Biophore has built portfolio around Oncology, Contrast Media, Colored APIs, Peptides, Hormonals, Iron products, Injectable APIs etc.
Cdymax (India) Pharma Pvt Ltd	1994	Cdymax (India) Pharma Pvt Ltd (previously known as Acebright (India) Pharma Pvt Ltd) was incorporated in 1994. Initially, the company was into manufacturing of drug intermediates. However, post investment by Couplet Limited in 2006, Cdymax ventured into manufacturing of APIs.
Cipla Ltd	1935	Cipla is an Indian pharmaceutical company with global presence. The company has presence to 80+ countries providing over 1,500 products across various therapeutic categories in 50+ dosage forms.
Cohance Lifesciences Ltd.	2020	Cohance Lifesciences Ltd. is a wholly owned subsidiary of Jusmiral Holdings Limited. The Company is engaged in the manufacturing and selling of Active Pharmaceutical Ingredients (API), Finished Dosage Formulations (FDF) and caters to both domestic and international markets. The Company is also engaged in undertaking dossier development and clinical research studies.
Divi's Laboratories Ltd	1990	Divi's Laboratories is pharmaceutical and Biotechnology company, it has presence in Generic API, Custom Synthesis and Nutraceuticals segment. DLL also caters to multiple therapeutic segments like Cardiovascular, Anti-Inflammatory, anti-cancer and Central nervous system drugs.
Dr Reddy's Laboratories Ltd	1984	Dr. Reddy's Laboratories is a player in Indian pharmaceutical industry. Its portfolio spans across multiple therapies including gastroenterology, oncology, pain management, cardiovascular, dermatology, urology, nephrology, rheumatology and diabetes.
Emcure Pharmaceuticals Ltd	1981	Emcure is engaged in the manufacturing of pharmaceutical and biopharmaceutical products across dosage forms, including oral solids, oral liquids, injectables, including liposomal and lyophilized injectables, biotherapeutics and complex APIs.
Gland Chemicals Pvt Ltd	1974	Gland Chemicals (GCL) was established in 1974 by Sri P. V. N. Raju for manufacturing Heparin API. In 2021, GCL acquired Pfizer facilities at Aurangabad and Chennai. The Company is engaged in the manufacture of Bulk Drugs and intermediaries.
Granules India Ltd	1991	Granules India Limited (GIL) is a pharmaceutical Company present in manufacturing of API, Pharmaceutical Formulation Intermediates (PFI) and Finished Dosages (FD) products. The Company has presence in international pharmaceutical markets like USA, Canada, Latin America, Europe, Asia Pacific, and India
Hetero Labs Ltd	1989	Hetero Labs Ltd (HLL) HLL is a pharmaceutical company under the Hetero Group. HLL is engaged in manufacturing of APIs and finished dosages formulations (FDF) and is promoted by Dr. B. Partha Saradhi Reddy.

Ind-Swift Laboratories Ltd	1995	Ind-Swift Laboratories Ltd today is a global manufacturer of APIs and advanced intermediates with a headquarter in Chandigarh, India. The company has presence over 70 nations and almost 78% of the revenue comes from exports (FY23)
Intas Pharmaceuticals Ltd	1985	Intas is a global pharmaceutical formulation development, manufacturing, and marketing company. It has set up a network of subsidiaries, under the umbrella name of Accord Healthcare to operate in global markets and is present in more than 85 countries worldwide.
Laurus Labs Ltd	2005	Laurus Labs is a pharmaceutical and biotechnology company with a global presence. The company have commercialised 60+ products since inception across three distinct business units: Generics API, Generics FDF and Synthesis.
Mac-Chem Products India Pvt Ltd	1991	Mac-Chem is a NMM group company, which is a diversified pharma group with footprint in segments like Oncology, General APIs and Bulk Sterile. Mr B.K. Jain founded the group in 1985.
MSN Laboratories Pvt Ltd	2003	MSN Laboratories is a part of MSN Group, which is a research-based pharmaceutical company based out of India. The company has presence across API, formulations, and CRAMS (Contract Research and Manufacturing Services).
Natco Pharma Ltd	1981	Founded in 1981, NATCO is a pharmaceutical company with presence in formulations and APIs, in both domestic and international markets. The company's finished dosage formulations (FDF) products are primarily marketed in the US, India, Canada, Brazil and over 50 other countries.
Shilpa Medicare Ltd	1987	Shilpa was incorporated in 1987 at Raichur, Karnataka, India. It operates in the API and formulations industry. Shilpa supplies more than 30 oncology APIs in various international markets including USA, Europe, Japan, South Korea, Russia, Mexico, Brazil, and other emerging markets.
Shivalik Rasayan Ltd.	1979	Shivalik Rasayan Ltd. (SRL) Company is manufacturer of Agrochemicals & Active Pharma Ingredients (API). With the acquisition of Medicamen Biotech Ltd, SRL has ventured into chemistry segment of pharmaceuticals. SRL has presence in the Oncology and Non-oncology segments as well.
Sun Pharmaceuticals Industries Ltd	1993	Sun Pharmaceutical Industries Ltd is engaged in the business of manufacturing, developing, and marketing branded and generic formulations and Active Pharma Ingredients (APIs). The company has presence over 100 countries served across the six continents - Asia, North America, Europe, Africa, South America, and Australia
Suven Pharmaceuticals Ltd.	2018	Suven Pharmaceuticals Limited (SPL) is a bio-pharmaceutical company engaged in the business of development and manufacturing of New Chemical Entity (NCE) based Intermediates, Active Pharmaceutical Ingredients (API), Specialty Chemicals and formulated drugs under contract research and manufacturing services.

Note:

The above list is not exhaustive but an indicative list.

[1]Aarti Pharmalabs was incorporated in 2019.The entity is a resulting company after demerger with Aarti Industries Ltd. (incorporated in 1984)

Source: Company websites, MCA, CRISIL MI&A Consulting.

Product offerings and manufacturing facilities

Company Name	Manufacturing facilities	Product offerings
Aarti Industries Ltd	16 facilities at a consolidated level across all business segment	APIs, CDMO services
Avra Laboratories Pvt Ltd	2	APIs, CDMO services
Biophore India Pharmaceuticals Pvt Ltd	4	APIs
Cdymax (India) Pharma Private Ltd	2	APIs
Cipla Ltd	47	APIs and formulations
Divi's Laboratories Ltd	2	APIs, CDMO services, formulations
Dr Reddy's Laboratories Ltd	22	APIs and formulations
Emcure Pharmaceuticals Ltd	13	APIs and formulation
Gland Chemicals Pvt Ltd	3	APIs
Granules India Ltd	6	APIs and formulation

Company Name	Manufacturing facilities	Product offerings
Hetero Labs Ltd	36	APIs and formulations
Ind-Swift Laboratories Ltd	3	APIs, CDMO services, formulations
Intas Pharmaceuticals Ltd	16	APIs and formulations
Laurus Labs Ltd	7	APIs
Mac-Chem Products India Pvt Ltd	4	APIs
MSN Laboratories Pvt Ltd	21	APIs, CDMO services, formulations
Natco Pharma Ltd	9	APIs, CDMO services, formulations
Shilpa Medicare Ltd.	7	APIs, CDMO services, formulations
Shivalik Rasayan Ltd.	3	APIs
Sun Pharmaceuticals Industries Ltd.	43	APIs and formulations
Aarti Pharmalabs Ltd.	6	APIs
Suven Pharmaceuticals Ltd.	5	APIs, CRAMs and formulation
Cohance Lifesciences Ltd.	7	APIs and formulations

Note:

The above list is not exhaustive but an indicative list.

The manufacturing plant details of Avra Laboratories Pvt. Ltd., Biophore India Pharmaceuticals Pvt Ltd, Cdymax (India) Pharma Private Ltd., Emcure Pharmaceuticals Ltd., Gland Chemicals Pvt Ltd., Hetero Labs Ltd., Mac-Chem Products India Pvt Ltd., were taken from the company website as accessed on 13/03/2024.

The manufacturing plant details of MSN Laboratories Pvt. Ltd., were taken from the company website as accessed on 14/03/2024.

The manufacturing plant details of Cohance Lifesciences Ltd. were taken from the company website as accessed on 18/03/2024.

Source: Company websites, Company documents, CRISIL MI&A Consulting.

Financial Overview

Operating Income

Company name (Rs Million)	FY21	FY22	FY23	CAGR (FY21-23)
Aarti Industries Ltd	45,064	60,857	66,188	21.2%
Aarti Pharmalabs Ltd**	N.A.	11,999	19,452	N.A.
Avra Laboratories Pvt Ltd*$	1,106	1,630	N.A.	N.A.
Biophore India Pharmaceuticals Pvt Ltd	2,629	3,468	3,352	12.9%
Cdymax India Pharma Pvt Ltd*	3,579	2,342	2,354	-18.9%
Cipla Ltd	192,472	218,333	228,129	8.9%
Cohance Lifesciences Ltd*	2,949	7,511	7,459	59.0%
Divis Laboratories Ltd	69,721	89,642	77,729	5.6%
Dr. Reddys Laboratories Ltd	190,763	216,106	252,986	15.2%
Emcure Pharmaceuticals Ltd*	31,537	33,872	31,071	-0.7%
Gland Chemicals Pvt Ltd*	3,012	4,012	N.A.	N.A.
Granules India Ltd	32,375	37,649	45,119	18.1%
Hetero Labs Ltd	115,180	118,966	135,676	8.5%
Ind-Swift Laboratories Ltd	9,068	10,529	12,159	15.8%
Intas Pharmaceuticals Ltd	164,542	183,621	198,974	10.0%
Laurus Labs Ltd	48,137	49,358	60,406	12.0%
Mac-Chem Products India Pvt Ltd*	1,651	2,108	1,563	-2.7%
MSN Laboratories Pvt Ltd	36,200	41,222	51,354	19.1%
Natco Pharma Ltd	20,561	19,462	27,085	14.8%
Shilpa Medicare Ltd	9,182	11,472	10,500	6.9%
Shivalik Rasayan Ltd	1,976	2,147	2,344	8.9%

Company name (Rs Million)	FY21	FY22	FY23	CAGR (FY21-23)
Sun Pharmaceutical Industries Ltd	335,601	387,216	439,513	14.4%
Suven Pharmaceuticals Ltd	10,108	13,213	13,436	15.3%

Note:

** On standalone basis.*

***In fiscal 2023, Aarti Industries Limited hived off its pharmaceutical division into a separate entity 'Aarti Pharmalabs Limited (APL). The Scheme of Arrangement for the demerger was approved by NCLT on September 21, 2022, effective from the appointed date of July 1, 2021.*

$ Avra Laboratories Pvt Ltd was merged by absorption into Cohance Lifesciences Ltd.

N.A. not available.

Numbers reclassified as per CRISIL standards and may not match company reported numbers.

Source: Company annual reports available in public domain/ filed with the RoC, CRISIL MI&A Consulting.

Operating Profit Before Depreciation, Interest and Taxes

Company name (Rs million)	2021	2022	2023	CAGR(FY21-23)
Aarti Industries Ltd	9,828	17,203	10,892	5.3%
Aarti Pharmalabs Ltd**	N.A.	2,053	3,424	N.A.
Avra Laboratories Pvt Ltd*$	269	400	N.A.	N.A.
Biophore India Pharmaceuticals Pvt Ltd	438	584	784	33.7%
Cdymax India Pharma Pvt Ltd*	590	47	(262)	n.m.
Cipla Ltd	43,692	46,036	51,151	8.2%
Cohance Lifesciences Ltd*	385	1,455	1,529	99.4%
Divis Laboratories Ltd	28,697	39,281	25,053	-6.6%
Dr. Reddys Laboratories Ltd	47,040	49,461	73,899	25.3%
Emcure Pharmaceuticals Ltd*	7,820	8,363	4,682	-22.6%
Gland Chemicals Pvt Ltd*	696	459	N.A.	N.A.
Granules India Ltd	8,563	7,264	9,147	3.3%
Hetero Labs Ltd	22,197	17,675	22,984	1.8%
Ind-Swift Laboratories Ltd	2,015	2,382	2,570	12.9%
Intas Pharmaceuticals Ltd	37,324	40,005	37,419	0.1%
Laurus Labs Ltd	15,695	14,343	15,924	0.7%
Mac-Chem Products India Pvt Ltd*	254	306	21	-71.0%
MSN Laboratories Pvt Ltd	9,578	8,878	10,707	5.7%
Natco Pharma Ltd	6,118	2,752	9,420	24.1%
Shilpa Medicare Ltd	2,015	2,112	1,073	-27.0%
Shivalik Rasayan Ltd	389	488	449	7.4%
Sun Pharmaceutical Industries Ltd	85,711	104,991	117,463	17.1%
Suven Pharmaceuticals Ltd	4,540	5,998	5,989	14.8%

Note:
** On standalone basis*
***In fiscal 2023, Aarti Industries Limited hived off its pharmaceutical division into a separate entity 'Aarti Pharmalabs Limited (APL). The Scheme of Arrangement for the demerger was approved by NCLT on September 21, 2022, effective from the appointed date of July 1, 2021.*
$ Avra Laboratories Pvt Ltd was merged by absorption into Cohance Lifesciences Ltd.
N.A. not available.
n.m. not meaningful.
Numbers reclassified as per CRISIL standards and may not match company reported numbers.
Source: Company annual reports available in public domain/ filed with the RoC, CRISIL MI&A Consulting.

Profit After Tax

Company name (Rs million)	2021	2022	2023	CAGR(FY21-23)
Aarti Industries Ltd	5,352	11,859	5,452	0.9%
Aarti Pharmalabs Ltd**	N.A.	1,223	1,935	N.A.
Avra Laboratories Pvt Ltd*$	142	247	N.A.	N.A.

Company name (Rs million)	2021	2022	2023	CAGR(FY21-23)
Biophore India Pharmaceuticals Pvt Ltd	197	307	453	51.7%
Cdymax India Pharma Pvt Ltd*	279	(229)	(465)	n.m.
Cipla Ltd	23,885	25,467	28,329	8.9%
Cohance Lifesciences Ltd*	(27)	162	378	n.m.
Divis Laboratories Ltd	19,843	29,605	18,234	-4.1%
Dr. Reddys Laboratories Ltd	19,516	21,825	45,073	52.0%
Emcure Pharmaceuticals Ltd*	4,205	4,468	1,601	-38.3%
Gland Chemicals Pvt Ltd*	525	165	N.A.	N.A.
Granules India Ltd	5,495	4,128	5,166	-3.0%
Hetero Labs Ltd	13,027	10,118	12,372	-2.5%
Ind-Swift Laboratories Ltd	(31)	(21)	476	n.m.
Intas Pharmaceuticals Ltd	22,898	26,793	24,228	2.9%
Laurus Labs Ltd	9,838	8,322	7,934	-10.2%
Mac-Chem Products India Pvt Ltd*	146	188	(29)	n.m.
MSN Laboratories Pvt Ltd	5,584	4,933	5,732	1.3%
Natco Pharma Ltd	4,424	1,700	7,153	27.2%
Shilpa Medicare Ltd	1,462	606	(309)	n.m.
Shivalik Rasayan Ltd	247	343	298	10.0%
Sun Pharmaceutical Industries Ltd	22,724	33,893	85,129	93.6%
Suven Pharmaceuticals Ltd	3,623	4,538	4,113	6.5%

Note:

** On standalone basis.*

***In fiscal 2023, Aarti Industries Limited hived off its pharmaceutical division into a separate entity 'Aarti Pharmalabs Limited (APL). The Scheme of Arrangement for the demerger was approved by NCLT on September 21, 2022, effective from the appointed date of July 1, 2021.*

N.A. not available.

n.m. not meaningful.

$ Avra Laboratories Pvt Ltd was merged by absorption into Cohance Lifesciences Ltd.

Numbers reclassified as per CRISIL standards and may not match company reported numbers.

Source: Company annual reports available in public domain/ filed with the RoC, CRISIL MI&A Consulting.

Financial ratios (Fiscal 2023) – part 1/2

Company name (Rs million)	OPBDIT%	PAT%	Employee cost/ Operating Income (%)	Material Cost/ Operating Income (%)	R&D expenses/ Operating income (%)	Working capital/ Operating Income (%)	Imported raw material consumed/ Total raw material Consumed
Aarti Industries Ltd	16.5	8.2	5.8	52.7	1.5	24.7	33.1[2]
Aarti Pharmalabs Ltd**	17.6	9.9	6.7	54.2	2.3	36.4	27.6^
Avra Laboratories Pvt Ltd*[1$]	24.5	15.1	19.5	38.3	4.4	59.3	42.6%[3]
Biophore India Pharmaceuticals Pvt Ltd	23.4	13.5	19.1	38.8	N.A.	22.4	N.A.
Cdymax India Pharma Pvt Ltd*	(11.1)	(19.8)	16.6	65.6	N.A.	-49.4	34.1%[2]
Cipla Ltd	22.4	12.4	16.8	36.2	5.9	24.3	N.A.
Cohance Lifesciences Ltd*	20.5	5.1	14.5	46.6	2.9	46.6	N.A.
Divis Laboratories Ltd	32.2	23.5	12.6	40.0	0.9	50.3	N.A.
Dr. Reddys Laboratories Ltd	29.2	17.8	18.4	30.3	7.7	27.8	N.A.
Emcure Pharmaceuticals Ltd*	15.1	5.2	20.9	39.1	5.3	35.1	N.A.

Company name (Rs million)	OPBDIT%	PAT%	Employee cost/ Operating Income (%)	Material Cost/ Operating Income (%)	R&D expenses/ Operating income (%)	Working capital/ Operating Income (%)	Imported raw material consumed/ Total raw material Consumed
Gland Chemicals Pvt Ltd*[1]	11.4	4.1	2.9	76.9	N.A.	37.7	77.3%[2]
Granules India Ltd	20.3	11.4	10.5	51.1	2.8	30.5	N.A.
Hetero Labs Ltd	16.9	9.1	10.4	56.4	N.A.	56.5	N.A.
Ind-Swift Laboratories Ltd	21.1	3.9	11.2	54.4	3.7	64.2	N.A.
Intas Pharmaceuticals Ltd	18.8	12.2	16.9	34.2	6.7	22.9	N.A.
Laurus Labs Ltd	26.4	13.1	9.6	45.9	3.5	39.3	N.A.
Mac-Chem Products India Pvt Ltd*	1.4	(1.9)	11.8	68.7	N.A.	17.7	42.7%[4]
MSN Laboratories Pvt Ltd	20.8	11.2	13.9	44.4	N.A.	59.7	N.A.
Natco Pharma Ltd	34.8	26.4	18.0	23.2	7.2	49.5	N.A.
Shilpa Medicare Ltd	10.2	(2.9)	27.4	39.6	4.7	48.7	92.0%[5]
Shivalik Rasayan Ltd	19.2	12.7	17.5	49.1	3.3	53.8	4.7%
Sun Pharmaceutical Industries Ltd	26.7	19.4	18.9	24.1	5.4	21.4	N.A.
Suven Pharmaceuticals Ltd	44.6	30.6	8.2	30.5	0.6	32.6	N.A.

Note:

** On standalone basis.*

N.A. not available.

n.m. not meaningful.

$ Avra Laboratories Pvt Ltd was merged by absorption into Cohance Lifesciences Ltd

***In fiscal 2023, Aarti Industries Limited hived off its pharmaceutical division into a separate entity 'Aarti Pharmalabs Limited (APL). The Scheme of Arrangement for the demerger was approved by NCLT on September 21, 2022, effective from the appointed date of July 1, 2021.*

^ On standalone basis, formula used: value of imported raw materials consumed/ Value of total raw materials consumed

[1]Financial ratios of fiscal 2022;

[2]On standalone basis, formula used: Imported raw material consumed/ total raw material consumed.

[3] Formula used: Imported raw material consumed/ (indigenous and imported raw material consumed).

[4] Formula used: CIF Value Of Raw Materials & laboratory Chemicals imports/ cost of materials consumed.

[5] On standalone basis, formula used: Value of import of raw materials/ cost of raw material consumed.

[6]On standalone basis, formula used: CIF Value Of Raw Materials imports/ cost of materials consumed.

Numbers reclassified as per CRISIL standards and may not match company reported numbers

OPBDIT margin = OPBDIT / Operating Income.

Net profit margin = Profit after tax / operating income.

Material costs/ Operating Income = (Material Costs + Traded Goods Purchased + |Accretion| : Decretion to Stocks)/ Operating Income.

Employee cost/ Operating Income = Employee cost/ Operating Income.

Research and development expenses are as declared by the company in their respective annual report.

Working Capital: Total current assets related to operations- cash and cash equivalents- Total Current Liabilities and Provision.

Source: Company annual reports available in public domain/ filed with the RoC, CRISIL MI&A Consulting.

Financial ratios (fiscal 2023) – part 2/2

Company name (Rs million)	Current Ratio	Interest Coverage Ratio	Gearing ratio	Asset Turnover Ratio	Cash conversion Cycle	RoCE	RoE	Inventory Days
Aarti Industries Ltd	0.9	6.6	0.6	1.2	74.8	10.8	11.7	68.1
Aarti Pharmalabs Ltd**	1.9	16.4	0.1	1.5	104.7	15.7	13.4	137.1
Avra Laboratories Pvt Ltd*[1$]	3.6	75.4	0.0	0.9	114.4	14.3	10.8	117.9
Biophore India Pharmaceuticals Pvt Ltd	1.3	20.6	0.4	1.6	21.8	33.7	30.6	91.1
Cdymax India Pharma Pvt Ltd*	0.7	(3.0)	0.5	0.7	(489.0)	(22.4)	(37.4)	154.3
Cipla Ltd	3.4	47.1	0.0	2.4	65.2	22.8	16.0	106.3
Cohance Lifesciences Ltd*	1.2	2.5	3.1	2.3	119.4	23.1	57.3	135.8
Divis Laboratories Ltd	8.5	1,387.6	0.0	1.3	205.7	18.7	14.9	207.9
Dr. Reddys Laboratories Ltd	2.4	52.1	0.1	1.9	111.5	32.6	25.3	99.2
Emcure Pharmaceuticals Ltd*	1.1	3.3	0.9	1.6	37.3	11.1	9.2	98.2
Gland Chemicals Pvt Ltd*[1]	2.0	555.8	1.4	2.4	56.7	8.7	13.1	195.1
Granules India Ltd	1.4	16.6	0.4	2.0	71.5	21.2	21.4	116.6
Hetero Labs Ltd	1.7	6.2	0.5	2.3	173.1	15.9	15.0	178.8
Ind-Swift Laboratories Ltd	3.0	2.6	1.7	1.1	210.2	14.6	10.5	166.9
Intas Pharmaceuticals Ltd	1.9	30.9	0.1	3.7	63.4	26.9	23.8	131.8
Laurus Labs Ltd	1.4	9.7	0.5	1.5	142.9	23.7	23.0	138.2
Mac-Chem Products India Pvt Ltd*	1.1	n.m.	0.7	2.0	47.4	(2.1)	(4.7)	91.6
MSN Laboratories Pvt Ltd	1.9	5.5	0.6	1.8	168.3	13.0	16.9	125.6
Natco Pharma Ltd	3.6	71.7	0.0	0.9	159.1	18.5	16.2	253.3
Shilpa Medicare Ltd	1.0	1.9	0.6	0.7	120.6	0.9	(2.3)	123.8
Shivalik Rasayan Ltd	1.8	9.8	0.2	0.9	96.5	8.6	8.1	144.4
Sun Pharmaceutical Industries Ltd	1.9	70.1	0.2	2.1	32.8	23.3	21.4	119.5
Suven Pharmaceuticals Ltd	6.1	48.6	0.0	1.8	125.9	32.5	25.2	153.3

Note:
** On standalone basis*
$ Avra Laboratories Pvt Ltd was merged by absorption into Cohance Lifesciences Ltd.
***In fiscal 2023, Aarti Industries Limited hived off its pharmaceutical division into a separate entity 'Aarti Pharmalabs Limited (APL). The Scheme of Arrangement for the demerger was approved by NCLT on September 21, 2022, effective from the appointed date of July 1, 2021.*
n.m. not meaningful.
[1]Financial ratios of fiscal 2022.
N.A. not available.
n.m. not meaningful.
Numbers reclassified as per CRISIL standards and may not match company reported numbers:
Interest Coverage Ratio: PBDIT Divide by Interest and Finance Charges.
Gearing ratio: Adjusted Debt Divide by Adjusted Networth.
Asset Turnover Ratio: Operating Income Divide By Gross Block.
Cash conversion Cycle: 'Debtors & Bills Disc : as days Gross & Traded Sales' +'Days Inventory :as cost of sales' -'Days Payables :as days consumption'.
RoCE: PBIT Divide By Total Debt Plus Tangible Networth.
RoE: PAT Divide By Tangible Net Worth.
Inventory Days: Total inventories/ Cost of Sales.

Source: Company annual reports available in public domain/ filed with the RoC, CRISIL MI&A Consulting.

Key Observations

- Shilpa Medicare has presence in API and formulations segment. In FY23, API and formulations accounted for approximately 72% and approximately 25% of the company's consolidated revenue, respectively. Within the API business, oncology accounts for approximately 49% of the revenue.
- Shilpa Medicare's research and development expenses has grown at a CAGR of approximately 12.5% over FY18-23, increasing share of research and development expense within operating income from approximately 3.4% to approximately 4.7%. This trend underscores its commitment to pharmaceutical and healthcare sector
- Shilpa Medicare's formulations business has grown strongly at approximately 24% CAGR over FY18-23, increasing the share within total revenue from approximately 16% to approximately 25% over the same period. Within the formulations business, oncology accounts for approximately 79% of the revenue.
- Shilpa Medicare's Bengaluru facility is involved in manufacturing orally dispersible films & transdermal patches. The facility has received approvals from UK -MHRA, TGA-Australia & UAE authorities. The facility also manufactures nutraceutical products
- In the biologics space, Shilpa Medicare is working on biosimilar of Aflibercept for the Indian market. The company has received CDSCO approval in Nov-22 for Phase III and the clinical trial plans are underway. Company has stated that phase III will be initiated from Q1 FY 25 and completed by Q1 FY 26
- Shilpa Medicare has launched high concentration Adalimumab under the brand name “ORIADALI” and has also partnered with Sun Pharma where they have done 2 commercial supplies, up to Q3FY24.
- Shilpa Medicare is developing facility to manufacture recombinant Albumin. The company has stated, the facility is expected to be completed before June 2024.
- Shilpa Medicare has invested in containment technologies for the manufacturing of oncology drug substances and technologies like the bipolar system from Japan.
- Shilpa Medicare Ltd, has introduced a formulation of Tranexamic Acid in a spray form enabling blood clotting under the brand name ‘Dr. Clot’.
- Shilpa Medicare serves as an integrated CDMO solution provider across APIs, Formulation & Biological space to global customers. The company has presence across oncology & non-oncology (APIs & Formulations), specialty polymers, peptides & biologics.
- Shilpa Medicare caters to domestic and global pharmaceutical players in APIs, Formulation & Biological space.

BUSINESS

Certain information in the following discussion, including information with respect to our plans and strategies, contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Please see "Forward-Looking Statements" and "Risk Factors" on pages 18 and 43, respectively, for a discussion of certain factors that may affect our business, results of operations or financial condition.

To obtain a complete understanding of our business, please read this section in conjunction with "Risk Factors", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 43, 132 and 89, respectively, as well as the financial, statistical and other information included in this Preliminary Placement Document. Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results included in this Preliminary Placement Document. For further information, see "Financial Information" on page 248.

Industry and market data used in this section have been extracted from the CRISIL Report. For further details and risks in relation to the CRISIL Report, see "Risk Factors—This Preliminary Placement Document contains information from the industry report from CRISIL MI&A. Investors are advised not to base their investment decision solely on such information." on page 64.

In evaluating our business, we consider and use certain key performance indicators that are presented herein as supplemental measures to review and assess our operating performance and are not required by, or presented in accordance with, Ind AS. We present these key performance indicators because they are used by our management to evaluate our operating performance. These key performance indicators have limitations as analytical tools and should not be considered in isolation or as a substitute for financial information presented in accordance with Ind AS. These key performance indicators may not fully reflect our financial performance, liquidity, profitability or cash flows. Further, these key performance indicators may differ from similar information used by other companies, including peer companies, and hence their comparability may be limited.

OVERVIEW

We are an integrated pharmaceutical company which manufactures APIs, Formulations, biologicals and other allopathic pharmaceutical preparations. Our development and manufacturing capabilities span various therapeutic areas and dosage forms. Our manufacturing facilities have been approved for export by various regulatory bodies including the U.S. FDA, the EMA, the PMDA, MFDS Korea, the TPD Canada, the TGA Australia, COFEPRIS and the MHRA, among others.

Our Company was established in 1987 and began commercial operations as a manufacturer of antibiotics in 1989. We have since expanded our offerings to include manufacture of APIs, biologicals and Formulations (including those using novel drug-delivery systems), along with the provision of CDMO services. We are also investing in developing our capabilities in the manufacture of peptides and polymers. We sell our products and services, primarily on a B2B model, across 65 countries.

A break-down of our revenue from operations has been provided below for the periods indicated.

Particulars	**For the nine-month period ended December 31,**				**For the financial year ended March 31,**					
	2023		**2022**		**2023**		**2022**		**2021**	
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Pharmaceuticals	85,646.89	99.63	78,116.12	99.31	1,04,152.67	99.18	1,13,542.02	99.12	89,504.24	99.32
Power sales*	239.81	0.28	539.81	0.69	191.87	0.18	462.91	0.40	511.66	0.57
Others**	76.62	0.09	-	-	666.70	0.63	547.35	0.48	97.11	0.11
Total	**85,963.32**	**100**	**78,655.93**	**100**	**1,05,011.24**	**100.00**	**1,14,552.27**	**100.00**	**90,113.01**	**100.00**

* *Revenue generated through sale of electricity generated by wind turbines owned by our Company.*
** *Revenue received from export incentives including Merchandise Exports from India Scheme and the Service Exports from India Scheme.*

We operate across three verticals in our pharmaceutical business: (a) APIs; (b) Formulations; and (c) Emerging Business. We conduct our operations through a network of 18 Subsidiaries (nine Indian Subsidiaries and nine foreign Subsidiaries), three Associates and three Joint Ventures, as at December 31, 2023.

***APIs**:* Our API business is carried out through our wholly owned subsidiary, Shilpa Pharma Lifesciences, and includes the manufacture of APIs, intermediates and provision of CDMO services.

As at December 31, 2023, we manufactured 29 Oncology APIs including products such as Capecitabine, Gemcitabine Hydrochloride, Pemetrexed, Axitinib, Erlotinib Hydrochloride and Irinotecan Hydrochloride. In addition to India, we cater to other regulated and semi-regulated international markets including the United States, Europe, Japan, South Korea, Russia, Mexico, Brazil and various emerging markets. On the non-Oncology API front, we manufactured 20 APIs as at December 31, 2023 including key molecules such as Ambroxol, Tranexamic Acid and Ursodeoxycholic Acid. We are also investing in developing our capabilities in the manufacture of peptides and polymers.

Our API manufacturing facilities are located in Raichur, Karnataka and comprise two units with an aggregate installed capacity of 583.05 metric tons as at December 31, 2023. Our facilities hold export clearances from various regulatory bodies including the U.S. FDA, the EMA, the PMDA, COFEPRIS, KFA and the TGA Australia. As at December 31, 2023, we had a total of 196 DMF filings across various countries comprising 44 DMFs with the U.S. FDA, 52 DMFs with the EMA, 19 DMFs with TPD Canada, 12 DMFs with TGA Australia and 69 DMFs in the rest of the world.

***Formulations**:* Our Formulations business is carried out by our Company, and primarily comprises: (i) manufacture of oral solids (tablets and capsules), liquid injections (aseptically and terminally sterilised) and lyophilised injectables for pharmaceutical organizations in various countries; and (ii) the manufacture of specialized Oncology formulations for cancer treatment facilities across India. Our Formulations products are designed with a patient centric approach with a focus on patient outcomes and enabling patient compliance.

Our Formulations manufacturing facilities are located in Hyderabad and Jadcherala in Telangana. Our Formulations facilities have been accredited by regulators in various countries including the EMA, TPD Canada, TPG Australia, ANVISA Brazil, COFEPRIS, UK MHRA and regulators in the UAE. As at December 31, 2023, we had an aggregate of 141 filings with regulatory agencies in various countries including 30 filings in the United States, 28 filings in the European Union, 9 filings in Canada, 34 filings in India and 40 filings in the rest of the world.

***Emerging Business**:* Our Emerging Business vertical comprises two segments, (i) biologicals, and (ii) NDDS Formulations. Our biologicals segment includes the production of biosimilars (MAB, microbial and vaccine manufacturing), CDMO operations, production of excipient and therapeutic grade recombinant albumin for use in Formulations while the NDDS Formulations segment includes offerings such as transdermal patches, sprays and orally dispersible films.

The manufacturing of biosimilars is carried out by our wholly-owned subsidiary, Shilpa Biologicals and the production of excipient and therapeutic grade recombinant albumin is carried out by Shilpa Biocare, while operations in the NDDS Formulations segment are carried out by our Company and Shilpa Therapeutics.

Our seven manufacturing facilities (six operational and one under development) are located in India in the states of Telangana and Karnataka. Our facilities are certified compliant with ISO 9001-2015 for Quality system, ISO 14001-2015 for Environment management system, OSHAS 18001-2007 for Occupational Health & Safety systems and our R&D facilities are certified by DSIR and adhere to good laboratory practices.

We operate five R&D facilities in the states of Karnataka, Telangana and Gujarat in India, and as at December 31, 2023, we had an R&D team comprising 310 personnel, representing approximately 12.18% of our total on-roll manpower as at that date. Our R&D operations are primarily carried out through our subsidiary, FTF Pharma, which operates dedicated formulations and development labs, R&D labs and a facility for handling high potent drugs and our R&D facility in Bengaluru, Karnataka operated by our Company.

Set out below is the breakdown of our revenue from operations across our operating verticals for the periods indicated.

Particulars	For the nine-month period ended,				For the Financial Year ended,					
	December 31, 2023		December 31, 2022		March 31, 2023		March 31, 2022		March 31, 2021	
	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
API	58,883.84	68.69	57,873.52	74.09	76,617.57	73.09	74,770.52	65.54	58,188.34	64.94
Formulations	22,986.80	26.82	19,117.12	24.47	26,456.27	25.24	37,292.78	32.69	31,154.94	34.77
Emerging	3,852.89	4.49	1,125.47	1.44	1,745.44	1.67	2,026.06	1.78	258.00	0.29

Particulars	For the nine-month period ended,				For the Financial Year ended,					
	December 31, 2023		December 31, 2022		March 31, 2023		March 31, 2022		March 31, 2021	
	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations	Revenue	% of Revenue from operations
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Business										
Total	**85,723.51**	**100.00**	**78,116.12**	**100.00**	**1,04,819.27**	**100.00**	**1,14,089.37**	**100.00**	**89,601.35**	**100.00**

The details of the contribution to our revenue from operations from the various geographies in which we operate have been provided below.

Particulars	For the nine-month period ended,				For the financial year ended,					
	December 31, 2023		December 31, 2022		March 31, 2023		March 31, 2022		March 31, 2021	
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Revenue										
Within India (A)	**43,495.78**	**50.60**	**37,341.15**	**47.47**	**51,057.19**	**48.62**	**48,801.54**	**42.60**	**33,135.20**	**36.77**
Outside India (B)										
USA	14,137.86	16.45	7,735.42	9.83	10,596.18	10.09	14,129.77	12.33	8,818.23	9.79
Europe	15,043.82	17.50	16,114.10	20.49	21,313.09	20.30	32,517.06	28.39	26,085.35	28.95
Rest of the world	13,285.86	15.46	17,465.26	22.20	22,044.78	20.99	19,103.91	16.68	22,074.23	24.50
Sub-total	**42,467.54**	**49.40**	**41,314.78**	**52.53**	**53,954.05**	**51.38**	**65,750.74**	**57.40**	**56,977.81**	**63.23**
Total (A + B)	**85,963.32**	**100.00**	**78,655.93**	**100.00**	**1,05,011.24**	**100.00**	**1,14,552.28**	**100.00**	**90,113.01**	**100.00**

Financial Metrics

Set forth below are certain key financial performance indicators and accounting ratios as at the dates, and for the periods indicated.

Particulars	As at and for the nine-month period ended December 31,		As at and for the financial year ended March 31,		
	2023∞	2022	2023	2022	2021
Revenue from operations *(₹ lakh)*	85,963.32	78,665.92	1,05,011.24	1,14,552.27	90,113.01
PAT(1) (₹ *lakh*)	745.23	(2,285.96)	(3,091.59)	6,058.22	14,620.37
Gross margin (%)	46.24	50.89	52.47	61.56	65.30
EBITDA(3) (₹ *lakh*)	16,952.34	6,145.29	9,847.19	20,898.65	24,075.58
EBITDA Margin(4) *(%)*	19.72	7.81	9.37	18.24	26.72
Net Profit Margin(5) *(%)*	0.86	(2.85)	(2.90)	5.22	15.70
R&D Expense to Revenue(6)(%)	9.91	12.02	11.82	11.33	7.83
Interest Coverage Ratio(7)	2.44	1.81	1.90	4.66	6.09
Debt Service Coverage Ratio(8)	0.34	0.34	1.37	1.09	2.36

∞ The financial information set out in this Preliminary Placement Document for the nine-month period ended December 31, 2023 and December 31, 2022 has not been annualised.

Notes:

(1) PAT refers to profit after tax.
(2) Gross Margin is calculated by subtracting cost of goods sold from our net sales divided by our revenue from operations.
(3) EBITDA refers to earnings before interest, taxes, depreciation and amortization.
(4) EBITDA Margin refers to EBITDA during a given period as a percentage of revenue from operations during that period; it is a profitability ratio we use to calculate the percentage of profit we generate from our operations.
(5) Net Profit Margin quantifies our efficiency in generating profits from our revenue and is calculated by dividing our profit for the year/period by our total revenue during the relevant year/period.
(6) R&D Expense to Revenue is calculated by dividing R&D expenses for the year/ period by the revenue from operations during that year/ period and is expressed as a percentage.
(7) Interest Coverage Ratio is calculated by dividing cash profit after tax plus total finance cost by total finance cost.
(8) Debt Service Coverage Ratio is the sum of (i) profit after tax, (ii) depreciation, (iii) total finance cost, (iv) loss on sale of assets divided by the sum of (i) interest during the year/period and (ii) principal repayment during the year/ period.

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Set forth below are certain key financial performance indicators and accounting ratios as at and for the periods indicated.

Particulars	As at and for the six-month period ended, September 30, 2023[∞]	As at and for the financial year ended March 31,		
		2023	2022	2021
Inventory Turnover Ratio[(1)]	0.66	1.23	1.14	1.00
Current Ratio[(2)]	1.31	0.98	1.45	1.52
Fixed Assets Turnover Ratio[(3)]	0.41	0.84	0.92	0.89
Debt to EBITDA Ratio[(4)]	7.98	8.08	3.26	3.51
Debt to Equity Ratio[(5)]	0.49	0.45	0.38	0.58
Trade Receivables Turnover Ratio[(6)]	1.69	2.96	3.79	3.88
Trade Payables Turnover Ratio[(7)]	1.30	2.86	3.59	3.39
Net Capital Turnover Ratio[(8)]	2.94	7.10	2.86	2.04
Return on Equity Ratio[(9)]	0.16	(1.74)	3.34	9.96
Return on Capital Employed[(10)]	2.42	0.96	6.34	10.66
Return on Net Worth[(11)]	0.16	(1.74)	3.34	9.96

[∞] *The financial information set out in this Preliminary Placement Document as at, and for the six-month period ended, September 30, 2023 has not been annualized.*

Notes:

(1) *Inventory Turnover Ratio is calculated by dividing the cost of goods sold by average inventory. Average inventory is calculated by taking the average of the inventory at the beginning and the end of the accounting period.*
(2) *Current Ratio is calculated by dividing the total current assets by the total current liabilities.*
(3) *Fixed Asset Turnover Ratio is calculated by dividing our net sales by our fixed assets.*
(4) *Debt to EBITDA Ratio refers to net debt (i.e., borrowings (current and non-current) and current maturities of long-term borrowings less cash and cash equivalents and other bank balances (current and non-current)) divided by operating EBITDA.*
(5) *Debt to Equity Ratio is calculated as total borrowings divided by total equity.*
(6) *Trade Receivables Turnover Ratio is calculated by dividing revenue from operations by average trade receivables.*
(7) *Trade Payables Turnover Ratio is calculated by dividing cost of goods sold by average trade payables.*
(8) *Net Capital Turnover Ratio is calculated by dividing our revenue from operations by our working capital (i.e., current assets less current liabilities).*
(9) *RoE refers to profit for the year/ period divided by our net worth (i.e., share capital plus other equity) during that year/ period and is expressed as a percentage.*
(10) *RoCE refers to our EBIT during a given period by Capital Employed (i.e., total assets less current liabilities).*
(11) *Return on Net Worth is calculated by as net profit after tax attributable to our equity shareholders divided by our Net Worth (total shareholders' equity).*

Set forth below are some of our key operational performance indicators as at December 31, 2023.

Metric	As at December 31, 2023
DMF Filings	196
Patent Filings	113
Formulations Regulatory Filings	141

The global API market is connected through supply chains across the different parts of the world and the supply chains for API are constantly evolving according to demand-supply trends in the industry. Price and regulatory compliances are also one of the key elements that affects the global API market. The global API market consists of regional hubs in which manufacturers specialize in producing different types of ingredients for different sections of the global pharma market. In Asia particularly in China, the API industry is known for low-cost, high-volume API manufacturing and it is one of the key global source for the global pharmaceutical industry. The pandemic highlighted the global reliance on China for APIs for various drugs. However, the COVID-19 pandemic has given opportunities for pharmaceutical players to tap into the opportunities created by players diversifying the supply chains especially in the API segment where globally players are diversifying the sourcing from a single source like China. India being one of the key manufacturing hubs for pharmaceutical production, Indian pharmaceutical players can benefit from such diversification. *(Source: CRISIL Report)*

The Formulation market in India has seen healthy growth in the recent years. The Indian Formulations market contributed approximately 2 to 3% of the total global pharmaceutical market. As of Fiscal 2023, the Indian Formulations market (consumption) increased at CAGR of 9% from Fiscal 2018 to Fiscal 2023 and is expected to increase at a CAGR of 9 to 10% over the next five years to reach approximately ₹2.8 to 3.0 trillion in Fiscal 2028, supported by strong demand because of rising incidence of chronic diseases, increased awareness and access to quality healthcare. *(Source: CRISIL Report)*

The global Biologics and biosimilar market is expected to reach approximately USD 750 to 800 billion by 2028 growing at approximately CAGR of 10-11% between 2023 and 2028, driven by the launch of new biologics. Higher effectiveness of biologics over conventional drugs has prompted global players to undertake more research and development in the segment. According to CRISIL Report, the share of biopharmaceuticals is expected to increase approximately 39 to 42% by 2028 from approximately 31% in 2023. *(Source: CRISIL Report)*

We endeavour to leverage our established presence in the API and formulations markets, particularly our strong capabilities in the therapeutic areas of Oncology, to cater to the growing demand in India and international markets while also placing emphasis on R&D to enable the development of innovative products in our emerging business segment such as biologicals and novel-drug delivery system formulations.

KEY STRENGTHS

Integrated business model facilitating operational synergies with strong capabilities in APIs, Formulations and Biologicals

We have an integrated business model across our operating verticals of APIs, Formulations and Emerging Business (including Biologicals) spanning the length of the pharmaceutical value chain beginning with research and development, testing and validation and manufacturing, distribution and marketing.

We operate five R&D facilities, and as at December 31, 2023, we had a team of 310 personnel for R&D, representing approximately 12.18% of our total on-roll manpower as at that date. FTF Pharma operates a R&D facility which has dedicated formulations and development labs, applied R&D labs and a facility for handling high potent drugs. Our API business includes the manufacture of Oncology and non-Oncology APIs, peptides, polymers, intermediates along with the provision of CDMO services. Our Formulations business includes (i) development and manufacture of a range of oral solids (tablets and capsules), injectables and specialized Oncology formulations and (ii) development and manufacture of a range of orally dispersible films and transdermal patches. Our capabilities in biologicals include the production of monoclonal antibodies, vaccines, recombinant human albumin (excipient and therapeutic grades).

Our capabilities in APIs, Formulations and Biologicals allow for certain vertical integration opportunities in our operations, thereby facilitating the unlocking of operational synergies and production efficiencies. For instance, certain APIs required in our Formulations business are supplied by our API manufacturing facilities. Our excipient and therapeutic human recombinant albumin capabilities will support the development of biologicals in our Formulations facilities. Further, our R&D capabilities have enabled us to develop various key starting materials and intermediates in-house for use in our API business, reducing reliance on external suppliers and bolstering our control over certain supply chains.

Strong R&D, manufacturing and CDMO service capabilities

We invest significantly in our R&D and manufacturing capabilities to improve our existing product and service offerings as well as to facilitate our entry into new markets. We operate four DSIR accredited R&D facilities, and as at December 31, 2023, we had a team of 310 R&D personnel. Our R&D capabilities have allowed us to carefully curate a portfolio of niche products and cater to a wide range of geographies including highly regulated markets like the United States, Canada, Japan and the European Union. Set forth below are some of our key operational performance indicators as at December 31, 2023.

Metric	As at December 31, 2023
DMF Filings	196
Patent Filings	113
Formulations Regulatory Filings	141

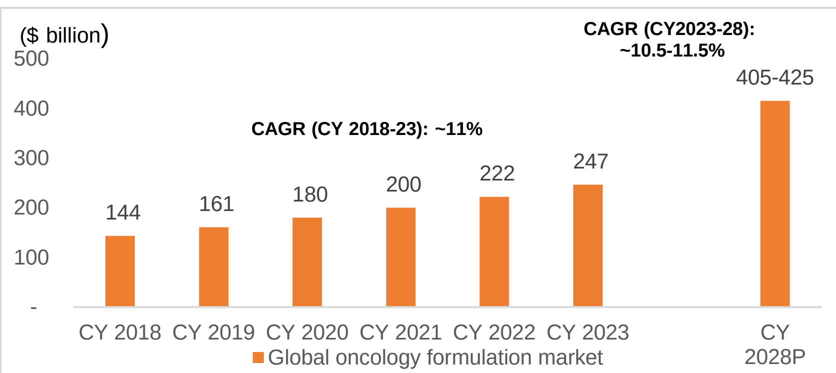
We operate six manufacturing facilities in India and are developing another facility, which facilities give us capabilities to manufacture complex APIs, Formulations, biologicals and novel drug-delivery system formulations. We have (i) dedicated production lines for the manufacture of Oncology APIs and non-Oncology APIs allowing us to ensure stringent quality control standards; (ii) invested in enhancing our capabilities for the manufacture of multi-cyclic and long chain peptides with high purity, including by setting up a dedicated block for peptides at our API manufacturing facility in Raichur and (iii) invested in a special facility for microbial fermentation and production of human recombinant albumin.

We also provide CDMO services to various pharmaceutical producers providing chemistry, manufacturing and controls solutions for pre-clinical, clinical and commercial outsourcing services. Our CDMO business allows us to complement the production cycles in our API, Formulations and biologicals businesses to maintain or improve utilization of our existing installed capacity at our various manufacturing facilities. Our strong development and marketing capabilities allow us to work with existing and prospective customers to provide cost efficient solutions tailored to meet specific customer requirements.

Established presence in high-potency Oncology segments in both APIs and Formulations markets

Our fully integrated business model and more than 37 years of experience in the manufacture of a wide range of molecules has given us an established presence in the market for manufacture of molecules used in oncological therapeutic treatments. As at December 31, 2023, we served 793 customers situated across India and in various countries including the United States, countries in Europe, Japan, South Korea, Mexico and Brazil with an aggregate installed capacity to manufacture 583.05 metric tons of APIs. Our Oncology blocks are designed to operate with small, medium and high-volume scales to handle different levels of batch sizes ranging from 250 gm to 350 KG.

Our manufacturing operations for Oncology APIs are primarily research driven, with an emphasis on continuous optimization and providing comprehensive CDMO services. This allows us to adopt complex API processes for crafting intricate generic formulations for Oncology molecules while allowing us to adhere to international standards. Our revenue generation is geographically diversified with revenue from outside India accounting for 49.40%, 52.53%, 51.38%, 57.40% and 63.23% of our revenue from operations in the nine month periods ended December 31, 2023 and December 31, 2022 and the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, respectively.



The Oncology therapy area in global formulation market is valued at USD 247 billion as of 2023 and is expected to rise to 405-425 billion by the year 2028. The share of Oncology therapy area in the overall global formulation market has seen an increasing trend, and is expected to reach approximately 22% by the year 2028. *(Source: CRISIL Report)*

Oncology is one of the key therapeutic areas in the global pharmaceutical market. In line with this global Oncology API market have also seen healthy growth in the overall API market. Oncology API manufacturing has been aided by development of complex APIs in the Oncology, peptides and complex injectables. The demand for Oncology APIs is primarily driven by increasing cancer incidences and a growing number of R&D activities related to anti-cancer drugs, growing demand for biologics and biosimilars for Oncology therapeutic area. Considering the huge market potential and unmet clinical need, the growth in the Oncology API molecules is expected to continue in the near future. Biologics' targeted approach and substantial reduction of side effects in therapeutic areas such as Oncology, have made them the more promising therapeutics. *(Source: CRISIL Report)*

Given our experience in the manufacture of APIs and strong capabilities in oncological therapeutic treatments, we believe that we are well-positioned to capitalize on these opportunities in the global Oncology market.

Curated formulations portfolio and a focus on key molecules going off-patent

We have a carefully identified and curated formulations portfolio which covers a range of oral solids, liquids and injectables for domestic and international markets. Our Formulations products are designed with a patient centric approach with a focus on patient outcomes and patient compliance including through the use of ready-to-use formulations with an orientation towards key molecules that are going off-patent.

Demand in the Oncology therapy area is driven by the need for effective treatment for cancer treatment however high cost and access to these medicines can be a limiting factor. Generic drugs present an opportunity for manufacturers to provide cost effective treatment options for the patients. Pharmaceutical players across the globe track the patent exclusivity of key drugs, as research and development activities for drugs going off patent start well in advance. The time-to-market of new products is a significant driver of competitive advantage for pharmaceutical players. *(Source: CRISIL Report)*

We place an emphasis on developing new drug products that modify and improve upon existing drug products allowing us to streamline the process of seeking regulatory approvals and marketing authorizations, including through the use of 505(b)(2) regulatory pathways in the United States. By focusing our efforts on such products, we are able to accelerate our product development timeline by capitalizing on the lower requirements for drug studies and lower regulatory approval risk given that these are existing approved drug products. Our R&D teams are also supported by intellectual property management teams which assist with drafting and filing of patent applications and crafting of our strategies for 505(b)(2) filings and patent challenges.

Set forth below are the number of products going off patent in the United States during the years indicated.

Year	Number of products going off patent
2024	447
2025	430
2026	424
2027	181
2028	163

Note: Number of products going off patent indicates products that are losing their market exclusivity; Source: U.S. FDA, CRISIL MI&A Consulting; CRISIL Report.

Set forth below are the key Oncology drugs going off-patent during the years indicated.

Brand Name	Generic Name	Indication	U.S. market Approval details	Year of Patent expiry/loss of exclusivity
Lynparza	Olaparib	Ovarian, Prostate, breast, and Pancreatic cancer	2014	2024
Iclusig	Ponatinib hydrochloride	Chronic myelogenous leukaemia, acute lymphoblastic leukaemia	2012	2026
Gilotrif	Afatinib dimaleate	Lung cancer	2013	2026
Zykadia	Ceritinib	Lung cancer	2014	2024
Zolinza	Vorinostat	T- cell lymphoma	2006	2025
Caprelsa	Vandetanib	Thyroid cancer	2011	2028

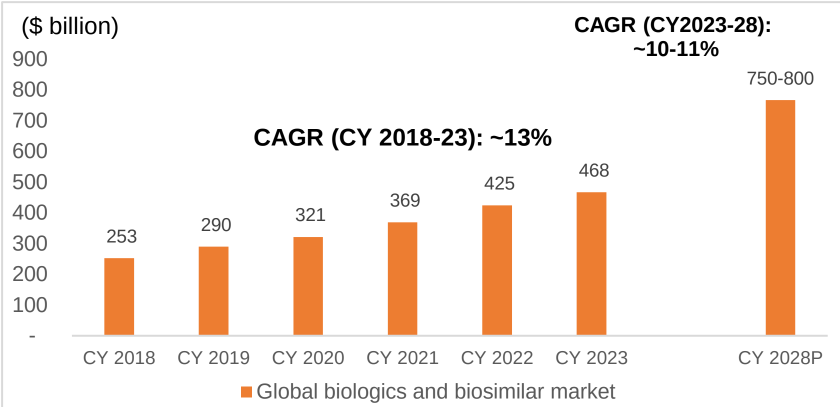
Note: The list above is an indicative list and not an exhaustive list; Source: U.S. FDA, Industry, CRISIL MI&A Consulting; CRISIL Report.

We have also filed six additional DMFs for certain Oncology APIs that are due to expire in 2027, thereby facilitating a further expansion of our product offerings. We believe we have a strong pipeline of molecules going off patent in foreseeable future and are well equipped to leverage upon the opportunity in the space for off-patent products.

Niche biologicals portfolio and capabilities in novel drug-delivery systems for formulations

The operations in our biologicals segment include the production of MAB, excipients for use in Formulations and biosimilars. Our offerings in the biologicals segment primarily cater to Orthopaedics and Rheumatology. We intend to create a cohesive line-up of product offerings which will contribute to our future growth.

The market for biologicals and biosimilars is expected to reach approximately USD 750 to 800 billion by 2028 growing at approximately CAGR of 10 to 11% between 2023 and 2028, driven by the launch of new biologics. Higher effectiveness of biologics over conventional drugs has prompted global players to undertake more research and development in the segment. According to the CRISIL Report, the share of biopharmaceuticals is expected to increase approximately 39% to 42% from approximately 32% in 2023. Out of the top 50 global drugs as of 2020, 25 to 30 belonged to the Biologicals segment. Biologicals is expected increase, supported by new drug approvals coupled with the increasing sales of the current portfolio of biologics drugs. *(Source: CRISIL Report)*



Between Fiscal 2018 to 2023, the Indian biopharmaceuticals industry grew at a CAGR of approximately 17%, primarily on account of increase in sale of vaccines in the domestic as well as global markets. *(Source: CRISIL Report)*

Biologics share in total patent expiries by value is expected to be higher in next few years, signifying a tremendous opportunity for players. The top ten biologics had a combined global sales worth over U.S.$ 65 billion. These expiries will present a lucrative opportunity for Indian players to launch biosimilar versions in regulated markets. Compared with a generic chemical molecule, such biopharmaceutical drugs can contribute higher revenue and margin realization since most products catering to critical chronic ailments. Moreover, there are relatively fewer players per product on account of the higher cost of development and the drugs can be more effective. *(Source: CRISIL Report)*

The global sales for Adalimumab have grown at healthy pace of 8-10% CAGR from 2019 to 2023 with the molecule recording total sales of approximately USD 40-42 billion in the year 2023 while global sales for Aflibercept have grown at 5-6% CAGR from 2019 to 2023 with the molecule recording total sales of approximately USD 4.5-5 billion in the year 2023. *(Source: CRISIL Report)*

We operate a multi-disciplinary R&D team across our API, Formulations and Emerging Business verticals, comprising 310 personnel as at December 31, 2023 including more than 35 personnel who hold doctorates, more than 30 personnel with PhDs and more than 200 personnel with masters degrees in science and technology. Our R&D capabilities and biologicals manufacturing capabilities have positioned us well to capitalize on the sunrise markets for Adalimumab and Aflibercept. We have launched our high concentration Adalimumab offering in India under the brand name ORIADALI for the treatment of Rheumatoid Arthritis and our phase 3 studies for Aflibercept have received approval from the subject expert committee in India. We are also conducting local and global clinical studies in therapeutic areas such as Wet Age-Related Macular Degeneration, Diabetic Retinopathy and Diabetic Macular Edema. Our R&D teams are also supported by intellectual property management teams which assist with drafting and filing of patent applications and crafting of our strategies for 505(b)(2) filings and patent challenges.

Our R&D efforts have also enabled us to develop formulations that employ various novel drug delivery systems like transdermal patches, orally dissolving films and sprays. Our film formulation has received approval from the UK MHRA for beta-hexane dihydrochloride ODF 24 mg, which is used for the treatment of vertigo, hearing loss and nausea associated with Meniere’s syndrome.. The film formulation delivery system enhances patient compliance and ease of administration of the drug. Further, our new drug application product for Pemetrexed injection received approval under 505(b)(2) of the FD&C Act. The Pemetrexed injection is used in the treatment of non-small cell lung cancer and malignant pleural mesothelioma. We have also completed phase 3 studies for our Tranexamic Acid spray, an anti-coagulant which has applications in treatment of emergent cases such as accidents and wars, and has been received approval for launch. We have also launched our pre-mix Green T film in Indian and U.S. markets, allowing us to benefit from the growing demand for innovative nutraceuticals.

Professional management and experienced leadership

Our senior management team has significant experience in the pharmaceutical industry and have been instrumental in developing and implementing our business strategies and driving our business operations. Our management team has experience across business development, governance and administration. Our Chairman and Non-Executive Director, Non-Independent Director, Mr. Om Prakash Inani, has over 39 years of business experience and has been associated with our Company since 1988. Mr. Vishnukant Chaturbhuj Bhutada was appointed as our Managing Director with effect from 2019 and has been associated with our Company since 1987. Our Chief Financial Officer, Mr. Alpesh

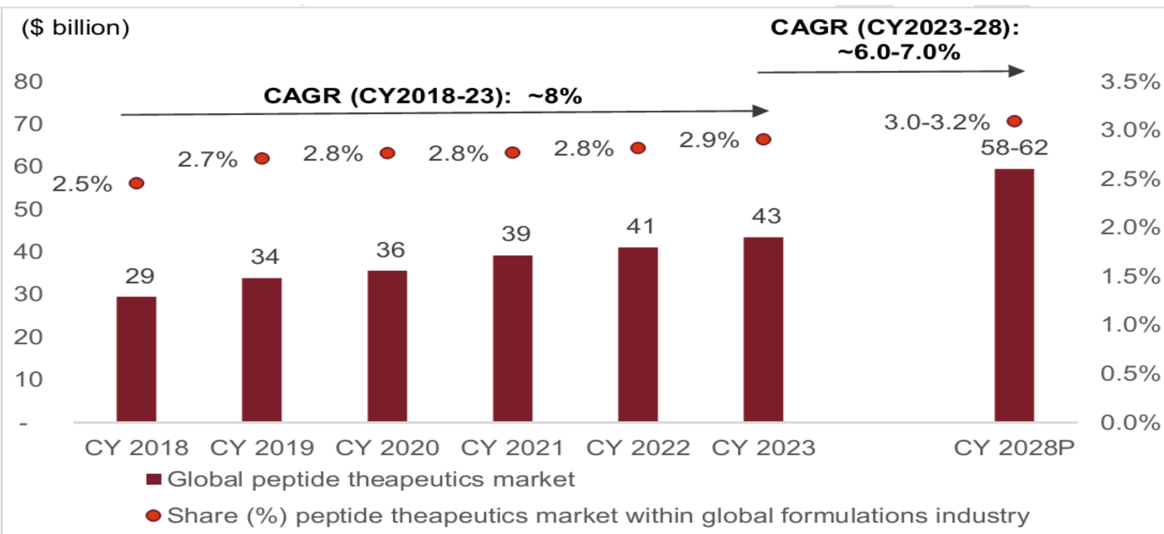
Maheshkumar Dalal has over 23 years of experience in corporate finance, mergers and acquisitions, strategy and investor relations, and has been associated with our Company since 2021. Together, they have led, and have shaped, our Company's growth.

Our Board consists of Directors with a diverse mix of experience in various sectors, and in particular, pharmaceuticals, manufacturing, finance and investment banking, business, management, administration and human resources. Our Board level committees, *i.e.*, the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee, the Stakeholders Relationship Committee and the Corporate Social Responsibility Committee, work in tandem and supervise the activities of our executive leadership. Our Board includes four experienced Independent Directors also constitute a majority of our Board.

BUSINESS STRATEGIES

Strengthen position in the formulations and complex Oncology API businesses by expanding our product and service offerings

In order to capitalize on our significant capabilities in the manufacture of molecules for oncological therapeutic treatments, we have maintained a strong product pipeline of difficult-to-make API molecules and novel polymorphic forms of certain Oncology APIs. In this regard, we have filed six additional DMFs for certain Oncology APIs that are due to expire in 2027, thereby facilitating a further expansion of our product offerings and continue to focus our R&D activities on key molecules which are due to go off-patent. We are also positioning ourselves to cater to the growing market for bio-polymers and peptides.



Note: P: Projected; Review and outlook on global peptide therapeutics market (Source: CRISIL Report)

In this regard, we have upgraded our API manufacturing facilities to build our capability to manufacture bio-polymers, peptides and provide CDMO services for their development. We have invested in enhancing our capabilities for the manufacture of multi-cyclic and long chain peptides with high purity, including by setting up a dedicated block for peptides at our API manufacturing facility in Raichur.

By building our capabilities in these key segments, we intend to capitalize on our recognized developmental capabilities in the niche area of Oncology and leverage these capabilities for manufacturing peptides and bio-polymers for Oncology therapeutic applications, thereby consolidating our position in the manufacture of complex Oncology APIs.

Optimising our manufacturing processes to enable competitive manufacturing and cost-effective R&D

Given the significance of our manufacturing and R&D operations, we continuously evaluate opportunities to optimize our processes and improve efficiencies to reduce manufacturing costs while also streamlining our R&D costs. For instance, our R&D efforts has allowed us to become more self-reliant and gain more control over critical supply chains for key starting materials and intermediates through backward integration.

We are committed to improving our operational and financial metrics through performance management, cost optimization, digitalization and strategic planning and accordingly, we are in the process of implementing process changes, backward integration of intermediates including reducing our reliance on imports for raw materials and increasing the scale of our operations by increasing batch sizes, running campaign batches (i.e., manufacturing batches of the same product consecutively) and expanding the capabilities of our manufacturing blocks. We are also leveraging our experience in offering CDMO services to complement our production cycles in our API and Formulations businesses to ensure optimum utilization of the installed capacity at our manufacturing facilities.

We believe that these initiatives will facilitate improved resource allocation across our operations and enable us to reduce our overall operating costs.

Pursuing niche non-Oncology APIs and peptides along with opportunities in biologicals, biosimilars and drug-delivery systems

Our API vertical, particularly our Oncology API segment, has been the largest contributor to our revenue from operations. As at December 31, 2023, we produced 29 Oncology APIs and 20 non-Oncology APIs. The details of the revenue contribution by our API vertical and the Oncology API segment has been provided in the table below for the periods indicated.

Particulars	**For the nine-month period ended,**				**Financial Year ended,**					
	December 31, 2023		**December 31, 2022**		**March 31, 2023**		**March 31, 2022**		**March 31, 2021**	
	Revenue	**% of Total API Revenue**	**Revenue**	**% of Total API Revenue**	**Revenue**	**% of Total API Revenue**	**Revenue**	**% of Total API Revenue**	**Revenue**	**% of Total API Revenue**
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Oncology APIs	28,345.86	48.14	29,022.31	50.15	37,481.75	48.92	44,751.49	59.85	34,316.74	58.98
Non-Oncology APIs	25,634.67	43.53	24,668.35	42.62	33,724.61	44.02	27,445.51	36.71	22,242.08	38.22
Others	4,903.31	8.33	4,182.86	7.23	5,411.21	7.06	2,573.52	3.44	1,629.53	2.80
Total API Revenue	**58,883.84**	**100.00**	**57,873.52**	**100.00**	**76,617.57**	**100.00**	**74,770.52**	**100.00**	**58,188.34**	**100.00**

While our API business, particularly Oncology APIs, will continue to be strategically significant, we endeavour to de-risk our business by investing in curated niche non-Oncology APIs within the API vertical and in biologicals, biosimilars and novel drug-delivery system formulations in our Emerging Business vertical with a favourable competitive landscape.

In our non-Oncology APIs, we differentiate our product selection by focusing on difficult chemistry for products and import substitution, while maintain the emphasis on strengthening the market share. We are developing our capabilities for manufacturing multi-cyclic and long chain peptides with high purity. In this regard, we have already established a dedicated manufacturing block for peptides in our API facilities. We are also focusing on development of high-end specialty and bio-polymers through our segregated R&D lab dedicated to development of bio-polymers. Our R&D activities have also been focussed on the development of polymer excipients to cater to the growing import substitution market in India for APIs.

Our R&D capabilities and biologicals manufacturing capabilities have positioned us well to capitalize on the sunrise markets for Adalimumab and Aflibercept. We have launched our high concentration Adalimumab offering in India under the brand name ORIADALI for the treatment of Rheumatoid Arthritis and our phase 3 studies for Aflibercept have received approval from the subject expert committee in India. We are also conducting local and global clinical studies in therapeutic areas such as Wet Age-Related Macular Degeneration, Diabetic Retinopathy and Diabetic Macular Edema. We intend to focus on gaining market share for Aflibercept and Adalimumab products including through partnerships and arrangements with other key players in the segment. We are also focusing our R&D activities on key molecules like Abatacept, Etanercept and Pembrolizumab, which are instrumental in emerging Oncology therapies. We intend to engage with other industry players for our CDMO business to facilitate better utilization of our existing assets and planned capacity at our biologics manufacturing facilities.

Additionally, we are expanding our offerings in the Emerging Business vertical by commissioning our albumin fermentation facility in Kadechur, Karnataka, which is scheduled to be completed by June, 2024. We are also conducting phase one studies for therapeutic grade albumin in parallel to ensure that such studies are completed contemporaneously with the operationalization of the albumin facility. In addition, we have also completed validation batches for excipient grade albumin and we are in the process of filing a DMF for this excipient grade albumin. Given that there are a limited number of players in the global market who are able to produce excipient grade albumin, we believe that this will be a significant growth-driver for our operations in this segment.

In our formulations segment, our new drug application for the Pemetrexed injection received approval under Section 505(b)(2) of the FD&C Act. The Pemetrexed injection is used in the treatment of non-small cell lung cancer and malignant pleural mesothelioma. We are pursuing the launch of this product in the U.S. market through a collaboration. We are also exploring collaborations for the launch of SML TOP09, a topical lotion for the treatment of androgenic alopecia, which has completed Phase 1 and Phase 2 trials in India, and for which the phase 3 trials are to commence.

In our drug-delivery systems segment, we have also developed transdermal patches and orally dispersing films to enhance our product offerings and established a facility in Bengaluru, Karnataka for development and manufacture of transdermal patches and orally dispersing films in 2021. This facility has been built to meet the requirements of the global regulatory markets, and has already been approved by the UK MHRA, the TGA Australia and regulatory authorities in the United Arab Emirates.

Further diversify our business presence by expanding operations in international markets

As at December 31, 2023, we catered to customers located across 65 countries. We had a total of (i) 196 DMF filings across various countries comprising 44 DMFs with the U.S. FDA, 52 DMFs with the EMA and 19 DMFs with TPD Canada, 12 DMFs with the TGA Australia and 69 DMFs in the rest of the world, (ii) 141 Formulations filings with regulatory agencies in various countries including 30 filings in the United States, 28 filings in the European Union, 9 filings in Canada, 34 filings in India and 40 filings in the rest of the world and have significant experience operating in key regulated markets. The details of the contribution to our revenue from operations from the various geographies in which we operate have been provided below.

Particulars	**For the nine-month period ended,**				**For the financial year ended,**					
	December 31, 2023		**December 31, 2022**		**March 31, 2023**		**March 31, 2022**		**March 31, 2021**	
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Revenue										
Within India (A)	**43,495.78**	**50.60**	**37,341.15**	**47.47**	**51,057.19**	**48.62**	**48,801.54**	**42.60**	**33,135.20**	**36.77**
Outside India (B)										
USA	14,137.86	16.45	7,735.42	9.83	10,596.18	10.09	14,129.77	12.33	8,818.23	9.79
Europe	15,043.82	17.50	16,114.10	20.49	21,313.09	20.30	32,517.06	28.39	26,085.35	28.95
Rest of the world	13,285.86	15.46	17,465.26	22.20	22,044.78	20.99	19,103.91	16.68	22,074.23	24.50
Sub-total	**42,467.54**	**49.40**	**41,314.78**	**52.53**	**53,954.05**	**51.38**	**65,750.74**	**57.40**	**56,977.81**	**63.23**
Total (A + B)	**85,963.32**	**100.00**	**78,655.93**	**100.00**	**1,05,011.24**	**100.00**	**1,14,552.28**	**100.00**	**90,113.01**	**100.00**

We are developing bespoke strategies for expansion of our operations in key markets such as the United Sates, the European Union and other emerging markets to improve the geographical diversification of our business operations. These include exploring opportunities for licensing and tailored supply arrangements for pharmaceutical companies catering to these key markets. In this regard, the receipt of approval from the UK MHRA for our film formulation and transdermal products has allowed us to enter the UK market, bolstering our revenue from this region.

While we await a favourable resolution to the import alert notified by the U.S. FDA for our Jadcherla formulations facility, this facility has now also been approved by Canadian, Australian, European Union, Brazilian and Russian authorities. Our facility in Nacharam, Hyderabad has been cleared by the U.S. FDA and we are consequently moving a portion of our product analysis work to this site to allow us to continue serving customers in the U.S. market.

With our existing product portfolio, R&D initiatives and product pipeline, including key molecules that are going off-patent, we believe that we are well-positioned to grow and deepen our customer base in the international API, formulations and biologicals markets.

DESCRIPTION OF OUR BUSINESS

We offer a comprehensive range of pharmaceutical products and services ranging from APIs, bio-polymers, peptides, intermediates, biologicals and other allopathic pharmaceutical preparations. Our capabilities encompass various dosage forms ranging from oral solids and injectables to orally dispersible films and transdermal patches.

We operate across three verticals in our pharmaceutical business: (a) APIs; (b) Formulations; and (c) Emerging Business. The breakdown of our revenue from operations across our three verticals has been provided below for the periods indicated.

Particulars	For the nine-month period ended December 31,				Financial Year ended March 31,					
	2023		2022		2023		2022		2021	
	Revenue	% of Total	Revenue	% of Total	Revenue	% of Total	Revenue	% of Total	Revenue	% of Total
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
API	58,883.84	68.69	57,873.52	74.09	76,617.57	73.09	74,770.52	65.54	58,188.34	64.94
Formulations	22,986.80	26.82	19,117.12	24.47	26,456.27	25.24	37,292.78	32.69	31,154.94	34.77
Emerging Business	3,852.89	4.49	1,125.47	1.44	1,745.44	1.67	2,026.06	1.78	258.00	0.29
Total	**85,723.51**	**100.00**	**78,116.12**	**100.00**	**1,04,819.27**	**100.00**	**1,14,089.37**	**100.00**	**89,601.35**	**100.00**

API Business

Our API business is carried out by our wholly owned subsidiary, Shilpa Pharma Lifesciences, and comprises the manufacture of APIs (Oncology and non-Oncology), intermediates and provision of CDMO services. We are also investing in developing our capabilities in the manufacture of peptides and bio-polymers.

We focus on introducing generic molecules that face barriers to entry and specialize in complex API processes for both Oncology and non-Oncology molecules.

<u>Manufacturing Facilities</u>

Our API manufacturing operations are based out of our facilities in Raichur, Karnataka. This facility comprises two units, with an aggregate installed capacity of 583.05 metric tons as at December 31, 2023.

Set out below are details of our installed manufacturing capacity and capacity utilization for our API manufacturing facilities for the periods indicated*.

Unit	Particulars	Nine-month period ended December 31,		Financial Year ended March 31,		
		2023	2022	2023	2022	2021
Raichur Unit – 1	Annual Production Capacity (metric tons)	316.25	320.50	427.4	403.90	288.60
	Actual Production (metric tons)	268.8	287.50	383.6	262.40	238.55
	Capacity Utilization *(%)*	**85.00**	**89.70**	**89.75**	**64.97**	**82.66**
Raichur Unit – 2	Annual Production Capacity (metric tons)	266.8	280.20	362.8	436.85	453.10
	Actual Production (metric tons)	191.08	203.40	270	344.70	387.10
	Capacity Utilization *(%)*	**71.62**	**72.59**	**74.42**	**78.91**	**85.43**

* *As certified by Guttula Sree Rama Murthy, independent chartered engineer, by way of his certificate dated April 3, 2024.*

Formulations Business

Our Formulations business is carried out by our Company and Shilpa Therapeutics and comprises primarily our (i) contract manufacturing of a range of products including oral solids (tablets and hard-gelatine capsules), liquid injections (aseptically and terminally sterilised), and lyophilised injectables for pharmaceutical organizations in various countries; and (ii) our domestic business which comprises the manufacture of specialized Oncology formulations for cancer treatment facilities across India.

<u>Manufacturing Facilities</u>

Our Formulations manufacturing operations are carried out in our facility located in Jadcherla, Telangana and Bengaluru, Karnataka.

The facility is designed to handle potent drug products (including Oncology products and adjutant therapies) in a fully contained manner, up to occupational exposure level 4 containment levels. The facility consists of an Oral Solid block with two commercial-scale tablet manufacturing and one commercial scale capsule manufacturing line. There are two blister packing lines and one bottle filling line. Fully automatic packaging lines are available for injectables in vial presentations and for oral solid dosage forms in bottles and blister presentations. The injectable packaging lines are designed to safely package Oncology injectables.

Serialization methods (Track and Trace) are in place and implemented to ensure supply of commercial-grade products. The process equipment is provided with Supervisory Control and Data Acquisition systems complying with requirements applicable to the United States. The facility is also equipped with chemical testing laboratories and microbiology laboratories with trained and qualified staff.

Our formulations facility has been approved by various regulatory agencies including those in the European Union, Austria, Brazil, Peru, Argentina, South Africa and Mexico.

Set out below are details of our installed manufacturing capacity and capacity utilization for our Formulations manufacturing units for the periods indicated*.

Unit	Particulars	Nine-month period ended December 31,		Financial Year ended March 31,		
		2023	2022	2023	2022	2021
Jedcherla	Annual Production Capacity *(million dosages)*	57.07	57.07	75.51	75.51	75.51
	Actual Production *(million dosages)*	13.49	4.35	8.25	3.94	4.44
	Capacity Utilization *(%)*	**23.64**	**7.63**	**10.93**	**5.22**	**5.89**
Bengaluru	Annual Production Capacity *(million dosages)*	56.25	56.25	75	75	NA
	Actual Production *(million dosages)*	1.29	0.92	1.29	0.93	NA
	Capacity Utilization *(%)*	**2.31**	**1.65**	**1.73**	**1.24**	**NA**

** As certified by Guttula Sree Rama Murthy, independent chartered engineer, by way of his certificate dated April 3, 2024.*

Emerging Business

Our Emerging Business vertical comprises two segments, (i) biologicals, and (ii) novel-drug delivery system formulations. Our biologicals segment includes the production of monoclonal antibodies ("**MAB**"), microbial products excipients for use in finished dosage formulations while the novel-drug delivery system formulations segment includes offerings such as transdermal patches and orally dispersible films.

Manufacturing Facilities

Our biologicals manufacturing facilities are equipped with advanced upstream and downstream processing capabilities for mammalian and microbial systems for MABs, fusion proteins and adenoviral and adeno-associated virus based gene therapies and vaccine production. This includes mammalian cell culture capacities of up to 8,300 litres (with associated downstream processing), three filling lines including a high throughput line with capacities of 300u/m liquid vial filling (for vaccines). These have been commissioned in Fiscal 2021.

We provide the full complement of services from cell line / clone development, and cGMP compliant cell banking to manufacturing, fill/finish (in vials and pre-filled syringes), packaging and labelling.

Our capabilities arise from experience with the hands-on development of molecules such as recombinant human albumin, biosimilars such as adalimumab, etanercept, aflibercept and abatacept, as well as vaccine manufacturing (e.g., from HEK293 and E. coli for Covid-19 and high purity DNA plasmids for mRNA vaccines).

Set out below are details of our installed manufacturing capacity and capacity utilization for our Emerging Business manufacturing units for the periods indicated*.

Unit	Particulars	Nine-month period ended December 31,		Financial Year ended March 31,		
		2023	2022	2023	2022	2021
Biosimilar Fill Finish – Dharwad	Annual Production Capacity *(million dosages)*	31.44	31.44	31.44	31.44	31.44
	Actual Production *(million dosages)*	0.02	0.02	0.02	0.00	0.01
	Capacity Utilization *(%)*	**0.08**	**0.08**	**0.09**	**0.00**	**0.01**
Mammalian and Microbial DS	Annual Production Capacity *(kilo liters)*	12.3	12.30	12.3	6.5	6.5
	Actual Production (*kilo liters)*	3.94	1.67	1.91	1.52	0.2
	Capacity Utilization *(%)*	**32.11**	**13.58**	**15.53**	**23.38**	**3.08**
ODF – Hyderabad (Cherlapally)	Annual Production Capacity *(million dosages)*	81	81	108	108	108
	Actual Production *(million dosages)*	7.69	3.36	4.9	16.09	9.39
	Capacity Utilization *(%)*	**9.49**	**4.15**	**4.54**	**14.90**	**8.69**

Unit	Particulars	Nine-month period ended December 31,		Financial Year ended March 31,		
		2023	2022	2023	2022	2021

* *As certified by Guttula Sree Rama Murthy, independent chartered engineer, by way of his certificate dated April 3, 2024.*

Our manufacturing facilities for transdermal patches and orally dispersing films are combi-lines, where both transdermal patches and orally dispersing films are manufactured in a single facility.

Our Subsidiaries, Joint Ventures and Associates

We conduct our operations through a network of 18 Subsidiaries (nine Indian Subsidiaries and nine foreign Subsidiaries); three Associates and three Joint Ventures, as at December 31, 2023, spread across nine countries.

Set out below is a brief description of the business activities of our operating subsidiaries.

Operating Subsidiaries

(a) Shilpa Pharma Lifesciences Limited: Shilpa Pharma Lifesciences is our wholly owned subsidiary, and we undertake our API business through it, which includes the manufacture of APIs (Oncology and non-Oncology), intermediates, bio-polymers, peptides and provision of CDMO services.

(b) Shilpa Biocare Private Limited: Shilpa Biocare is our wholly owned subsidiary, and we undertake operations of our biologicals segment through it. Shilpa Biocare owns our upcoming albumin and microbial fermentation facility in Kadechur, Karnataka.

(c) Shilpa Biologicals Private Limited: Shilpa Biologicals is our wholly owned subsidiary, and we undertake operations of our biologicals segment through it.

(d) Shilpa Therapeutics Private Limited: Shilpa Therapeutics is our wholly owned subsidiary and we undertake our Formulations business through it. Shilpa Therapeutics owns our manufacturing facility for therapeutics in Cherlapally, Telangana.

(e) FTF Pharma Private Limited: FTF Pharma is our wholly owned subsidiary, which owns an R&D centre with dedicated formulations and development labs, applied R&D labs and a facility for handling high potent drugs which is equipped with modern and sophisticated instruments.

Foreign Subsidiaries

We conduct our operations through a network of nine foreign Subsidiaries, as at December 31, 2023, spread across nine countries. Our foreign Subsidiaries facilitate us to make timely (i) patent and trademark filings and registrations; and (ii) regulatory filings and approvals.

Set out below is the list of our foreign Subsidiaries as at December 31, 2023.

(a) Makindus Inc., United States

(b) Koanaa Healthcare Limited, United Kingdom

(c) Koanaa Healthcare GmbH, Austria

(d) Shilpa Pharma Inc., United States

(e) Koanaa Healthcare, Spain

(f) Koanaa Healthcare Canada Inc., Canada

(g) Koanaa International FZ LLC, Dubai

(h) Indo Biotech SDN BHD, Malaysia

(i) Pilnova Pharma, Inc. (United States)

For details of all our Subsidiaries, Joint Ventures and Associates, please see "*Organizational Structure—Subsidiaries*", "*Organizational Structure—Joint Ventures*" and "*Organizational Structure—Associates*" on pages 190, 192 and 193, respectively.

Utilities

Our manufacturing operations require water and power for their functioning.

While we primarily depend on state electricity supply for our power requirements, we have also extensively developed solar-power capabilities at our manufacturing facilities to reduce our reliance on the state-supplied power grid while improving the sustainability of our operations. We also use diesel generators from time to time to meet exigencies to ensure that our facilities are operational during power failures. Our Company also operates 11 wind turbines, five of which are located in Chitradurga in Karnataka, two in Kurnool and four in Gadag districts of Andhra Pradesh and Karnataka, respectively, with an aggregate installed power generating capacity of 7.06 MW.

To meet our general water requirements at our manufacturing facilities, we consume water supplied to us by municipal authorities and/or through borewells available onsite. In addition, all our manufacturing facilities have implemented zero discharge handling systems with various down-the-line support systems as well as biological and reverse osmosis systems to treat effluents and make them suitable for re-use in other places. We have also implemented fractional distillation columns to recycle any solvents used in our operations. Accordingly, we active seek to minimize our utilization of water in our manufacturing operations.

Research and Development

We are focused on undertaking dedicated R&D in areas which we believe have significant growth potential. Our R&D operations are focused on developing new products and complex molecules as well as improving the efficiency of our existing products. As at December 31, 2023, we operate R&D centres in Raichur, Ahmedabad, Dharwad, Bengaluru and Hyderabad and have a team of 310 experts, representing approximately 12.18% of our total on-roll manpower as at that date. We operate a multi-disciplinary R&D team across our API, Formulations and Emerging Business verticals, including more than 35 personnel who hold doctorates, more than 30 personnel with PhDs and more than 200 personnel with masters degrees in science and technology. Our R&D teams are also supported by intellectual property management teams which assist with drafting and filing of patent applications and crafting of our strategies for 505(b)(2) filings and patent challenges.

We rely on our R&D efforts to lead to innovative processes that can increase the efficiencies of production including developing cost-effective manufacturing processes, as well as address opportunities that we have identified in the domestic and overseas markets for our businesses. In the nine-month periods ended December 31, 2023 and December 31, 2022 and the Fiscals 2023, 2022 and 2021, our research and development expenses were ₹8,515.77 lakh, ₹9,454.92 lakh, ₹12,411.01 lakh, ₹12,976.85 lakh and ₹7,051.44 lakh, respectively. Furthering our efforts towards R&D, we have received approval for our new drug application product for Pemetrexed injection under Section 505(b)(2) of the FD&C Act and we have also certain products under development such as adalimumab, etanercept and abatacept. Also see "*Risk Factors—Our operations are dependent on ongoing R&D activities, and our inability to identify and understand evolving industry trends, technological advancements, customer preferences, regulatory change and innovate new products to meet our customers' demands may adversely affect our business*" on page 51.

Customers

We serve a broad range of customers in our API, Formulations and Emerging Business verticals, and our Company has a sizeable presence both in India and international markets. The details of the contribution to our revenue from operations from the various geographies in which we operate have been provided below.

Particulars	**For the nine-month period ended December 31,**				**For the financial year ended,**					
	2023		**2022**		**March 31, 2023**		**March 31, 2022**		**March 31, 2021**	
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Revenue										
Within India (A)	43,495.78	50.60	37,341.15	47.47	51,057.19	48.62	48,801.54	42.60	33,135.20	36.77
Outside India (B)	42,467.54	49.40	41,314.78	52.53	53,954.05	51.38	65,750.74	57.40	56,977.81	63.23
USA	14,137.86	16.45	7,735.42	9.83	10,596.18	10.09	14,129.77	12.33	8,818.23	9.79
Europe	15,043.82	17.50	16,114.10	20.49	21,313.09	20.30	32,517.06	28.39	26,085.35	28.95

Particulars	For the nine-month period ended December 31,				For the financial year ended,					
	2023		2022		March 31, 2023		March 31, 2022		March 31, 2021	
	(₹ lakh)	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*	*(₹ lakh)*	*(%)*
Rest of the world	13,285.86	15.46	17,465.26	22.20	22,044.78	20.99	19,103.91	16.68	22,074.23	24.50
Total (A + B)	**85,963.32**	**100.00**	**78,655.92**	**100.00**	**1,05,011.24**	**100.00**	**1,14,552.28**	**100.00**	**90,113.01**	**100.00**

In our API and formulations verticals and biologicals segment of our Emerging Business vertical, our client-base primarily comprises pharmaceutical companies, while the customers in the drug-delivery segment of our Emerging Business vertical primary comprise doctors, pharmacy chains and hospitals, NGO, government institutions and pharmacy chains and pharmaceutical distributors.

Suppliers

We typically purchase the raw materials used in the production of our products from various suppliers. The cost of our principal raw materials is susceptible to changes in prices and overall commodity prices.

We also actively source a significant portion of our raw materials from local suppliers, *i.e.*, from within the district where our facilities are located and neighbouring districts to minimize the risk of supply-chain disruptions. For instance, in Fiscals 2023 and 2022, local suppliers accounted for 41% and 44% of our supplies by value.

We have a rigorous vendor evaluation, selection and quality control process to ensure that we partner with suppliers who have the ability to comply with our quality standards, delivery schedules and other contractual obligations. We continuously identify opportunities for vertical integration and engage new suppliers to diversify our supply lines while testing their products to create supply chain flexibility for our manufacturing. For instance, we have developed key starting materials and intermediates which facilitate an increase in our self-dependency and reduce our reliance on external suppliers, thereby bolstering our control over our supply chain.

Sales and Marketing

We also have an in-house business development and sales and marketing teams, comprising 89 employees as at December 31, 2023, which regularly interacts with customers/key distributors to review sales figures and discuss concerns and expectations from them. Our sales personnel visit our customers periodically and deal directly with them or their representatives and are responsible for customer addition. Our marketing strategy includes marketing through website, digital media, social media, online publishing etc. Our sales and marketing team regularly participates in trade fairs and exhibitions, to showcase our product portfolio. We also actively participate in activities of state and national-level industry bodies and associations such as the Raichur Chamber of Commerce and Industry, Pharmexcil, Hyderabad, the Raichur Chemical Manufacturers Association, the Federation of Karnataka Chambers of Commerce and Industry and the Export Promotion Council for EOU and SEZ

Key Awards and Accreditations

Year	Awards and Accreditations
Accreditations	
2010	Raichem Lifesciences Private Limited (merged into our Company in 2011) secured ISO 9001:2008 certification
	All our manufacturing units are certified as compliant with ISO 45001:2018 for Occupational Health & Safety Management Systems
Awards	
2008	• Government of India awarded the 'Best Entrepreneur Award' to Mr. Vishnukant Bhutada, our Managing Director • Received the "*Emerging India Runner Award*" from CNBC. • Received "Star Export House" status from the Ministry of Commerce and Industry, Government of India.
2012	Received the National Energy Conservation Award (1st Prize in the Drugs and Pharmaceuticals sector), from the President of India.
2017	Best One Star Export House award was presented during ECGC Indian Exporters' Excellence Awards 2017 by Shri Suresh Prabhu, Honourable Union Minister of Commerce & Industry, Government of India.
2018	Received the Export Excellence Award from the Federation of Karnataka Chambers of Commerce and Industry in recognition of our services in the export segment.

Key Milestones

Set out below are some of the major events in the history of our Company.

Year	Event
1987	Established as Shilpa Antibiotics Ltd.
1989	Started first commercial production of Trimethoprim, an anti-biotic.
1993	Converted into a public limited company.
1995	Listed on BSE Limited.
2004	Filed our first patent application.
2009	• Listed on National Stock Exchange of India Limited • First DMF filed for an Oncology API, Anastrozole
2010	• Received the 'Best District Export Award' given by the Federation of Karnataka Chambers of Commerce and Industry
2011	• Acquired a controlling stake in what is now known as Shilpa Therapeutics Private Limited, our Subsidiary • Established our R&D centre in Visakhapatnam and commenced operations • Raichem Lifesciences Private Limited, a then 100% wholly-owned subsidiary of our Company, merged into our Company • Commenced operations in the United States
2013	Our Formulations facility at the Pharma Park Jadcherla (SEZ), in Mahbubnagar, Telangana became fully operational.
2015	• Established an R&D centre for development of Nano-technology products in Bengaluru, Karnataka. • Our two manufacturing units in Raichur received approval from the U.S. FDA. • Our joint venture with Industria Chimica SRL, Italy became operational. • Our Formulations facility at Jadcherla received approval from the U.S. FDA.
2016	• First marketing authorization holder application was approved by the EMA. • First abbreviated new drug application ("**ANDA**") approved by the U.S. FDA. • Marketing Authorization through the Centralized Procedure received from the EMA for Imatinib tablets. • Our API manufacturing sites received approval from the U.S. FDA.
2017	• Acquired a stake in Navya Biologicals Private Limited. • Review of 9 DMFs completed by U.S. FDA in support of various ANDAs and Capecitabine ANDAs approved by the U.S. FDA • Three marketing authorization holder applications approved in the EU.
2020	• Successfully completed U.S. FDA inspection at both our API manufacturing plants (Unit-1 and Unit-2) with zero observations" • Launched our ready to drink "Green Tea Film", under our Emerging Business segment
2021	• Launched India's first intimate cleansing spray for women under the brand "*Swatchshil*" • Established an advanced facility for development and manufacturing of transdermal patches and orally dispersible films.
2022	• API business segregated via slump sale into Shilpa Pharma Lifesciences • Bengaluru Formulations unit received GMP certificate from UK MHRA • Unit IV, Jadcherla, Telangana Formulations facility received Health Canada GMP approval
2023	• Jadcherla Formulations unit cleared ANVISA Brazil and TGA Australia GMP inspection • Pemetrexed injection 1000 mg/100 ml, 500 mg/50 ml & 100 mg/10 ml, ready to use formulation is approved by U.S. FDA – our first NDA product under 505(b)(2) • Marketing Authorization Permission approval received in India for Adalimumab 40mg/0.4mL injection in prefilled syringe (PFS), a biosimilar of adalimumab higher concentration • Analytical Services Division (Unit 7, Nacharam, Hyderabad), US FDA GMP inspection cleared • Shilpa Pharma Lifesciences Unit II, Raichur, Karnataka cleared GMP inspection by PMDA Japan • UK-MHRA approval received for Betahistine Dihydrochloride Orodispersible Films, 24 mg • U.S. FDA inspection concluded two minor observations at Bio-Analytical Laboratory, Unit 7
2024	• Grant of Code "J" for our Pemetrexed injection, 100mg/10 ml, 500 mg/50 ml, 1000 mg/100 ml in the US (NDA) • Jadcherla Formulations unit inspection by Österreichische Agentur für Gesundheit und Ernährungssicherheit GmbHt, Austria concluded with two minor observations

Quality Control and Compliance

We place emphasis on providing quality products and services to our customers. We have strong quality processes and systems in place at our developmental and manufacturing facilities. We have integrated "Quality by Design" to imbibe quality control into our processes and use quality tools including electronic quality management systems, electronic lab notebooks, quantitative structure activity relationship studies, carcinogenic potency calculation approach systems, system auto-back up mechanisms and cloud storage, to reduce process risks in our operations.

We spend considerable effort in the areas of production and quality testing to facilitate compliance with cGMP regulations. We have implemented systems to continuously monitor the benefit-risk profile of our products to ensure their therapeutic benefits overweigh any related safety risks for patients.

We also leverage information technology to digitize and enhance our quality assurance and quality control processes. We continuously evaluate opportunities to improve our quality assurance and controls across our organization.

All of our manufacturing facilities are subjected to inspections and audits by regulatory agencies and our customers on a regular basis. Since 2021, our facilities have been subject to inspections and audits by regulators including the U.S. FDA, the Ministry of Health, Russia, COFEPRIS, Mexico, the TGA Australia, ANVISA Brazil, the TPD Canada and the PMDA. Further, our facilities have also been subject to 201 inspections and audits by our customers during this period. Such inspections and audits facilitate a comprehensive scrutiny of our adherence to quality control standards. We also frequently engage external regulatory consultants to evaluate our compliance across our facilities.

Occupational Health and Safety

We recognize that our employees form the foundation of our operations, and accordingly, we prioritize their health, safety, and well-being by endeavouring to create a nurturing and secure work environment. We have developed a Safety, Health and Environment policy that governs our employees and applies to all our research, production operations and business facilities. All our employees, including permanent workers and contract workers are trained on occupational health and safety, specific work-related hazards, hazardous activities and situations.

We have developed and implemented strong health and safety systems at all our manufacturing facilities. We conduct periodic safety assessments against international standards to evaluate the effectiveness of the systems deployed and take appropriate measures to further improve the safety of our facilities.

Sustainability and Social Responsibility

We monitor our compliance with Environmental, Social and Governance ("**ESG**") principles and we have continuously invested in innovation and efficiency enhancements towards this end.

We have adopted a corporate social responsibility policy ("**CSR Policy**") in accordance with the requirements of applicable law. Our Board has also constituted a CSR Committee. For details, see "*Board of Directors and Senior Management*" on page 194.

Our CSR Policy is aimed at fostering growth & learning, promoting green environment, empowering sports & education. We have undertaken various active CSR initiatives to contribute to the community in which we have operations such as supplying drinking water to local communities, donation of desks, providing sustainable infrastructure and promoting the 'Green Raichur' project, facilitating fitness and sports facilities in local communities.

We see our CSR strategy as a means of further aligning our business to the global sustainable development agenda.

Intellectual Property

Trademarks, patents and other proprietary rights are essential to our business. We also rely on patents, trade secrets, know-how and confidentiality agreements to develop, maintain and strengthen our competitive position. We have confidentiality procedures and contractual provisions with suppliers and customers. Trade secret protection of unpatented confidential and proprietary information is also important to us.

As at December 31, 2023, we had filed for 39 patent applications in India, 36 patent applications in the United States, eight patent applications in Europe, and 30 patent applications in the rest of the world, out of which 48 patents have been granted, across the world. We intend to file patent applications to protect our innovations and novel processes in both developed and emerging markets.

Further, we have also obtained registration for or have applied for registration under the Trademarks Act and as at December 31, 2023, our Company had filed 127 trademarks applications in India, out of which 106 are registered trademarks and 21 trademark applications are pending in India and 2 registered trademarks in the United States. Also see "*Risk Factors—If we are unable to protect our intellectual property and proprietary information, or if we infringe the intellectual property rights of others, our business, financial condition, cash flows and results of operations may be adversely affected*" on page 52.

Competition

The Indian pharmaceutical industry is highly fragmented with approximately 23 key players operating in API, Formulations and CDMO services. Our key competitors include Avra Laboratories Private Limited, Biophore India Pharmaceuticals Private Limited, Dr Reddy's Laboratories Limited Mac-Chem Products India Private Limited and Shivalik Rasayan Limited.

Regulatory affairs play a key role in the pharmaceutical industry from drug development to commercialization. India exports pharmaceuticals to more than 200 countries and territories, including highly regulated markets such as the United States, the United Kingdom, the European Union and Canada. The highly regulated markets have higher barriers to entry as a result of more stringent regulatory practices.

To stay ahead of our competitors, we regularly update our existing facilities/technology and develop new technology for our manufacturing facilities. We aim to keep our costs of production low to maintain our competitive advantage and our profit margins. We continuously seek new product registrations, marketing authorizations and other approvals from regulatory authorities to increase our product offerings.

For further details, see "*Industry Overview*" on page 132.

Insurance

Our business, including our manufacturing operations, are subject to various risks inherent in manufacturing operations such as risk of equipment failure, work accidents, fires, theft, calamities, other force majeure events and other hazards that may cause personal injury, loss of life, damage to property and equipment and environmental damage. Our insurance coverage includes *inter-alia* motor vehicle insurance, fire and special perils insurance, burglary insurance, electronic equipment insurance and machinery breakdown insurance.

All our properties including our buildings, plants and machinery and stocks have been adequately insured. In accordance with the provisions of the Companies Act and in compliance with the Regulation 25(10) of the SEBI Listing Regulations, our Company has taken a directors and officers insurance policy for all the Directors of our Company (including Independent Directors) and officers of our Company.

Information Technology

Our IT systems are vital to our business. We have implemented SAP ERP systems in May, 2017 with various modules, including accounts, production cycle, sales and marketing and invoicing.

We have made conscious efforts to consistently upgrade our systems to ensure efficiency and reduce redundancies, including through the process of digitization, e-quality management systems, transportation management systems and human resource management systems. The key functions of our IT team include network administration, system administration, maintaining IT infrastructure and managing software etc.

Human Resources

We recognize the importance and contribution of human resources for our continued growth and development. As at December 31, 2023, we had (i) 2,535 permanent employees and (ii) 828 contract workers. The following table shows a breakdown of our employees as at December 31, 2023 by functions, on a consolidated basis.

Division/Function	Number of Employees as at December 31, 2023
Management	4

Division/Function	Number of Employees as at December 31, 2023
R&D	310
Quality Control (Analytical Services) and Micro	368
Quality Assurance	190
Production	901
Purchase/SCM	17
Project Management	13
Warehouse	74
Regulatory Affairs Depart	32
Secretarial Department	4
Sales and Marketing	89
PVD	7
Accounts	38
Administration Department	66
EHS	18
Engineering	300
Export Import Department	5
Human Resources	37
Information Technology	27
Logistics Department	8
Pharmacovigilen	13
IPM	3
TTD	5
Pkg & Dev	6
Total	**2,535**

As at December 31, 2023, 99.68% of our employees were located in India.

Real Property

Our registered office is located at 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur – 584135, Karnataka, India and is owned by our Company.

The details of the properties on which our manufacturing and R&D facilities are located have been provided below.

S. No.	Location	Nature of Holding	Occupant	Vertical	Purpose
1.	Plot Nos. 1A, 1B, 2, 2A, 3A to 3E & 4A to 4C, 5A, 5B Deosugur Industrial Area, Deosugur, 584170, Raichur, Karnataka, India	Owned	Shilpa Pharma Lifesciences	API	Manufacturing
2.	33-33A, 40-47, Raichur Industrial Growth, Centre, Wadloor Road, Chicksugur – 584134, Raichur, Karnataka, India	Owned	Shilpa Pharma Lifesciences	API	Manufacturing
3.	Plot No. S-20 to S-26, Pharma SEZ TSIIC, Green Industrial Park, Pollepally Village Jadcherla Mandal Mahabubnagar – 509301, Telangana, India	Leased	Company	Formulations	Manufacturing
4.	Plot No. 29 A5, 4th Phase (Avverahalli) Sompura, Industrial Area Honnenahalli Village, Dobaspet, Nelamangala Bangalore Rural – 562111, Karnataka, India	Leased	Company	Emerging Business	Manufacturing
5.	Plot No: 531, 532 (A), KIADB Belur Industrial Area, Dharwad – 580011 Karnataka, India	Leased	Shilpa Biologicals	Emerging Business	Manufacturing and R&D
6.	Plot No. 118, IDA, Phase III, Cherlapally, Hyderabad – 500051, Telangana, India	Owned	Shilpa Therapeutics	Formulations and Emerging Business	Manufacturing

S. No.	Location	Nature of Holding	Occupant	Vertical	Purpose
7.	Plot No: 286, 287 & 288, Kadechur Industrial Area, Yadgir, Kadechur – 585221, India	Leased	Shilpa Biocare	Emerging Business	Manufacturing (under construction)
8.	Plot Nos. 33-33A, 40 to 47 Raichur Industrial Growth Centre Wadloor Road, Chiksugur Cross, Chiksugur – 584134, Raichur, Karnataka, India	Owned	Shilpa Pharma Lifesciences	API	R&D
9.	Plot No. 29 A5, 4th Phase (Avverahalli) Sompura, Industrial Area Honnenahalli Village, Dobaspet, Nelamangala Bangalore Rural – 562111, Karnataka, India	Leased	Company	Formulations	R&D
10.	1st and 2nd Floor, Plot No. 79, Road No.15 Survey No. 125, IDA Mallapur, Nacharam Uppal Mandal Medchal, Malkajgiri – 500076, Hyderabad, Telangana, India	Owned	Company	Formulations and Emerging Business	R&D – Quality Control and Bioanalytics
11.	Block No: 193(Part) + 211 (Part) Xcelon Industrial Park Chak-de India Weigh Bridge Road, Vasana Chacharwadi Tal: Sanand; Ahmedabad – 382213, Gujarat, India	Owned	FTF Pharma	Formulations	R&D

ORGANIZATIONAL STRUCTURE

Corporate History

Our Company was originally incorporated as "*Shilpa Antibiotics Private Limited*", a private limited company, under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated November 20, 1987, issued by the RoC. The name of the Company was subsequently changed to "*Shilpa Antibiotics Limited*", upon conversion of our Company from a private limited to a public limited company, pursuant to a shareholders' resolution dated October 30, 1993, and a fresh certificate of incorporation was issued on November 3, 1993, by the RoC. Further, pursuant to a board and shareholders' resolution, each dated September 30, 2002, and a fresh certificate of incorporation dated December 13, 2002, issued by the RoC, the name of the Company was changed to "*Shilpa Medicare Limited*".

Our Company's CIN is L85110KA1987PLC008739.

The Registered and Corporate Office of our Company is located at 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur, 584 135, Karnataka, India.

For further details regarding the properties of our Company, see "*Business—Description of our Business—Real Property*" on page 188.

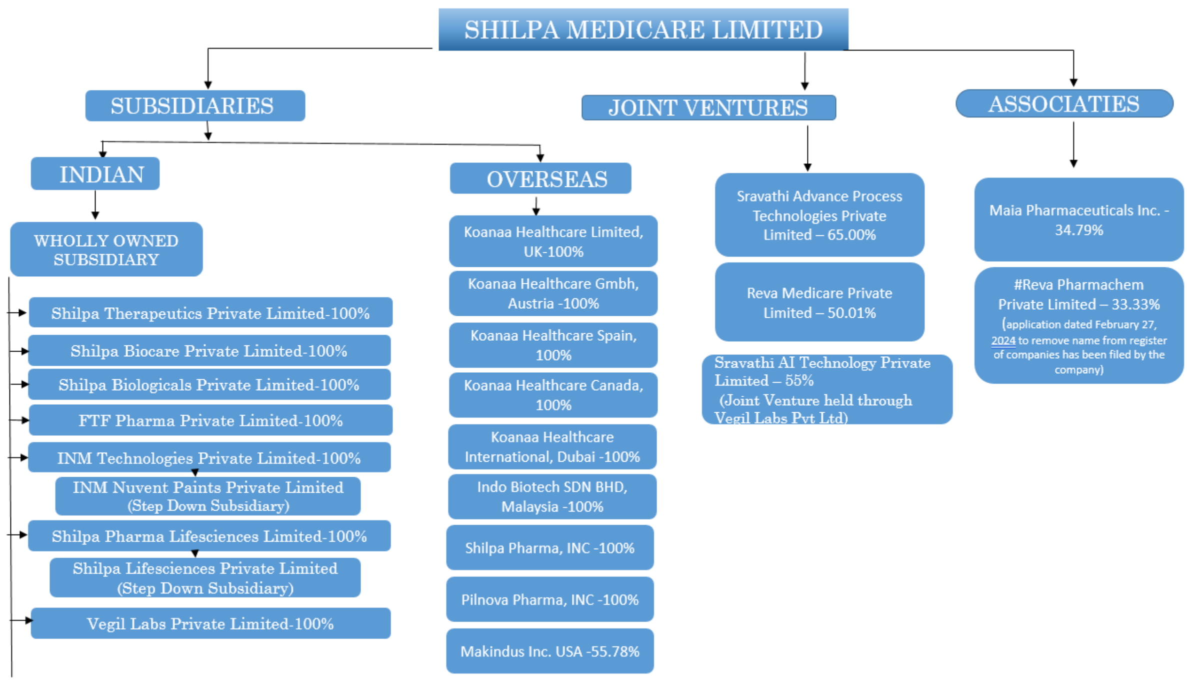
Our Equity Shares are listed since June 19, 1995 on BSE and December 3, 2009 on NSE.

Changes in Registered Office

Except as disclosed below, there has been no change in the address of the registered office of our Company since the date of incorporation:

Date of change	Details of change in the registered office
May 3, 2016	Changed from plot no. 10, shop no. 80, Raichur, Karnataka to 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur, 584 135, Karnataka.

Organizational Structure



Subsidiaries

As of the date of this Preliminary Placement Document, our Company has 18 Subsidiaries as set forth below.

Indian Subsidiaries

*Shilpa Therapeutics Private Limited**

Shilpa Therapeutics Private Limited (*formerly known as NU Therapeutics Private Limited*) was originally incorporated under the laws prevailing in India on April 2, 2004 and was subsequently issued a fresh certificate of incorporation dated June 18, 2016 pursuant to its change in name. Its CIN is U24239KA2004PTC176079 and has its registered office situated at 12-6-214/A1, Shilpa House, Hyderabad Road, Raichur, 584 135, Karnataka, India.

**Shilpa Therapeutics Private Limited has filed a scheme of amalgamation and merger under sections 230 to 232 and other applicable provisions of the Companies Act, 2013 before the National Company Law Tribunal, Bengaluru on November 17, 2023 for merger with our Company.*

Shilpa Biocare Private Limited

Shilpa Biocare Private Limited (*formerly known as Shilpa Albumin Private Limited*) was originally incorporated under the laws prevailing in India on January 9, 2020 and was subsequently issued a fresh certificate of incorporation dated December 9, 2020 pursuant to its change in name. Its CIN is U24304KA2020PTC131457 and has its registered office situated at 12-6-214/A1, Shilpa House, Hyderabad Road, Raichur, 584 135, Karnataka, India.

Shilpa Biologicals Private Limited

Shilpa Biologicals Private Limited was incorporated under the laws prevailing in India on January 9, 2020. Its CIN is U24230KA2020PTC131456 and has its registered office situated at plot number 532-A, Belur Industrial Area, Dharwad, 580 011, Karnataka, India.

Shilpa Pharma Lifesciences Limited

Shilpa Pharma Lifesciences Limited *(formerly known as Shilpa Pharma Lifesciences Private Limited*) was originally incorporated under the laws prevailing in India as Shilpa Corporate Holdings Private Limited on May 8, 2020 and subsequently a fresh certificate of incorporation dated March 7, 2022 was issued pursuant to change in its name to Shilpa Pharma Lifesciences Private Limited. Further, its name was changed to Shilpa Pharma Lifesciences Limited, pursuant to a fresh certificate of incorporation dated March 23, 2022. Its CIN is U24100KA2020PLC134081 and has its registered office situated at 12-6-214/A1, Shilpa House, Hyderabad Road, Raichur, 584 135, Karnataka, India.

Shilpa Lifesciences Private Limited

Shilpa Lifesciences Private Limited, a step-down subsidiary of the Company, was incorporated under the laws prevailing in India on July 20, 2021. Its CIN is U24230KA2021PTC149722 and has its registered office situated at 12-6-214/A1, Shilpa House, Hyderabad Road, Raichur, 584 135, Karnataka, India.

INM Technologies Private Limited

INM Technologies Private Limited was incorporated under the laws prevailing in India on January 23, 2015. Its CIN is U73100KA2015PTC078494 and has its registered office situated at 13-E/13, 1st Phase, Kumbalagodu Industrial Area Mysore Road, Kengeri Hobli, Bangalore South, Bangalore, 560 074, Karnataka, India.

INM Nuvent Paints Private Limited

INM Nuvent Paints Private Limited, a step-down subsidiary of the Company, was incorporated under the laws prevailing in India on March 7, 2018. Its CIN is U24110KA2018PTC110829 and has its registered office situated at 4, TM Industrial Estate, 12th KM, Mysore Road, Bangalore, 560 059, Karnataka, India.

Vegil Labs Private Limited

Vegil Labs Private Limited was incorporated under the laws prevailing in India on July 4, 2021. Its CIN is U24290KA2021PTC148960 and has its registered office situated at 12-6-214/A1, Shilpa House, Hyderabad Road, Raichur, 584 135, Karnataka, India.

FTF Pharma Private Limited

FTF Pharma Private Limited was incorporated under the laws prevailing in India on June 20, 2012. Its CIN is U24230GJ2012PTC070818 and has its registered office situated at Bl. No. 193(P)211(P), Xcelon Ind. Park, Chak De India Weigh Bridge Rd, Vasana, Chacharwadi, TA-S, Anand, Ahmedabad, 382 213, Gujarat, India.

Foreign subsidiaries

Shilpa Pharma Inc.

Shilpa Pharma Inc. was incorporated under the laws prevailing in Pennsylvania, United States on May 31, 2018. Its entity number is 6723129 and is located at 1980 S. Easton Road, Suite 220 in Doylestown, Pennsylvania, United States.

Koanaa Healthcare Limited

Koanaa Healthcare Limited was incorporated under the laws prevailing in United Kingdom on December 2, 2014. Its company number is 9336597 and has its registered office at 79, College Road, Harrow, Middlesex, HA1 IBD, United Kingdom.

Koanna Healthcare GmbH

Koanna Healthcare GmbH was incorporated under the laws prevailing in Austria on July 8, 2016. Its commercial registration number is FN455202 and has its registered office at Fehrgasse 7, 2401 Fischamend, Austria.

Koanna Healthcare Canada Inc.

Koanna Healthcare Canada Inc. was incorporated under the laws prevailing in Canada on April 21, 2020. Its corporation number is 1201473-4 and has its registered office at 2500-1100, Rene-levesque BLVD, West Montreal, Quebec, H3B 5C9, Canada.

Koanaa International FZ LLC

Koanaa International FZ LLC was incorporated under the laws prevailing in the Emirate of Ras Al Khaimah, United Arab Emirates on June 3, 2020. Its registration number is 4029266 and has its registered office at BAM0175, Service Block, Al Jazirah Al Hamra, Al Hamra Industrial Zone – FZ, Ras Al Khaimah, United Arab Emirates.

Koanna Healthcare Spain S.L.

Koanna Healthcare S.L. was incorporated under the laws prevailing in Spain on January 28, 2020. Its registration number is 20009893 and has its registered office at Parque Empresarial Vallsolana Garden, Cami de Can Camps, 17-19, 08174 Sant Cugat del Vallès, Spain, Kibo Building 2H.

Makindus INC.

Makindus INC was incorporated under the laws prevailing in Pennsylvania on August 4, 2011. Its entity number is 4023691 and has its registered office at 206, Avondale Drive, North Wales, Pennsylvania, 19454.

Indo Biotech SDN BHD

Indo Biotech SDN BHD was incorporated under the laws prevailing in Malaysia on January 8, 2020. Its registration number is 202001000824 (1357143-T) and has its registered office at No 568, Unit, 3-129, Mutiara Complex, 3rd Mile, Jln Ipoh 51200, Kuala Lumpur, W.P, Malaysia.

Pilnova Pharma Inc.

Pilnova Pharma Inc. was incorporated under the laws prevailing in Delaware on May 25, 2023. Its identification number is 0450988544 and has its registered office at 27, Jamieson Way, Hillsborough, New Jersey, 08844.

Joint Ventures

As of the date of this Preliminary Placement Document, our Company has 3 Joint Ventures, as set forth below.

Reva Medicare Private Limited

Reva Medicare Private Limited was incorporated under the laws prevailing in India on February 12, 2016. Its CIN is U24248KA2016PTC086047 and has its registered office at 12-6-2141A1, Hyderabad Road, Raichur, 584135, Karnataka, India.

Sravathi Advance Process Technologies Private Limited

Sravathi Advance Process Technologies Private Limited was incorporated under the laws prevailing in India on February 28, 2019. Its CIN is U24299KA2019PTC121993 and has its registered office at 1st Floor, Site No 40, 2nd Main Road Industrial Town, Rajajinagar, Bangalore, Karnataka, India, 560010.

Sravathi AI Technology Private Limited

Sravathi AI Technology Private Limited was incorporated under the laws prevailing in India on May 27, 2020. Its CIN is U24299KA2020PTC134365 and has its registered office at ground floor, No 40, 2nd Main Road, Industrial Town, Rajajinagar, Bangalore 560 010, Karnataka, India.

Associates

As of the date of this Preliminary Placement Document, our Company has 2 Associates, as set forth below.

Maia Pharmaceuticals Inc.

Maia Pharmaceuticals Inc. was incorporated under the laws prevailing in the state of Delaware on January 7, 2013. Its registered office is 251 Little Falls Drive, City of Wilmington, County of New Castle, Delaware 19808.

*Reva Pharmachem Private Limited**

Reva Pharmachem Private Limited was incorporated on November 23, 2009 in India. Its CIN is U24232KA2009PTC051596 and has its registered office at 12-7-1/4, Industrial Area, Hyderabad Road, Raichur, Raichur 584102, Karnataka, India.

** Reva Pharmachem Private Limited has filed an application dated February 27, 2024 to the RoC in accordance with section 248(2) of the Companies Act for removing its name from the register of companies.*

For details in relation to our erstwhile associate, see "*Management's Discussion and Analysis of Financial Condition and Result of Operations—Material Developments*" on page 131.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, 2013, the rules prescribed thereunder, the SEBI Listing Regulations and the Articles of Association of our Company. In accordance with the Articles, unless otherwise determined by our Company in general meeting, our Company shall not have less than three and more than 14 Directors. As at the date of this Preliminary Placement Document, our Board comprises seven Directors, *i.e.*, one Non-Executive Non-Independent Chairman, two Executive Directors including the Managing Director and four Independent, Non-Executive Directors including one woman Independent, Non-Executive Director.

Pursuant to the provisions of the Companies Act, 2013, at least two-thirds of the total number of Directors, excluding Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. A retiring Director is eligible for re-appointment. Further, pursuant to the Companies Act, 2013, the Independent Directors may be appointed for a maximum of two consecutive terms of up to five consecutive years each and thereafter have a cooling off period of three years prior to being eligible for re-appointment. Any re-appointment of Independent Directors shall be on the basis of, *inter alia*, the performance evaluation report and approval by the shareholders of our Company, by way of a special resolution.

The following table sets forth details regarding our Board as of the date of this Preliminary Placement Document:

S. No.	Name	Designation	Age	Nationality	Term	DIN	Address	Occupation
1.	Omprakash Inani	Non-Executive Chairman	67	Indian	Liable to retire by rotation	01301385	7-5-212, Jawahar Nagar, Raichur 584101, Karnataka, India	Business
2.	Vishnukant Chaturbhuj Bhutada	Managing Director	61	Indian	Five years with effect from October 1, 2019	01243391	7-5-216, Radha Krupa, Opposite Jawahar Nagar School, Raichur 584101, Karnataka, India	Business
3.	Sharath Reddy Kalakota	Whole-time Director	56	Indian	Three years with effect from October 1, 2022	03603460	7-5-202, Jawahar Nagar, R R Station, Raichur 584102, Karnataka, India	Business
4.	Hetal Madhukant Gandhi	Non-Executive Independent Director	58	Indian	Three years from September 28, 2021	00106895	B/1203, Vivarea, Sane Guruji Marg, Near Jacob Circle, Mahalaxmi, Mumbai 400011, Maharashtra, India	Service
5.	Arvind Vasudeva	Non-Executive Independent Director	64	Indian	Three years from September 28, 2021	00669039	74, Daffodil, L&T Serene County, Momulana Azad Urdu University, Serilingampally, Gachibowli, K.V. Rangareddy 500032, Telangana, India	Professional
6.	Kamal Kishore Sharma	Non-Executive Independent Director	76	Indian	Three years from September 28, 2022	00209430	501, Raheja Orchid, North South Road no. 9, JVPD Scheme, Mumbai 400049, Maharashtra, India	Service
7.	Anita Bandyopadhyay	Non-Executive Independent Director	55	Indian	Three years from September 28, 2022	08672071	602, Shreeji Dham Co-operative Housing Society, Gilbert Hill Road, Near Bhavans College, Andheri West, Mumbai 400058, Maharashtra, India	Business consultancy

Relationship with other Directors

None of our Directors are related to each other or to any of our Key Managerial Personnel or Senior Management.

Borrowing Powers of our Board of Directors

In accordance with the Articles of Association of our Company, the Companies Act, 2013, and pursuant to a resolution of the Shareholders dated August 28, 2023 in accordance with section 180 of the Companies Act, our Board of Directors are empowered to borrow funds in accordance with applicable law, provided that the funds borrowed or to be borrowed, shall not at any time exceed the paid up share capital and free reserves of our Company by an amount of ₹20,000 lakh.

Interest of our Directors

Except for, Omprakash Inani, our Non-Executive Chairman and Vishnukant Chaturbhuj Bhutada, our Managing

Director, who are the Promoters of our Company, none of our other Directors are interested in promotion or formation of the Company.

All our Directors may be deemed to be interested to the extent of their remuneration, fees and compensation payable to them for attending meetings of our Board or committees thereof, commission as well as to the extent of reimbursement of expenses payable to them. Our Directors may also be regarded as interested in the Equity Shares held by them, if any, or that which may be subscribed by or allotted to their relatives or the companies, firms or trusts, in which they are interested as directors, members, partners, trustees or promoters. Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as provided in "*Financial Information*" on page 245, we have not entered into any contract, agreement or arrangement during the three Fiscals immediately preceding the date of this Preliminary Placement Document in which any of our Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them.

Terms of appointment of the Non-Executive Chairman

Omprakash Inani is the Non-Executive Chairman of our Company.

The following is a description of the current terms of appointment of Omprakash Inani:

Particulars	Terms
Base salary	Nil
Perquisites	Nil
Others	Sitting fees of ₹50,000 for participation in Board meetings

Terms of appointment of the Managing Director and the Whole Time Director

Vishnukant Chaturbhuj Bhutada is the Managing Director of our Company.

The following is a description of the current terms of appointment of Vishnukant Chaturbhuj Bhutada:

Particulars	Terms
Remuneration	₹350.00 lakh per annum, as minimum remuneration in case of inadequacy of profits of our Company and remuneration in excess of 5% of net profits of our Material Subsidiary, with overall remuneration not exceeding ₹1,500.00 lakh per annum
Perquisites	As above
Others	Nil

Sharath Reddy Kalakota is a Whole-time Director of the Company.

The following is a description of the current terms of appointment of Sharath Reddy Kalakota:

Particulars	Terms
Remuneration	A remuneration of ₹13.55 lakh per month
Perquisites	A remuneration of ₹13.55 lakh per month which includes all perquisites, leave encashment, gratuity and other benefits as applicable to the other employees, with an annual increment of minimum 5% and maximum in accordance with the Company policy
Others	Nil

Sitting fees and commission payable to Non-Executive Independent Directors

Pursuant to the resolutions of our Board and Shareholders dated August 11, 2022 and September 28, 2022, respectively our Non-Executive Independent Directors are entitled to receive sitting fees, for attending each meeting of our Board and the Audit committee of our Board, as set out below. Further, our Non-Executive Independent Directors may be paid commission and reimbursement of expenses as permitted under the Companies Act and the SEBI Listing Regulations.

Name of the Director	Sitting fees
Hetal Madhukant Gandhi	Remuneration including sitting fees, reimbursement for attending meetings and commission of ₹40 lakh for participation in Board meetings, per annum.
Arvind Vasudeva	Remuneration including sitting fees, reimbursement for attending meetings and commission of ₹30 lakh for participation in Board meetings, per annum.
Kamal Kishore Sharma	Remuneration including sitting fees, reimbursement for attending meetings and commission of ₹30 lakh for participation in Board meetings
Anita Bandyopadhyay	Remuneration including sitting fees, reimbursement for attending meetings and commission of ₹18 lakh for participation in Board meetings

Shareholding of our Directors

Except as set out below, none of our Directors hold any Equity Shares in our Company as of the date of this Preliminary Placement Document:

Name of the Director	Number of Equity Shares	Percentage shareholding (%)
Omprakash Inani	28,67,691	3.30
Vishnukant Chaturbhuj Bhutada	63,65,610	7.33
Sharath Reddy Kalakota	28,089	0.03
Hetal Madhukant Gandhi	8,000	Negligible

Remuneration of our Directors

The following tables set forth the compensation of our Directors during the nine-month period ended December 31, 2023 and Fiscals 2023, 2022, and 2021:

Name of Director	From April 1, 2023 to December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
	(₹ lakh)			
Omprakash Inani	2.50	2.50	1.90	0.50
Vishnukant Chaturbhuj Bhutada*	837.50	1,064.39	966.98	966.98
Sharath Reddy Kalakota	121.96	158.65	138.52	122.08
Hetal Madhukant Gandhi^	30.00	40.00	23.30	-
Arvind Vasudeva^	22.50	30.00	17.50	-
Kamal Kishore Sharma^	22.50	22.50	-	-
Anita Bandyopadhyay^	13.50	11.50	-	-

** Includes ₹575.00 lakh, ₹714.39 lakh, ₹800.00 lakh and ₹800.00 lakh towards commission, additional performance bonus and incentive remuneration, for the nine-month period from April 1, 2023 to December 31, 2023 and Fiscals 2023, 2022 and 2021, respectively. Such transactions are related party transactions (as defined under the applicable accounting standards) and the Companies Act.*
^ Compensation comprises sitting fees and remuneration.

Corporate Governance

Our Board of Directors presently consists of seven directors. Our Company has been complying with the requirements of all applicable corporate governance norms, including the SEBI Listing Regulations and the Companies Act, 2013, in relation to corporate governance, including constitution of our Board of Directors and committees thereof. The corporate governance framework is based on an effective independent Board, separation of our Board's supervisory role from the senior management team and proper constitution of committees of our Board. Our Board of Directors functions either as a full Board or through various committees constituted to oversee specific operational areas.

Since the Chairman of our Company is a Non-Executive Director of our Company, at least one-third of the Board of Directors is required to consist of independent directors in accordance with Regulation 17(1)(b) of SEBI Listing Regulations. Our Company is compliant with Regulation 17 of the SEBI Listing Regulations, with four of our Directors being eligible to be considered as independent directors under the SEBI Listing Regulations, one of which is a woman.

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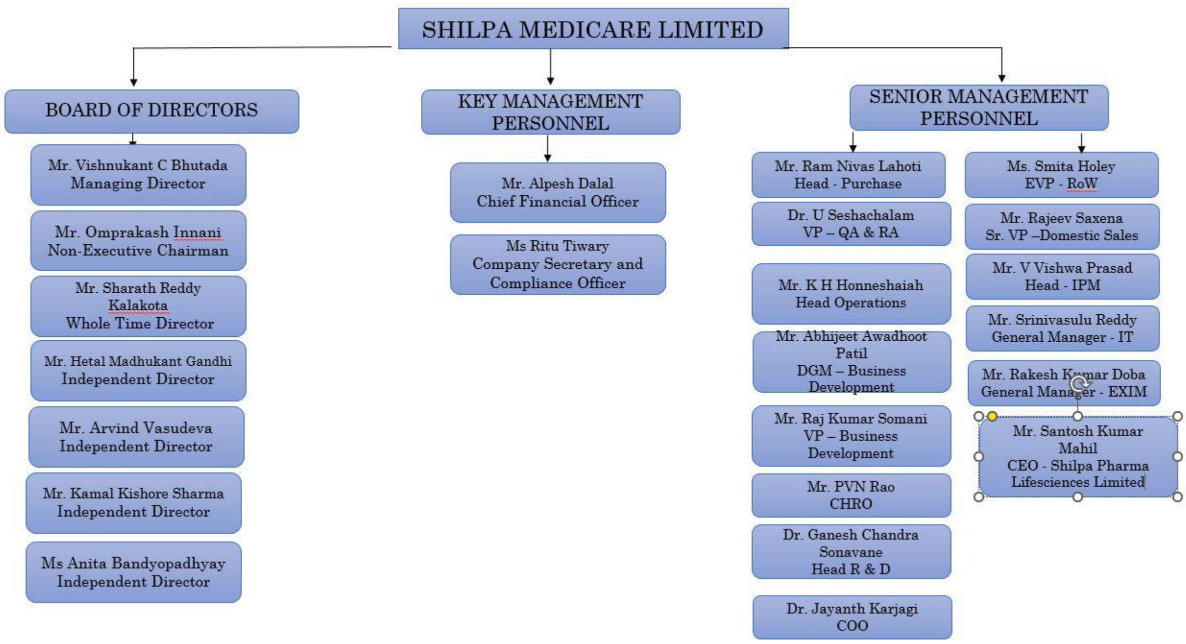
Organisational Chart of our Company



Key Managerial Personnel and Senior Management

In addition to our Non-Executive Chairman and our Executive Managing Director and Whole-time Director, the details of our Key Managerial Personnel and Senior Management are given below:

S. No.	**Name of Key Management Personnel/ Senior Management**	**Designation**
Key Management Personnel		
1.	Alpesh Dalal	Chief Financial Officer
2.	Ritu Tiwary	Company Secretary and Compliance Officer
Senior Management		
3.	Abhijeet Awadhoot Patil	Deputy General Manager – Business Development (Peptide)
4.	Dr. Jayanth Karajgi	Chief Operating Officer
5.	Dr. U Seshachalam	Vice President – Quality Assurance and Regulatory Affairs
6.	Dr. Ganesh Chandra Sonavane	President Global – Research and Development
7.	K. H. Honneshaiah	Head – Operations
8.	P V Narasimha Rao	Chief Human Resource Officer
9.	Raj Kumar Somani	Vice President – Business Development
10.	Rajeev Saxena	Senior Vice President – Domestic Formulations and Biologics
11.	Rakesh Kumar Doba	General Manager – EXIM
12.	Ram Nivas Lahoti	Head – Purchase
13.	Smita Holey	Executive Vice President – Formulations for Small Molecules
14.	Srinivasulu Reddy Kukkala	General Manager – Information Technology
15.	V Viswa Prasad	Associate Vice President
16.	Santosh Kumar Mahil	Chief Executive Officer, Shilpa Pharma Lifesciences Limited, our Subsidiary

Shareholding of the Key Managerial Personnel and Senior Management

Except as provided under "*Board of Directors and Senior Management—Shareholding of our Directors*" on page 196, the details of the Equity Shares held by the Key Managerial Personnel and Senior Management in our Company, as of the date of this Preliminary Placement Document are as below:

S. No.	**Name of the Key Managerial Personnel/ Senior Management**	**Number of Equity Shares held**
1.	Alpesh Dalal	2,000
2.	U Seshachalam	400

Relationship

None of our Key Managerial Personnel or Senior Management are related to each other or to our Directors.

Changes in the Key Managerial Personnel and Senior Management during the last three years

Name of the Key Managerial Personnel/ Senior Management	Designation	Date of Change	Reason for change
Santosh Kumar Mahil	Chief Executive Officer, Shilpa Pharma Lifesciences Limited, our Subsidiary	March 28, 2024	Appointment
Bose Vinukonda	Deputy General Manager – Plant Operations	July 10, 2023	Appointment
Krishna Prasad	Senior Vice President	March 31, 2023	Personal
Pradeep Shiv Kumar	Associate Vice President	February 28, 2023	Personal
Smita Holey	Executive Vice President – Rest of the World (RoW) Market	January 16, 2023	Appointment
Ganesh Chandra Sonavane	President, Global R&D	January 2, 2023	Appointment
Subramanyam Govindan	Deputy General Manager – Information Technology	October 4, 2022	Personal
Rajyashri Ramakrishnan	Chief Scientific Officer	September 30, 2022	Personal
Srinivasulu Reddy Kukkala	General Manager – Information Technology	September 28, 2022	Appointment
Mukund Shastri	President	September 7, 2022	Personal
Rajeev Saxena	Senior Vice President – Domestic Sales	June 13, 2022	Appointment
Ritu Tiwary	Company Secretary and Compliance Officer	May 25, 2022	Appointment
PVN Rao	Chief Human Resources Officer	April 1, 2022	Appointment
Niranjan Reddy	Chief Human Resources Officer	March 31, 2022	Personal
VV Krishna Chaitany	Company Secretary and Compliance Officer	March 16, 2022	Resignation due to personal reasons
Alpesh Dalal	Chief Financial Officer	May 31, 2021	Appointment

Interest of the Key Managerial Personnel and Senior Management

Except as provided under "—*Interest of our Directors*" on page 194, the Key Managerial Personnel and Senior Management of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to in accordance with their terms of appointment and reimbursement of expenses incurred by them and to the extent of the Equity Shares held by them or their dependants in our Company, if any. The Key Managerial Personnel and Senior Management of our Company may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as provided in "*Related Party Transactions*" on page 42, we have not entered into any contract, agreement or arrangement during the three Fiscals immediately preceding the date of this Preliminary Placement Document in which any of our Key Managerial Personnel or Senior Management are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. For further details on the related party transactions, with our Key Managerial Personnel or Senior Management during the last three Fiscals, see "*Related Party Transactions*" on page 42.

Committees of our Board

In accordance with the SEBI Listing Regulations and the Companies Act, 2013 including the rules made thereunder, our Company has constituted the following committees of our Directors:

Committee	Chairperson	Members
Audit Committee	Hetal Madhukant Gandhi	• Omprakash Inani • Arvind Vasudeva
Nomination and Remuneration Committee	Arvind Vasudeva	• Omprakash Inani • Anita Bandyopadhyay
Corporate Social Responsibility Committee	Anita Bandyopadhyay	• Vishnukant Chaturbhuj Bhutada • Sharath Reddy Kalakota
Stakeholders' Relationship Committee	Omprakash Inani	• Vishnukant Chaturbhuj Bhutada • Kamal Kishore Sharma
Risk Management Committee	Vishnukant Chaturbhuj Bhutada	• Arvind Vasudeva • Sharath Reddy Kalakota • Kamal Kishore Sharma

Our Board has also constituted a Securities Issue Committee consisting of Vishnukant Chaturbhuj Bhutada, Hetal Madhukant Gandhi and Alpesh Dalal as members.

Policy on disclosures and internal procedure for prevention of insider trading

SEBI Insider Trading Regulations applies to us and our employees, and requires us to formulate and implement a code of practices and procedures for fair disclosure of unpublished price sensitive information and a code of conduct to regulate, monitor and report trading by designated persons. Our Company is in compliance with the SEBI Insider Trading Regulations and has implemented a code of conduct for regulating, monitoring and reporting of trades and prevention of insider trading in accordance with the SEBI Insider Trading Regulations, in terms of which, our Company Secretary, acts as the Compliance Officer of our Company under the aforesaid code of conduct for the prevention of insider trading. The abovementioned code is uploaded on the website of the Company at www.vbshilpa.com/policies-and-codes.php.

Other Confirmations

None of the Directors, Key Managerial Personnel or Senior Management of our Company have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

Neither our Company nor our Directors have ever been identified as Wilful Defaulters or Fraudulent Borrowers.

Neither our Company nor our Promoters or Directors have been debarred from accessing capital markets under any order or direction made by the SEBI. Further, none of our Promoters or Directors have been declared as a Fugitive Economic Offender.

Related Party Transactions

For details in relation to the related party transactions entered into by our Company during the last three Fiscals, immediately preceding the year of circulation of this Preliminary Placement Document, see "*Related Party Transactions*" on page 42.

SHAREHOLDING PATTERN OF OUR COMPANY

The shareholding pattern of our Company, as at December 31, 2023, is set forth below.

Summary statement showing the shareholding pattern of the Company

Category code	Category of shareholder	No. of share-holders	No. of fully paid up equity shares held	No. of partly paid up equity shares held (See note below)	No. of shares underlying DRs	Total no. of equity shares held	Share-holding as a % of total no. of shares (as a % of A+B+C2)	No. of Voting Rights held in each class of securities			No. of shares under-lying o/s conv. Sec. (incl. warrant)#	Share-holding as a % assuming full conv. Of conv. Sec (as a % of diluted cap.i.e. A+B+C2)	No. of locked in shares		No. of shares pledged or otherwise encumbered		No. of equity shares held in demat form
								Class X – Equity	Class Y	Total as a % of Total Voting rights i.e. (as a % of A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(I)	(II)	(III)	(IV)	(V)	(VI)	VII = (IV)+(V)+(VI)	(VIII)	(IX)			(X)	(XI = (VII)+(X))	(XII)		(XIII)		XIV
(A)	Promoter and Promoter Group	23	43,409,715	-	-	43,409,715	50.01	43,409,715	-	50.01	-	50.01	-	-	39,248,324	90.41	43,409,715
(B)	Public	43,607	43,392,183	-	-	43,392,183	49.99	43,392,183	-	49.99	-	49.99	-	-	-	-	43,202,061
(C)	Non Promoter Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying Depository Receipts (DRs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A+B+C)	**43,630**	**86,801,898**	-	-	**86,801,898**	**100**	**86,801,898**	-	**100**	-	**100**	-	-	39,248,324	45.22	**86,611,776**

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The following table sets forth the details regarding the equity shareholding pattern of our Promoter and Promoter Group as on December 31, 2023:

Cate-gory code	Category of shareholder	PAN	No. of share-holders	No. of fully paid up equity shares held	No. of partly paid up equity shares held	No. of shares underlying DRs	Total no. of equity shares held	Share-holding as a % of total no. of shares (as a % of A+B+C2)	No. of Voting Rights held in each class of securities	No. of shares under-lying o/s conv. Sec. (incl. warrant)			Share-holding as a % assuming full conv. of conv. sec (as a % of diluted cap .i.e. A+B+C2)	No. of locked in shares		No. of shares pledged or otherwise encumbered		No. of equity shares held in demat form
									Class–X - Equity	Class Y	Total as a % of Total Voting rights i.e. (as a % of A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII = IV+V+VI)	(VIII)	(IX)	(X)			(XI = VII+X)	(XII)		(XIII)		(XIV)
(1)	Indian		23		-	-	4,34,09,715	50.01	4,34,09,715	-			-	-	-	3,92,48,324	90.41	4,34,09,715
(a)	Individuals / HUFs			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
i)	**Promoters**		**4**															
1	Omprakash Inani	-		28,67,691	-	-	28,67,691	3.30	28,67,691	-			-	-	-	28,67,691	3.30	28,67,691
2	Kamal Kishore Innani	-		1,65,236	-	-	1,65,236	0.19	1,65,236	-			-	-	-	1,65,236	0.19	1,65,236
3	Natamal Innani	-		11,31,232	-	-	11,31,232	1.30	11,31,232	-			-	-	-	11,31,232	1.30	11,31,232
4	Vishnukant Chaturbhuj Bhutada	-		63,65,610	-	-	63,65,610	7.33	63,65,610	-			-	-	-	63,65,610	7.33	63,65,610
ii)	**Promoter Group***		**19**															
(b)	Central Govt. / State Govt.	-		-	-	-	-	-	-	-			-	-	-	-	-	-
(c)	Financial Institutions / Banks	-		-	-	-	-	-	-	-			-	-	-	-	-	-
(d)	Any other (specify)	-		-	-	-	-	-	-	-			-	-	-	-	-	-
i)	Bodies Corporate	-		-	-	-	-	-	-	-			-	-	-	-	-	-
	Sub-Total (A1)	**-**	**23**	**4,34,09,715**	**-**	**-**	**4,34,09,715**	**50.01**	**4,34,09,715**	**-**			**-**	**-**	**-**	**4,34,09,715**	**50.01**	**4,34,09,715**
(2)	Foreign																	
(a)	Individuals/NRIs/Foreign Individuals	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Government	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	Any other (specify)	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (A2)	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Promoters (A = A1 + A2)	**-**	**23**	**4,34,09,715**	**-**	**-**	**4,34,09,715**	**50.01**	**4,34,09,715**	**-**			**-**	**-**	**-**	**43,409,715**	**50.01**	**4,34,09,715**

** List of members of the Promoter Group disclosed below.*

The following table sets forth the details regarding the equity shareholding of the members of the public as on December 31, 2023:

Category code	Category of shareholder	PAN	No. of shareholders	No. of fully paid up equity shares held	No. of partly paid up equity shares held	No. of shares underlying DRs	Total no. of equity shares held	Shareholding as a % of total no. of shares (as a % of A+B+C2)	No. of Voting Rights held in each class of securities			No. of shares underlying o/s conv. Sec. (incl. warrant)	Shareholding as a % assuming full conv. of conv. sec (as a % of diluted cap .i.e. A+B+C2)	No. of locked in shares		No. of shares pledged or otherwise encumbered		No. of equity shares held in demat form	Sub-categorisation of shareholding (no. of shares)		
									Class–X - Equity	Class Y	Total as a % of Total Voting rights i.e. (as a % of A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)		Sub-category (i) (Shareholders who are represented by Nominee Director	Sub-category (ii) (Shareholders who have entered into Shareholders Agreement with Listed Company)	Sub-category (iii) (Shareholders acting as PACs with Promoters)
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII = IV+V+VI)	(VIII)	(IX)			(X)	(XI = VII+X)	(XII)		(XIII)		(XIV)	(XV)		
(1)	Institutions (Domestic)																				
(a)	Mutual Funds	-	2	49,097	-	-	49,097	0.06	49,097	-	49,097	-	-	-	-	-		49097	-	-	-
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Banks	-	1	1,500			1500	0.00	1500	-	1,500							1500	-	-	0
(f)	Provident / Pension Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(g)	Asset Reconstruction Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(h)	Sovereign Wealth Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(i)	NBFCs registered with RBI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(j)	Other Financial Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(k)	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
	Sub-Total (B1)	**-**	**3**	**50,597**			**50,597**	**0.06**	**50,597**		**50,597**							**50597**			
(2)	Institutions (Foreign)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(a)	Foreign Direct Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(b)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(c)	Sovereign Wealth Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(d)	Foreign Portfolio Investors Category I	-	41	2,887,732	-	-	28,87,732	3.33	28,87,732	-	28,87,732	-	-	-	-	-	-	2887732	-	-	0
(e)	Foreign Portfolio Investors Category II	-	3	45,06,524	-	-	45,06,524	5.19	45,06,524	-	45,06,524	-	-	-	-	-	-	4506524	-	-	0
(f)	Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(g)	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(i)	Foreign Institutional Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(ii)	Bank (Foreign)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
	Sub-Total (B2)	**-**	**44**	**73,94,256**	**-**	**-**	**73,94,256**	**8.52**	**73,94,256**	**-**	**73,94,256**	**-**	**-**	**-**	**-**	**-**	**-**	**89,03,295**	**-**	**-**	**0**
(3)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(a)	Central Government / President of India	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(b)	State Government / Governor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(c)	Shareholding by Companies or Bodies Corporate where Central / State	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0

Cate-gory code	Category of shareholder	PAN	No. of share-holders	No. of fully paid up equity shares held	No. of partly paid up equity shares held	No. of shares underlying DRs	Total no. of equity shares held	Share-holding as a % of total no. of shares (as a % of A+B+C2)	No. of Voting Rights held in each class of securities			No. of shares under-lying o/s conv. Sec. (incl. warrant)	Share-holding as a % assuming full conv. of conv. sec (as a % of diluted cap .i.e. A+B+C2)	No. of locked in shares		No. of shares pledged or otherwise encumbered		No. of equity shares held in demat form	Sub-categorisation of shareholding (no. of shares)		
									Class–X - Equity	Class Y	Total as a % of Total Voting rights i.e. (as a % of A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)		Sub-category (i) (Shareholders who are represented by Nominee Director	Sub-category (ii) (Shareholders who have entered into Shareholders Agreement with Listed Company)	Sub-category (iii) (Shareholders acting as PACs with Promoters)
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII = IV+V+VI)	(VIII)	(IX)			(X)	(XI = VII+X)	(XII)		(XIII)		(XIV)	(XV)		
	Government is a promoter																				
	Sub-Total (B3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0**
(4)	Non-institutions							0.00										0			
(a)	Associate companies/ Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(b)	Directors and their relatives (excluding independent directors and nominee directors)	-	2	31,077	-	-	31,077	0.04	31,077	-	31,077	-	-	-	-	-	-	31,077	-	-	0
(c)	Key Managerial Personnel	-	1	2,000	-	-	2,000	0.00	2,000	-	2,000	-	-	-	-	-	-	2,000	-	-	0
(d)	Relatives of promoters (other than immediate relatives' of promoters disclosed under 'Promoter and promoter Group' category)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(e)	Trusts where any person belonging 'o 'Promoter and Promoter gr'up' category 's 'trus'ee', 'benefici'ry'' 'r 'author of the 'r'st'	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(f)	Investor Education and Protection Fund (IEPF)	-	1	270,589	-	-	2,70,589	0.31	2,70,589	-	2,70,589	-	-	-	-	-	-	2,70,589	-	-	0
(g)	Resident Individuals holding nominal share capital up to ₹2 lakh	-	41499	1,43,86,732	-	-	1,43,86,732	16.57	1,43,86,732	-	1,43,86,732	-	-	-	-	-	-	1,43,86,732	-	-	0
(h)	Resident Individuals holding nominal share capital in excess of ₹2 lakh	-	13	77,04,461	-	-	77,04,461	8.88	77,04,461	-	77,04,461	-	-	-	-	-	-	77,04,461	-	-	-
(i)	Non Resident Indians (NRIs)	-	676	13,56,258	-	-	13,56,258	1.56	13,56,258	-	13,56,258	-	-	-	-	-	-	13,56,258	-	-	0
(j)	Foreign Nationals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(k)	Foreign Companies / Foreign Corporate Bodies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
(l)	Bodies Corporate	-	386	1,13,51,843	-	-	1,13,51,843	13.08	1,13,51,843	-	1,13,51,843	-	-	-	-	-	-	1,13,51,843	-	0	-
(m)	Any Other (specify)	-	**982**	8,44,370	-	-	8,44,370	0.97	8,44,370	-	8,44,370	-	-	-	-	-	-	8,44,370	-	-	0
(i)	Clearing Members	-	2	20	-	-	20	0.00	20	-	20	-	-	-	-	-	-	20	-	-	0
(ii)	HUF	-	979	8,42,850	-	-	8,42,850	0.97	8,42,850	-	8,42,850	-	-	-	-	-	-	8,42,850	-	-	0
(iii)	Trusts	-	1	1,,500	-	-	1,500	0.00	1,500	-	1,500	-	-	-	-	-	-	1,500	-	-	0
	Sub-Total (m)	**-**	**982**	**8,44,370**	**-**	**-**	**8,44,370**	**0.97**	**8,44,370**	**-**	**8,44,370**	**-**	**-**	**-**	**-**	**-**	**-**	**8,44,370**	**-**	**-**	**0**
	Sub-Total (B4)	**-**	**43560**	**3,59,47,330**	**-**	**-**	**3,59,47,330**	**41.41**	**3,59,47,330**	**-**	**3,59,47,330**	**-**	**-**	**-**	**-**	**-**	**-**	**3,59,47,330**	**-**	**-**	**0**
	Total Public (B = B1+B2+B3+B4)	**-**	**43607**	**4,33,92,183**	**-**	**-**	**4,33,92,183**	**49.99**	**4,33,92,183**	**-**	**4,33,92,183**	**-**	**-**	**-**	**-**	**-**	**-**	**4,31,76,059**	**-**	**-**	**-**

List of members of the Promoter Group and their equity shareholding as on December 31, 2023:

S.No.	Name of the Shareholders (I)	PAN (II)	No. of fully paid up equity shares held (IV)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(Xi)(a) As a % of (A+B+C2)	Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
						No of Voting (XIV) Rights		Total as a % of Total Voting rights		No. (a)	As a % of total Shares held (b)	
						Class eg:X	Total					
A1(a)	**Individuals/Hindu undivided Family**											
1	Vishnukanth Chaturbhuj Bhutada	-	13,36,130	13,36,130	1.54	13,36,130.00	13,36,130.00	1.54	1.54	13,36,130	100.00	13,36,130
2	Brijgopal Innani	-	11,74,866	11,74,866	1.35	11,74,866.00	11,74,866.00	1.35	1.35	11,74,866	100.00	11,74,866
3	Manjulatha Innani	-	1,57,546	1,57,546	0.18	1,57,546.00	1,57,546.00	0.18	0.18	1,57,546	100.00	1,57,546
4	Ramakant Innani	-	14,97,778	14,97,778	1.73	14,97,778.00	14,97,778.00	1.73	1.73	14,97,778	100.00	14,97,778
5	Kantadevi Inani	-	25,40,096	25,40,096	2.93	25,40,096.00	25,40,096.00	2.93	2.93	25,40,096	100.00	25,40,096
6	Shakuntalabai Innani	-	11,29,186	11,29,186	1.30	1,129,186.00	11,29,186.00	1.30	1.30	11,29,186	100.00	11,29,186
7	Taradevi Innani	-	12,49,998	12,49,998	1.44	12,49,998.00	12,49,998.00	1.44	1.44	12,49,998	100.00	12,49,998
8	Deepak Kumar Innani	-	27,33,960	27,33,960	3.15	27,33,960.00	27,33,960.00	3.15	3.15	27,33,960	100.00	27,33,960
9	Triveni Inani	-	2,94,810	2,94,810	0.34	2,94,810.00	2,94,810.00	0.34	0.34	2,94,810	100.00	2,94,810
10	Vishnukanta Inani	-	12,12,498	12,12,498	1.40	12,12,498.00	12,12,498.00	1.40	1.40	12,12,498	100.00	12,12,498
11	Ravi Kumar Innani	-	40,06,370	40,06,370	4.62	40,06,370.00	40,06,370.00	4.62	4.62	40,06,370	100.00	40,06,370
12	Suraj Kumar Innani*	-	39,80,695	39,80,695	4.59	39,80,695.00	39,80,695.00	4.59	4.59	0	0.00	39,80,695
13	Keerti Innani	-	1,55,021	1,55,021	0.18	1,55,021.00	1,55,021.00	0.18	0.18	1,55,021	100.00	1,55,021
14	Dharmavati Bhutada	-	62,07,796	62,07,796	7.15	62,07,796.00	62,07,796.00	7.15	7.15	62,07,796	100.00	62,07,796
15	Sagar Innani	-	10,00,000	10,00,000	1.15	10,00,000.00	10,00,000.00	1.15	1.15	10,00,000	100.00	10,00,000
16	Priya Innani*	-	1,80,696	1,80,696	0.21	1,80,696.00	1,80,696.00	0.21	0.21	0	0.00	1,80,696
17	Keshav Bhutada	-	20,00,000	20,00,000	2.30	20,00,000.00	20,00,000.00	2.30	2.30	20,00,000	100.00	20,00,000
18	Madhav Vishnukant Bhutada	-	20,00,000	20,00,000	2.30	20,00,000.00	20,00,000.00	2.30	2.30	20,00,000	100.00	20,00,000
19	Namrata Bhutada	-	22,500	22,500	0.03	22,500.00	22,500.00	0.03	0.03	22,500	100.00	22,500
		Total	**3,28,79,946**	**3,28,79,946**	**37.88**	**3,28,79,946**	**3,28,79,946**	**37.88**	**37.88**	**2,87,18,555**		**37.88**

** Members of Promoter Group who have applied to be reclassified as public shareholders*

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ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment of Bid Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and investors are assumed to have apprised themselves of the procedure from our Company or the Lead Manager. Prospective investors are advised to inform themselves of any restrictions or limitations that may be applicable to them.

Our Company, the Lead Manager and their respective directors, officers, agents, advisors, shareholders, employees, counsel, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws. Also see "Selling Restrictions" and" Transfer Restrictions" on pages 219 and 226, respectively.

Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Bidders that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Lead Manager and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates, and representatives accept no responsibility or liability for advising any Bidder on whether such Bidder is eligible to acquire the Equity Shares. For further details, please see "Selling Restrictions" and "Transfer Restrictions" on pages 219 and 226, respectively.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Preliminary Placement Document has not been, and the Placement Document will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Sections 42 and 62 and other applicable provisions of the Companies Act, 2013, and rules thereunder, to the extent applicable, through the mechanism of a QIP ("**Issue**").

Under Chapter VI of the SEBI ICDR Regulations and Sections 42 and 62 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, our Company, a listed issuer in India may issue equity shares, non-convertible debt instruments along with warrants and convertible securities (other than warrants) to QIBs, provided, *inter alia*, that:

- The shareholders have adopted a special resolution approving the QIP. Such special resolution must specify: (a) that the allotment of the securities is proposed to be made pursuant to the QIP and (b) the relevant date;
- The explanatory statement to the notice to the shareholders for convening the general meeting must disclose *inter alia*, the particulars of the issue, including the date of passing the board resolution, the kind of securities being offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of the issue, the contribution made by the promoters or directors as part of the issue or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;
- As per Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, are listed on a recognized stock exchange in India that has nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution;

- The invitation to apply in the QIP must be made through a private placement offer letter and an application form serially numbered and addressed specifically to the Eligible QIBs to whom the QIP is made, either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law; the allotments with respect to any earlier offer or invitation made by the issuer shall have been completed or the issuer shall have withdrawn or abandoned such invitation or offer made, except as permitted under the Companies Act, 2013;

- The issuer shall not make any subsequent QIP until the expiry of two weeks from the date of the issue;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer cum application letter, the issuer must prepare and record a list of Eligible QIBs to whom the offer will be made. The offer must be made only to such Eligible QIBs whose names are recorded by the issuer prior to the invitation to subscribe; and

- the promoter and directors of the issuer are not Fugitive Economic Offenders.

At least 10% of the Equity Shares issued to Eligible QIBs shall be allotted to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

The Issuer shall not issue or allot partly paid-up shares.

Bidders are not allowed to withdraw or revise downwards their Bids after the closure of the issue.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The floor price of the equity shares issued under a QIP shall not be less than the average of the weekly high and low of the closing prices of the issuer's equity shares of the same class quoted on the stock exchanges during the two weeks preceding the relevant date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. The "relevant date" referred to above means the date of the meeting in which the board of directors of the issuer or a duly authorized committee thereof decides to open the issue and "stock exchange", for the purposes of determination of price, means any of the recognized stock exchanges on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such equity shares has been recorded during the two weeks immediately preceding the relevant date. However, a discount of up to 5% of the floor price is permitted in accordance with the provisions of the SEBI ICDR Regulations.

The Equity Shares will be Allotted within 365 days from the date of the Shareholders' resolution approving the Issue, being March 14, 2024 and within 60 days from the date of receipt of Bid Amount from the Successful Bidders. For details of refund of Bid Amount, see "*—Pricing and Allocation—Designated Date and Allotment of Equity Shares*" on page 215.

Subscription to the Equity Shares of the issuer offered pursuant to the Issue must be made by Eligible QIBs on the basis of a Preliminary Placement Document and a Placement Document, which shall contain all material information required under applicable law including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under the PAS Rules and Form PAS-4. The preliminary placement document and the placement document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned stock exchanges and of the issuer with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document addressed to you, you may not rely on the Preliminary Placement Document or the Placement Document uploaded on the website of the concerned stock exchanges or the issuer for making an application to subscribe to the Equity Shares being offered pursuant to the issue.

This Issue was authorized and approved by our Board on February 8, 2024 and approved by our Shareholders on March 14, 2024

The minimum number of allottees with respect to a QIP shall not be less than:

- two, where the issue size is less than or equal to ₹25,000 lakh; and

- five, where the issue size is greater than ₹25,000 lakh.

No single Allottee shall be Allotted more than 50% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. For details of what constitutes "same group" or "common control", see "*—Bid Process—Application Form*" on page 211.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on a recognized stock exchange. Additionally, purchasers of the Equity Shares Allotted pursuant to the Issue shall comply with the resale restrictions set forth in the sections, "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 219 and 226, respectively

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

The Equity Shares offered in the Issue have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the Equity Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in offshore transactions as defined in and in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described under "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 219 and 226, respectively.

Our Company has filed a copy of this Preliminary Placement Document with each of the Stock Exchanges. Our Company has received in-principle approvals dated April 5, 2024 from each of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for the listing of the Equity Shares. Our Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited.

Issue Procedure

1. On the Issue Opening Date, our Company and the Lead Manager shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIB. In terms of Section 42(3) of the Companies Act, 2013, our Company shall maintain records of the Eligible QIBs in the form and manner as prescribed under the PAS Rules, to whom this Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC within the stipulated time periods as required under the Companies Act, 2013 and the PAS Rules. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered will be determined by our Company in consultation with the Lead Manager, at its sole discretion.

2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. Eligible QIBs may submit the Application Form, including any revisions thereof along with the Bid Amount transferred to the Escrow Account specified in the Application form and a copy of the PAN card or PAN allotment letter (as applicable) and/or other documents mentioned in the Application Form, during the Issue Period to the Lead Manager. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

4. Eligible QIBs will be required to indicate the following in the Application Form:

- full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail ID, PAN and bank account details;
- number of Equity Shares Bid for;
- price at which they are agreeable to subscribe for the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;
- details of the depository account to which the Equity Shares should be credited pursuant to the Issue;
- a representation that it is outside the United States acquiring the Equity Shares in an offshore transaction under Regulation S and in accordance with the applicable laws of the jurisdiction where those offers and sales are made, and it has agreed to certain other representations set forth in the "*Representations by Investors*" on page 6 and "*Transfer Restrictions*" on page 226 and certain other representations made in the Application Form;
- Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or a custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made;
- in case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law;
- details of an Equity Shares held by the Eligible QIBs in our Company prior to the Issue; and
- confirm acceptance of any other representations set forth in the Application Form.

5. Each Bidder shall be required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of the Bid Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. The Bid Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Pending Allotment, the Bid Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which the Bid Amount has been paid by such Bidder, (c) the Bid Amount was in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to the Bidder and the Issue Price, or the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Issue Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "—*Refunds*" on page 215.

6. Once a duly completed Application Form is submitted by a Bidder and the Bid Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Issue Closing Date. In case of an upward revision before the Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. Upon receipt of the duly completed Application Form and the Bid Amount in the Escrow Account, after the Issue Closing Date, our Company shall, in consultation with Lead Manager determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the Lead Manager will send the serially numbered CAN to the Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain

details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. **Please note that the Allocation will be at the absolute discretion of our Company and will be based on the recommendation of the Lead Manager.**

8. The Bidder acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose the names of proposed allottees and the percentage of their post-Issue shareholding in the Placement Document and consents to such disclosure, if any Equity Shares are allocated to it.

9. Upon determination of the Issue Price and the issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the Lead Manager, shall, on our behalf, send a serially numbered Placement Document to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN either in electronic form or through physical delivery.

10. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares in accordance with the details in the CANs sent to the Successful Bidders. We will inform the Stock Exchanges of the details of the Allotment.

11. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the depository participant, as indicated in their respective Application Form, or as specified in the records of the depositories, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

12. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

13. Our Company will then apply for the final trading approvals from the Stock Exchanges.

14. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading approvals from the Stock Exchanges.

15. In accordance with applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the Lead Manager shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

16. The Bidder represents that it is outside the United States and is acquiring the Equity Shares in an "offshore transaction" as defined in, and in reliance on, Regulation S, and is not an affiliate of the Company or the Lead Manager or a person acting on behalf of such an affiliate and it has agreed to certain other representations set forth in the Application Form.

17. In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Ap plication Form and towards which the Bid Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in "—*Refunds*".

Qualified Institutional Buyers

Only Eligible QIBs are eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to foreign portfolio investors, only Eligible FPIs applying under Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest in India under the applicable laws, will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue (not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations) and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- alternate investment funds registered with the SEBI;
- Eligible FPIs;
- insurance companies registered with Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;

- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Funds;
- pension funds with minimum corpus of ₹2,500 lakh registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;
- provident funds with minimum corpus of ₹2,500 lakh;
- public financial institutions;
- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI; and
- SI-NBFC.

Eligible FPIs are permitted to participate through the portfolio investment scheme under Schedule II of FEMA Rules respectively, in this Issue. Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs do not exceed specified limits as prescribed under applicable laws in this regard. Other eligible non-resident QIBs shall participate in the Issue under Schedule I of the FEMA Rules.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or more of the post-Issue equity share capital of our Company, and the total holding of all FPIs, collectively, shall not exceed 20% of the paid-up equity share capital of our Company. Further, if any FPI holds 10% or more of the Equity Share capital of our Company, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done, the total investment made by such FPI together with its investor group will be re-classified as FDI in accordance with the procedure specified by the SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in the company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable.

In accordance with the FEMA Rules and the extant FDI Policy, foreign direct investment in our Company is permitted up to 100% under the automatic route.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included, and the aggregate investment by FPIs in our Company shall not exceed the sectoral cap applicable to our Company on a fully diluted basis.

Restriction on Allotment

Under Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, or any person related to, the Promoters. QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that a QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of under subscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Affiliates or associates of the Lead Manager who are QIBs may participate in the Issue in compliance with applicable laws.

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and the Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document and the Placement Document. The Application Form may be signed physically or digitally, if required under applicable laws in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable laws. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period, and in such case, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

By making a Bid (including any revision thereof) for Equity Shares through the Application Form and pursuant to the terms of this Preliminary Placement Document, the Eligible QIB will be deemed to have made the following representations, warranties, acknowledgements and undertakings as well as those given or made in "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 3, 6, 219, and 226, respectively:

1. The Eligible QIB confirms that it, (i) is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, (ii) has a valid and existing registration under the applicable laws in India (as applicable) and (iii) is eligible to participate in this Issue;
2. The Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or Promoter Group or persons related to the Promoters;
3. The Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoters;
4. The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Issue Closing Date;
5. The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;
6. The Eligible QIB confirms that it is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. The Eligible QIB further confirms that the holding of the Eligible QIB, does not and shall not, exceed the level permissible in accordance with any applicable regulations applicable to the Eligible QIB;
7. The Eligible QIB confirms that its Bid would not result in triggering an open offer under the SEBI Takeover Regulations;
8. The Eligible QIB confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable laws, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;
9. The Eligible QIB agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, 2013 and rules made thereunder, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Lead Manager. The Eligible QIB further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

10. The Eligible QIB acknowledges that in terms of the requirements of the Companies Act, 2013, upon Allocation, our Company will be required to disclose names as proposed Allottees and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document and consents to such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Lead Manager;

11. The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

    a. Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, among an Eligible QIB, its subsidiary(ies) or holding company and any other QIB; and

    b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

    c. The Eligible QIB confirms that if it is outside the United States, it is purchasing the Equity Shares in an "offshore transaction" in compliance with Regulation S under the Securities Act, and is not our affiliate or a person acting on behalf of such an affiliate;

12. The Eligible QIB acknowledges that no Allocation shall be made to them if the price at which they have Bid for in this Issue is lower than the Issue Price;

13. The Eligible QIB confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations; and

14. The Eligible QIBs confirm that they shall not undertake any trade in the Equity Shares credited to their beneficiary accounts maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares Allotted in the Issue are issued by the Stock Exchanges.

ELIGIBLE QIBS MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, EMAIL-ID, PHONE NUMBER, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN/PAN ALLOTMENT LETTER, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE LEAD MANAGER, THE ELIGIBLE QIBS SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE LEAD MANAGER TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE LEAD MANAGER, ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSING DATE, THE ELIGIBLE QIBS SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories according to the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company through the Lead Manager in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. Additionally, the Application Form will include details of the relevant Escrow Account into which the Bid Amounts will have to be deposited. The Bid Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the Lead Manager either through electronic form or through physical delivery at the following address:

DAM Capital Advisors Limited
One BKC, Tower C,
15th Floor, Unit No. 1511
Bandra Kurla Complex Bandra (East),
Mumbai 400 051
Maharashtra, India
Contact Person: Anurag Byas / Puneet Agnihotri
Email: sml.qip@damcapital.in
Tel: +91 22 4202 2500

The Lead Manager shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

Bidders Bidding in the Issue shall pay the entire Bid Amount along with the submission of the Application Form, within the Issue Period.

Payment of Bid Amount

Our Company has opened the "SHILPA MEDICARE LIMITED QIP ESCROW ACCOUNT 2024" with Axis Bank Limited, our Escrow Bank, in terms of the arrangement among our Company, the Lead Manager and the Escrow Bank. Bidders will be required to deposit the entire Bid Amount payable for the Equity Shares applied for through the Application Form submitted by it in accordance with the applicable laws.

Payments are to be made only through electronic fund transfer.

Payments through cheques or demand draft or cash shall be rejected.

If the payment is not made favouring the "SHILPA MEDICARE LIMITED QIP ESCROW ACCOUNT 2024" within the Issue Period stipulated in the Application Form, the Application Form of the Eligible QIB is liable to be cancelled.

Pending Allotment, our Company undertakes to utilise the amount deposited in the Escrow Bank Account only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bid Amount was in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to the Bidder and the Issue Price, or the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or any Bidder lowers or withdraws their Bid after submission of the Application Form but prior to the Issue Closing Date, the excess Bid Amount will be refunded to the same bank account from which the Bid Amount was remitted, in the form and manner set out in "*—Bid Process—Refunds*".

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the Income-tax Act, 1961 in the Application Form and enclose a copy of the PAN card or PAN allotment letter along with the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. Bidders should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank Account Details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Pricing and Allocation

Build-up of the Book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Form within the Issue Period to the Lead Manager. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the Lead Manager.

Price Discovery and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the stock exchange during the two weeks preceding the Relevant Date. The "Relevant Date" referred to above will be the date of the meeting in which the Board decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares of the issuer of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. Our Company, in consultation with the Lead Manager, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations as approved by our Shareholders on March 14, 2024.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Lead Manager on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellation or default by the Bidders, our Company in consultation with the Lead Manager has the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at its sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE LEAD MANAGER IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL BIDDERS. BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY, IN CONSULTATION WITH THE LEAD MANAGER AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE LEAD MANAGER ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

Confirmation of Allotment Notice or CAN

Based on the serially numbered Application Forms received and the Bid Amount, our Company, in consultation with the Lead Manager, in its sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Bid Amount for the Equity Shares Allocated shall be notified to such Successful Bidders.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in the Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to furnish all details that may be required by the Lead Manager. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have been deemed to have made the representations and warranties as specified in "*Notice to Investors*" on page 3 and further, to have represented that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

Our Company will ensure that the Allotment of Equity Shares is completed by the Designated Date provided in the respective CANs.

The Equity Shares in the Issue will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in accordance with the provisions of the Companies Act, 2013 and the Depositories Act. However, transfer of securities of listed companies in physical form is not permitted pursuant to Regulation 40 of the SEBI Listing Regulations.

Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall submit the necessary documents with the Stock Exchanges in relation to the Issue and after that our Company shall credit the Equity Shares into the Successful Bidders' beneficiary accounts.

Following the credit of Equity Shares into the Successful Bidders' beneficiary accounts maintained with the Depository Participant, as indicated in the respective Application Form, our Company, will apply for final trading approvals from the Stock Exchanges.

After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as the Placement Document, including the details of names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company. Pursuant to a circular dated March 5, 2010 issued by the SEBI, the Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, viz, the names of the Allottees, and number of Equity Shares Allotted to each of them, and the percentage of the Equity Shares Allotted to each such Allottee of the total Issue. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company will be disclosed in the Placement Document.

The Escrow Bank shall release the monies lying to the credit of the Escrow Account to our Company upon receipt of notice from the Lead Manager and the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and after filing return of Allotment under Form PAS-3 with the RoC.

In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

After finalization of the Issue Price, our Company shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bid Amount paid by a Bidder is in excess of the amount equivalent to the product of the Equity Shares that have been Allocated to such Bidder and the Issue Price, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder lowers or withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which the Bid Amount was remitted, in the form and manner set out in the Refund Intimation. The Refund Amount will be transferred to the relevant Bidders within two working days from the issuance of the CAN.

In the event that Equity Shares have been Allocated to Successful Bidders and our Company is unable to issue and Allot the Equity Shares offered in the Issue, or where our Company has Allotted the Equity Shares but final listing and trading approvals are refused by the Stock Exchanges, or on cancellation of the Issue, within 60 days from the date of receipt of the Bid Amount, our Company shall repay the Bid Amount within 15 days from the expiry of the aforementioned 60 days, failing which our Company shall repay that money with interest at such rate and in such manner as prescribed under the Companies Act, 2013.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the Lead Manager, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Lead Manager in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder. For details see "—*Bid Process*—*Refunds*" on page 215.

Equity Shares in dematerialized form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialized form (*i.e.*, not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Lead Manager will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

Release of Funds to our Company

The Escrow Bank shall not release the monies lying to the credit of the "SHILPA MEDICARE LIMITED QIP ESCROW ACCOUNT 2024" to our Company until receipt of notice from the Lead Manager, the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and filing of return of Allotment under Form PAS-3 with the RoC.

PLACEMENT AND LOCK-UP

Placement Agreement

The Lead Manager has entered into the placement agreement dated April 8, 2024 with our Company, pursuant to which the Lead Manager has agreed to manage the Issue and to act as a placement agent in connection with the Issue and procure subscription to the Equity Shares on a reasonable efforts basis to be placed with the QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, as amended and other applicable provisions of the Companies Act, 2013 and the rules made thereunder.

The Placement Agreement contains customary representations, warranties and indemnities from our Company and the Lead Manager, and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares subsequent to the Issue.

The Equity Shares offered in the Issue have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in, and in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales are made.

This Preliminary Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares issued pursuant to the Issue, will be offered in India or overseas to the public or any members of the public or any other class of prospective investors, other than Eligible QIBs.

In connection with the Issue, the Lead Manager (or its affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Lead Manager may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see "*Offshore Derivative Instruments*" on page 12.

From time to time, the Lead Manager, and its affiliates and associates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Company, affiliates and the Shareholders of our Company, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Lead Manager and its affiliates and associates.

Lock-up

The Company undertakes, subject to the exceptions set out below, that it will not for a period of 90 days from the date of Allotment under the Issue, without the prior written consent of the Lead Manager, directly or indirectly, (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any such transactions (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares in any depository receipt facility; or (d) publicly announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise, *provided however*, that the foregoing restrictions shall not apply to any transaction required by law or an order of a court of law or a statutory authority.

Our Company acknowledges that our Promoters and members of their respective Promoter Group have undertaken that during the period commencing on the date hereof and ending 90 days after the date of allotment of the Equity Shares issued pursuant to the Issue (the "**Promoters' Lock-up Period**"), our Promoters and members of our Promoter Group will not, without the prior written permission of the Lead Manager, directly or indirectly, (1) sell, lend, pledge, contract to sell, grant any option, right, or warrant to purchase, lend, or otherwise transfer or dispose of any Equity Shares held by our Promoters and our Promoter Group as at the date of this Preliminary Placement Document (the "**Lock-up Shares**") or any other securities convertible into or exercisable or exchangeable for Equity Shares or file any registration statement under the U.S. Securities Act of 1933, as amended, or publicly announce an intention with respect to any of the foregoing; (2) enter into any swap or other agreement that transfers, in whole or in part, directly or indirectly, the economic consequences of ownership of the Lock-up Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (3) sell, lend, contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, any shares or interest in an entity which holds any Lock-up Shares; whether any such transaction described in clause (1), (2) or (3) above is to be settled by delivery of Lock-up Shares or such other securities, in cash or otherwise, (4) publicly announce its intention to enter into the transactions referred to in (1) to (3) above; *provided, however*, that the foregoing restrictions shall not apply to: (a) any inter-se transfer of the Lock-up Shares among the Promoters and the members of the Promoter Group of the Company, provided that the restrictions set forth above shall continue to apply for the remaining period to the transferee and that such transferee shall be bound by the restrictions in the preceding paragraph until the Promoters' Lock-up Period has expired; and (b) any sale, transfer or disposal of such Lock-up Shares to the extent such sale, transfer or disposal is mandatorily required for compliance with applicable Indian law. However, if a member of the Promoter Group is re-classified as a public shareholder, the Equity Shares held by such member of the Promoter Group will cease to form a part of the Lock-up Shares from the date of public notification of such re-classification

SELLING RESTRICTIONS

General

The Issue is being made only to Eligible QIBs. The distribution of this Preliminary Placement Document and the offer and sale of the Equity Shares offered in the Issue is restricted by law in certain jurisdictions. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken that would permit the offer and sale of the Equity Shares offered in the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to the Issue in any jurisdiction where action for such purpose is required, except in India. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Therefore, persons who may come into possession of this Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions.

Each purchaser of the Equity Shares in this Issue will be deemed to have made the representations, warranties, acknowledgments and agreements as described in this section and under "*Notice to Investors*", "*Representations by Investors*" and "*Transfer Restrictions*" on pages 3, 6 and 226, respectively.

Republic of India

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Australia

This Preliminary Placement Document does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include the information required of a prospectus or disclosure document under the Australian Corporations Act. This Preliminary Placement Document has not been lodged with the Australian Securities and Investments Commission ("**ASIC**") and no steps have been taken to lodge it with ASIC. No offer will be made under this Preliminary Placement Document to any person to whom disclosure is required to be made under Chapter 6D of the Australian Corporations Act. Any offer in Australia of the Equity Shares under this Preliminary Placement Document may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act which permit the offer of the Equity Shares without disclosure under Part 6D.2 of the Australian Corporations Act.

As any offer of Equity Shares under this Preliminary Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Australian Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Australian Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Equity Shares you undertake to the Company that you will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those securities to any person in Australia except in circumstances where disclosure to such person is not required under Chapter 6D.2 of the Australian Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bahrain

All marketing and offering of the Equity Shares in the Issue has been made and will be made outside the Kingdom of Bahrain. This Preliminary Placement Document and the Equity Shares that shall be offered pursuant to this Preliminary Placement Document have not been registered, filed, approved or licensed by the Central Bank of Bahrain ("**CBB**"), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism ("**MOICT**") or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in this Preliminary Placement Document, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Preliminary Placement Document is only intended for Accredited Investors as defined by the CBB and the Equity Shares offered by way of private placement may only be offered in minimum subscriptions of USD 100,000 (or equivalent in other currencies). No invitation to the public in the Kingdom of Bahrain to subscribe to the Equity Shares is being made and this Preliminary Placement Document will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved this Preliminary Placement Document and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of the Equity Shares.

Dubai International Financial Centre

This Preliminary Placement Document relates to an Exempt Offer in accordance with the Markets Rules Module of the Dubai Financial Services Authority ("**DFSA**") Rulebook. This Preliminary Placement Document is intended for distribution only to persons of a type specified in the Markets Rules Module. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Preliminary Placement Document nor taken steps to verify the information set forth herein and has no responsibility for this Preliminary Placement Document. The securities to which this Preliminary Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Preliminary Placement Document you should consult an authorized financial advisor.

In relation to its use in the DIFC, this Preliminary Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Member State**"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation), except that offers of Equity Shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of Book Running Lead Manager for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Except for each person who is not a qualified investor and who has notified the Lead Manager of such fact in writing and has received the consent of the Lead Manager in writing to subscribe for or purchase Equity Shares in the Issue, each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the Lead Manager has been obtained to each such proposed offer or resale.

Our Company, the Lead Manager and their affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Hong Kong

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO has been or will be issued, whether in Hong Kong or elsewhere.

Japan

No securities registration statement in relation to the solicitations of the Equity Shares offered in the Issue in Japan (the "**Solicitations**") has been or will be filed pursuant to Article 4, Paragraph 1 of the Financial Instrument and Exchange Law of Japan (the "**FIEL**"). The Solicitations shall only be made (i) to Qualified Institutional Investors and (ii) to no more than 49 persons (excluding any Qualified Institutional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Any Qualified Institutional Investors who acquire Equity Shares in the Issue (a) may not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Equity Shares to any person in Japan or to or for the benefit of any resident of Japan, including any corporation or other entity organised under the laws of Japan, except to Qualified Institutional Investors; and (b) shall deliver a notification indicating (a) and (b) herein to any transferee of the Equity Shares. Capitalized terms used in this sub-section and not defined in this Preliminary Placement Document have the meanings given to those terms in the FIEL.

Republic of Korea

No securities registration statement in relation to the Solicitations (as defined under Financial Investment Services and Capital Markets Act of the Republic of Korea ("**South Korea**") (the "**FISCMA**")) of the Equity Shares offered in the Issue in South Korea has been or will be filed pursuant to the FISCMA. The Solicitations shall only be made (i) to certain professionals as prescribed in the FISCMA and the enforcement decree promulgated thereunder ("Professional Investors") and (ii) to no more than 49 persons (excluding any Professional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue. Furthermore, the Equity Shares may not be offered, sold, transferred or delivered for reoffering or resale, directly or indirectly, in South Korea or to, or for the account or benefit of, any resident (as defined under the Foreign Exchange Transactions Act of South Korea and the decree, rules and regulations promulgated thereunder) thereof for a period of one year from the date of the issuance of the Equity Shares, except as otherwise permitted under applicable South Korean laws and regulations.

Kuwait

This document and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Equity Shares in the State of Kuwait. The Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait. No private or public offering of the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Mauritius

The public of the republic of Mauritius is not invited to subscribe for the interests offered hereby. This memorandum relates to a private placement and does not constitute an offer to the public in Mauritius to subscribe for the interests offered hereby. the interests are only being offered to a limited number of sophisticated investors meeting the eligibility criteria. no regulatory approval has been sought for the offer in Mauritius and it must be distinctly understood that the Mauritius financial services commission does not accept any responsibility for the financial soundness of or any representations made in connection with the issue. The memorandum is for the use only of the named addressee and should not be given or shown to any other person.

Qatar (excluding the Qatar Financial Centre)

This Preliminary Placement Document did not, and was not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Preliminary Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (b) neither the Company nor the Lead Manager is authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Preliminary Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Preliminary Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. The persons representing the Lead Manager are, by distributing this document, not advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Preliminary Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar Financial Centre

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or offer of Equity Shares from or within the Qatar Financial Centre ("**QFC**"), and accordingly should not be construed as such. This Preliminary Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Preliminary Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licenced by or registered with any licensing authorities within the QFC.

Saudi Arabia

This Preliminary Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority ("**CMA**"). The CMA does not make any representation as to the accuracy or completeness of this Preliminary Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Preliminary Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorised financial adviser.

Singapore

This Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

i. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

ii. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notification under Sections 309B(1)(a) and 309B(1)(c) of the SFA: We have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the Equity Shares are: (A) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment: Notice on Recommendations on Investment Products).

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Sultanate of Oman

The information contained in this Preliminary Placement Document does not constitute a public offer of securities in Oman as contemplated by the Oman Commercial Companies Law (Sultani Decree 18/2019, as amended) or Article 3 of the Capital Market Authority Law (Sultani Decree 80/98, as amended). This Preliminary Placement Document will only be made available to investors in Oman in accordance with the provisions of Article 139 of the Executive Regulations of the Capital Markets Law (Capital Markets Law Decision No. 1/2009, as amended) (the "**Executive Regulations**") by an entity duly licenced by the Capital Market Authority of Oman to market non-Omani securities in Oman.

This Preliminary Placement Document is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Equity Shares outside of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient. Additionally, this Preliminary Placement Document is not intended to lead to the making of any contract within the territory or under the laws of Oman.

This Preliminary Placement Document has not been (and will not be) filed with the Capital Market Authority of Oman (except in accordance with Article 139 of the Executive Regulations) or any other regulatory authority in Oman and the Capital Market Authority of Oman neither assumes responsibility for the accuracy and adequacy of the statements and information contained in this Preliminary Placement Document nor shall have any liability to any person for damage or loss resulting from reliance on any statements or information contained herein.

Switzerland

The Equity Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Equity Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Preliminary

Placement Document nor any other offering or marketing material relating to the Equity Shares constitutes a prospectus pursuant to the FinSA, and neither this Preliminary Placement Document nor any other offering or marketing material relating to the Equity Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The Equity Shares may, however, be offered in Switzerland to professional clients within the meaning of the FinSA, without any public offer and only to investors who do not purchase the Equity Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This Preliminary Placement Document may only be used by those investors to whom it has been handed out in connection with the Offer described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Preliminary Placement Document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "**Promotion**") of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to "Qualified Investors" (excluding "**High Net Worth Individuals**") (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE.

The Promotion of this Preliminary Placement Document and the Equity Shares has not been and will not be approved by the SCA and, as such, this Preliminary Placement Document does not constitute an offer to the general public in the UAE to acquire any Equity Shares. Except where the Promotion of this Preliminary Placement Document and the Equity Shares is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE, the Promotion of this Preliminary Placement Document and the Equity Shares in the UAE is being made only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations).

None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

United Kingdom

No Shares have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus Amendment etc (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Lead Manager for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the Shares shall require the Company or any Lead Manager to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

The Preliminary Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article

19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). The Preliminary Placement Document is directed only at relevant persons. Other persons should not act on the Preliminary Placement Document or any of its contents. The Preliminary Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

United States of America

The Equity Shares have not been and will not be registered under the Securities Act, or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in 'offshore transactions' as defined in, and in reliance on Regulations S and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see "*Transfer Restrictions* " on page 226.

Other Jurisdictions

The distribution of this Preliminary Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Preliminary Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

TRANSFER RESTRICTIONS

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares Allotted in the Issue, except on the Stock Exchanges, is not permitted for a period of one year from the date of Allotment.

Investors are advised to consult their legal counsel prior to making any resale, pledge or transfer of our Equity Shares. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" on page 219.

Transfer Restrictions and Purchaser Representations

The Equity Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

By accepting delivery of this Preliminary Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed as follows:

- It is authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations.
- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Equity Shares are being issued in reliance upon Regulation S and such Equity Shares have not been and will not be registered under the Securities Act.
- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, is located outside the United States (within the meaning of Regulation S), and it has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States, or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S), and such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.
- It is aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S.
- It agrees (or it is a broker-deal acting on behalf of a customer that has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any "directed selling efforts" as defined in Regulation S. It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any "directed selling efforts" as defined in Regulation S.
- It understands that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Equity Shares have not been and will not be registered under the Securities Act and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares, such Equity Shares may be offered, resold, pledged or otherwise transferred only outside the United States in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S or in a transaction otherwise exempt from the registration requirements of the Securities Act and other applicable U.S. state securities laws.
- It is a sophisticated investor and has such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. It is experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions. It and any accounts for which it is subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company or any of the BRLMs for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) is seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and it has no reason to anticipate any change in its circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of

all or any part of the Equity Shares. It acknowledges that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment.

- It has been provided access to this Preliminary Placement Document and will be provided access to the Placement Document which it has read in its entirety.

- It agrees to indemnify and hold the Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. It will not hold any of the Company or the BRLMs liable with respect to its investment in the Equity Shares. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Where it is subscribing to the Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

It agrees that any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by the Company.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Lead Manager or their respective affiliates or advisors.

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by the SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "**SCRA**") and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SCR (SECC) Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investor, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, the BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993.

Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013 the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by the SEBI including the SEBI ICDR Regulations and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Further the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 govern the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

The SCRR requires all listed companies to maintain a minimum public shareholding of 25%, subject to certain time bound exceptions.

Disclosures under the SEBI Listing Regulations

Public listed companies are required to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

Minimum Level of Public Shareholding

All listed companies are required to maintain a minimum public shareholding of 25%. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months. However, every listed public sector company whose public shareholding falls below 25% at any time after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25%, within a period of two years from the date of such fall, in the manner specified by the SEBI. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the above mentioned requirements. Our Company is in compliance with this minimum public shareholding requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available but which are part of Index Derivatives, are subjected to price bands.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by the SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the SEBI Takeover Regulations, which provides for specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

SEBI Insider Trading Regulations

SEBI had earlier notified the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 to prohibit and penalise insider trading in India. The regulations, among other things, prohibited an 'insider' from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**").

The SEBI Insider Trading Regulations, were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the erstwhile regulations of 1992. The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles of Association, the Companies Act, 2013. Bidders are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Authorised Share Capital

The authorised share capital of our Company is ₹1,100 lakh divided into 11,00,00,000 Equity Shares of ₹1 each. For further details, see "*Capital Structure*" on page 83.

Voting Rights

A shareholder has one vote for each fully paid-up equity share and voting may be on a poll or through electronic means or postal ballot. Ordinary resolutions may be passed by simple majority if the votes cast in favour exceeds the votes cast against the resolution. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. A shareholder may exercise his voting rights by proxy to be given in the form required by the Companies Act, 2013 read with the rules issued thereunder. The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting.

Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 deal with the exercise of right to vote by members by electronic means.

Transfer of Shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by the SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Further, SEBI has mandated that securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019.

Our Company has entered into an agreement for such depository services with the NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange.

General Meetings of our Shareholders

There are two types of general meetings of the shareholders: AGM and EGM.

Our Company must hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between the AGM and next one, unless extended by the RoC at its request for any special reason for a period not exceeding three months. The Board of Directors may convene an EGM or conduct postal ballot when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Company's issued paid-up capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Not less than 21 days' notice shall be given of every general meeting of our Company. Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat. Where any such business consists of special business there shall be annexed to the notice a statement complying with provisions of Companies Act, 2013.

Dividends

The Companies Act, 2013 provides that shares of a company of the same class must receive equal dividend treatment. These distributions and payments are required to be deposited into a separate bank account held with a scheduled bank within five days of the declaration of such dividend and paid to shareholders within 30 days of the AGM where the resolution for declaration of dividends is approved. The Articles provide that the dividend to be paid to members are required to meet the restricted payment conditions (as defined in the Articles) and no dividend shall exceed the amount recommended by our Board. The Articles further provide that, no payments of dividend to the members, interest or repayments to the providers of subordinate debt shall be made until the required appropriations/ replenishments are made to the debt service reserve account to the satisfaction of the lenders (as defined in the Articles) and except with the prior consent of the lenders (as defined in the Articles).

The Companies Act, 2013 states that any dividends that remain unpaid or unclaimed after that period is to be transferred, within seven days from the date of expiry of the 30 day period, to a special bank account opened with a scheduled bank called the dividend unpaid account. Any money that remains unclaimed for seven years from the date of the transfer is to be transferred, along with the interest accrued, by our Company to a fund, called the Investor Education and Protection Fund, created by the Government of India.

The Articles authorise our Board to pay the members interim dividends, which may be declared from time to time.

Further issue and consideration for allotment

The Articles require prior consent of the lender (as defined in the Articles) including as per the terms of the financing documents (as defined in the Articles), for our Board to issue and allot securities of the Company as it deems fit for cash or consideration other than cash. Any change in the terms and conditions of such securities are required to be carried out only with the prior consent of the lenders (as defined in the Articles).

TAXATION

STATEMENT OF TAX BENEFITS

Dated: April 8, 2024

To,

The Board of Directors
Shilpa Medicare Limited
12-6-214/A-1, Shilpa House
Hyderabad Road
Raichur 584 135
Karnataka, India

DAM Capital Advisors Limited ("**DAM Capital**" or the "**Lead Manager**")
One BKC, Tower C
15th Floor, Unit No. 1511
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Maharashtra, India

Re: Proposed qualified institutions placement of equity shares of face value of ₹1 each (the "Equity Shares") of Shilpa Medicare Limited (the "Company") under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations") and Section 42 of the Companies Act, 2013, as amended (the "Companies Act") read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended (the "Issue")

This certificate is issued in accordance with our engagement letter with the Company in relation to the Issue.

We, Bohara Bhandari Bung and Associates LLP, Chartered Accountants, are the statutory auditor of the Company. We hereby confirm that the enclosed statement at **Annexure A**, prepared by the Company and initialed by us and the Company for identification purpose (the "**Statement**"), presents, in all material respects, the possible special tax benefits available to the Company and its shareholders under the Income Tax Act, 1961 read with the rules, circulars and notifications issued in connection thereto, (the "**Act**") as amended, applicable for (i) previous financial year ended on March 31, 2024 and relevant to the assessment year 2024-2025; and (ii) current financial year to be ended on March 31, 2025 and relevant to the assessment year 2025-2026, presently in force in India and under indirect taxation laws presently in force in India (together, the "**Tax Laws**").

We do not express any opinion or provide any assurance as to whether:

(i) the Company or its shareholders will continue to obtain the benefits as per the Statement in future; or

(ii) the conditions prescribed for availing the benefits per the Statement, where applicable have been/would be met; or

(iii) the revenue authorities/courts will concur with the views expressed herein.

The preparation of the Statement and its contents is the responsibility of the management of the Company. The management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities and for claiming/utilization of these available tax benefits.

The benefits discussed in the Statement are not exhaustive. Several of these benefits are dependent on the Company and/or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and its shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and, accordingly, the Company and/or its shareholders may or may not choose to fulfill. The benefits discussed in the Statement cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company and its shareholders.

The contents of the enclosed Statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail.

We neither suggest nor advise the investors to invest money based on the Statement. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

We confirm that the above information is true, fair, complete, correct, accurate, not misleading and without omission of any matter that is likely to mislead, and adequate to enable prospective investors to make a well-informed decision.

We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India (the "**ICAI**") which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI and, accordingly, we confirm that we have complied with such Code of Ethics issued by the ICAI. We have also complied with the relevant applicable requirements of the 'Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements'.

We hereby authorize you to deliver this certificate to the relevant stock exchanges where the Equity Shares are listed, *i.e.*, BSE Limited ("**BSE**"), National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**") and any other statutory or regulatory authorities as may be required.

We confirm that we will immediately inform the Company and the Lead Manager of any changes to the above information until the commencement of trading of the Equity Shares on the Stock Exchanges pursuant to the Issue. In the absence of any such communication from us, the Company, the Lead Manager and the legal advisors in relation to the Issue can assume that there is no change to the above information.

This certificate may be disclosed by the Lead Manager, if required, (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We hereby consent to the inclusion of this certificate and extracts thereof in the preliminary placement document and the placement document to be filed with the Stock Exchanges and in any presentation or any other documents in relation to the Issue and/or for the records to be maintained by the Lead Manager and may be relied upon by the Company, the Lead Manager and the legal advisors in relation to the Issue.

Yours faithfully,

For **Bohara Bhandari Bung and Associates LLP, Chartered Accountants**

ICAI Firm Registration Number: 008127S/S200013

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Name: Pankaj Kumar Bohara
Designation: Partner
Membership No: 215471
UDIN: 24215471BKGENM7009
Place: Raichur
Date: April 8, 2024

<u>Statement of Possible Special Tax Benefits available to Shilpa Medicare Limited (the "Company") and its shareholders</u>

A. Tax benefits to the Company under the Income Tax Act, 1961

Possible special tax benefits available to the Company under the Income Tax Act, 1961 as amended by the

Finance Act, 2023 read with the Finance Act, 2024 (to the extent Finance Act, 2024 amends the Income Tax, 1961) and applicable to financial year 2024-2025 (assessment year 2025-2026) are outlined below:

1. Lower tax rate

a) <u>Tax under Section 115JB of the Income Tax Act, 1961 (the Act)</u>

With effect from financial year 2019-2020, the Taxation Laws (Amendment) Act, 2019 amended provisions of section 115JB of the Act. As per the amendment the tax rate of Minimum Alternate Tax ('MAT') on Book Profits has been reduced from the prevalent rate of 18.50% to 15%.

The Company has huge accumulated tax credits as per section 115JAA of the Act, which can be set off in future when the tax under normal provisions exceeds the tax payable under 115JB of the Act. Hence, this results in the company paying taxes even in the coming years.

The Company has been availing benefits of tax incentives under sections 10AA, 35(2AB), 80-IA, 80JJAA and 32(ii) of the Act. In view of higher deductions under normal computation of income, the Company is subject to lower tax under normal provisions and therefore, is being subject to tax under section 115JB (MAT on Book Profits). As the rate of tax under MAT provisions is lowered, the same results in cash savings to the company on account of tax outgo.

b) <u>Lower Tax rate under section 115BAA of the Act</u>

With effect from financial year 2019-2020, the Taxation Laws (Amendment) Act, 2019 introduced section 115BAA. As per the section 115BAA, domestic companies are given an option to pay income tax at a concessional tax rate of 22% (plus surcharge of 10% and cess of 4%, resulting in effective tax rate of 25.17%) subject to certain conditions mentioned therein.

- the Company can not avail any of the deductions under the provisions of Act such as deduction under Section 10AA, deduction under Section 32(1) (iia), deduction under Section 32AD, deduction under Section 33AB, deduction under Section 33ABA, deduction under Section 35(1)(ii)/35(1)(iia)/35(1)(iii)/35(2AA)/35(2AB), deduction under Section 35AD, deduction under Section 35CCC, deduction under Section 35CCD, deduction under Chapter VI-A, other than section 80JJAA and Section 80M.
- the Company cannot set-off any carry forward losses or unabsorbed depreciation attributable to any of the aforesaid deductions / incentives

The option once exercised cannot be subsequently withdrawn for any assessment year thereafter. Section 115BAA stipulates concessional rate of 22% while computing tax. Further, provisions of section 115JB (MAT on Book Profits) are not applicable to such companies.

The material subsidiary of the Company, Shilpa Pharma Lifesciences Ltd, has complied with the provisions of section 115BAA of the Income Tax Act from the Financial Year 2023-2024 (Assessment Year 2024-2025) and continues to apply the same.

2. Business Deductions

a) <u>Weighted deduction under section 35(2AB) of the Act</u>

As per section 35(2AB) of the Act, in case of a person who has an in-house research and development unit, which is approved by the Department of Statistical and Institutional Research (DSIR), then entire expenditure incurred by such Unit, both revenue and capital, shall be eligible as deduction in the year of expenditure being incurred by the company in such unit.

The Company has set up 3 R&D units in Bangalore, Raichur and Hyderabad, which are approved by the DSIR and is eligible to claim capital expenditure incurred in respect of such entity in the year of such expenditure itself.

b) Additional Depreciation under section 32(1)(iia) of the Act

As per section 32(1)(iia) of the Act, a person involved in business of manufacturing or production of goods is eligible for additional depreciation of 20% on new plant and machinery invested by the said person. Therefore, over and above the normal depreciation, additional depreciation of 20% is eligible in respect of investment in such new plant and machinery in the year of investment. In case if the asset is capitalised and put to use for less than 180 days during the first year, then 10% additional depreciation is eligible in first year and balance 10% in the second year.

The Company has been claiming additional depreciation on account of investments made in plant and machinery over the year and the same is resulting in significant reduction in tax computed under normal computation of income.

3. Deduction under Chapter VI-A

a) Deduction under Section 80JJAA

As per section Section 80JJAA, while computing the gross total income, the Company can claim a deduction of an amount equal to thirty percent of additional employee cost incurred in the course of business in the financial year. The deduction can be claimed for a period three years including the financial year in which such employment was provided.

The Company is entitled to claim such deductions subject to fulfilment of conditions prescribed under Section 80JJAA.

b) Deduction under Section 80IA

The Company is into wind power generation for captive consumption. The company has availed tax benefit of profits arising out of the power generated from windmills. The Company is entitled for deduction of profits from income for 10 consecutive years starting from the initial assessment year, which can be any year from the year of commencement of power generation to 15 years from such year of commencement.

The company is entitled to claim deduction on profits determined to have been earned from the windmill set up in Kalaspura Village, Gadag, District (Karnataka State) for another 2 years as it has already claimed deductions for 8 years in respect of this windmill unit.

c) Deduction under Section 80G

The Company is required to comply with corporate social responsibility (CSR) norms prescribed in the Companies Act, 2013. The Company has authored a Trust in the name of M/s. Shilpa Foundation, which is registered as a trust under section 12A and 80G of the Act. The CSR expenditure requirements are met through the entity, Shilpa Foundation.

The Company is eligible to claim 50% of the CSR spend, indirectly by way of deduction u/s 80G of the Act, which otherwise is a disallowable expenditure u/s 37 of the Act.

4. Deduction under Chapter VI-A

a) Unabsorbed depreciation available for set off

As per provisions of section 32(2) r.w.s. 72(2) and 73(3) of the Act, a person can claim deduction of depreciation allowance of earlier years, if the same are not set off against any other income for such year or earlier years, as if the same is a depreciation allowance for the current year. The company has unabsorbed depreciation allowance for AY 2023-24 which is eligible for set off in the current financial year and onwards.

5. Availability of MAT credit u/s 115JAA of the Act

Any Company or person, who is paying taxes in accordance with the provisions of MAT for any of the years, then the amount of tax so paid in excess of the tax computed under normal computation for such year is treated as MAT credit eligible for set off in subsequent years when the tax under normal computation exceeds the tax under MAT. The credit eligible for set off shall not exceed the amount of tax in excess of the tax under MAT in such year.

The company has been paying taxes under MAT for more than 10 years now and therefore, it has accumulated a tax credit u/s 115JAA of the act to the tune of Rs. 82.45 crores upto AY 2023-24, which is eligible for set off in future. As the deductions available to the company under section 10AA of the Act are exhausted, higher tax deductions like weighted deductions for R&D expenses have reduced to 100% of capital expenditure going forward and deductions u/s 80-IA of the Act is going to be exhausted after 2 years, the tax liability under normal provisions in likely to go up, but the actual tax outgo will be restricted to tax under MAT provisions in view of the credit available under section 115JAA of the Act.

B. Tax benefits to the Shareholders under the Income Tax Act, 1961

1. Short term capital gains

As per Section 111A of the Income tax Act, short term capital gains arising from the sale / transfer of an equity share in a company through a recognised stock exchange in India and on which a securities transaction tax is paid shall be chargeable to tax at the rate 15% (plus applicable surcharge and 4% cess) provided short term capital gain exceeds the basic threshold exemption limit prescribed under the income tax act.

2. Long term capital gains

As per Section 112A, a long-term capital gain, without benefit of indexation, exceeding ₹ 1,00,000 arising from the sale / transfer of an equity share in company through a recognised stock exchange in India and on which a securities transaction tax is paid shall be chargeable to tax 10% (plus applicable surcharge and 4% cess).

As per the Income Tax act, securities listed on recognised stock exchange in India that are held for not more than 12 months before date of sale / transfer shall be considered for short term capital gains. If securities are held for more than 12 months before the date of sale / transfer, such securities shall be considered for long term capital gains.

3. Dividend

Income Dividend income earned by resident shareholders would be taxable in their hands at the applicable rates with the maximum surcharge to be levied @15% on tax amount even in case Taxable income for individuals exceeds 2 Crores. However, in case of domestic corporate shareholder, deduction under Section 80M of the Act would be available on fulfilling the conditions specified under the provision of the Act. Dividends received by non-resident shareholders would be taxed at the rate of 20% (plus applicable surcharge and education cess) or as the rate provided in the relevant tax treaty (provided the relevant documents are provided to avail treaty benefit).

As per Section 194 of the Act, the Company is required to deduct Tax at Source (commonly known as "TDS") on amount of dividend paid to resident shareholders. However, Individual shareholders receiving dividend less than ₹ 5,000 (in aggregate in a financial year) shall not be subject to TDS provisions. TDS paid to foreign companies or non-resident shareholders shall be deducted at the rate of 20% (plus applicable surcharge and education cess) or the rate provided in the relevant tax treaty (provided relevant documents are provided to avail treaty benefit).

C. Tax benefits to the Company under the Indirect Tax Acts

Benefits available to the Company under the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Goods and Services Tax (Compensation to States) Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended including relevant rules, notifications and circulars issued there under, the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy) (collectively referred to as "Indirect Tax Regulations") are as under:

The Company is engaged in the business of manufacturing of Formulations and development revenues, all of which are subject to Goods and Service Tax at applicable rates. Company is engaged in exporting goods and / services outside India and to Special Economic Zone. Special Tax benefit which company is availing in this regard is supplying such goods either without payment of tax under a Letter of Undertaking (LUT) OR on payment of Tax (IGST) under claim for refund.

The Company gets either benefit of duty drawback as per which the Company is eligible to claim a refund of non cenvatable import duty i.e. Basic Custom Duty and Social Welfare Surcharge paid on such imported inputs /item which is used in manufacturing of export goods.; or the Company gets a benefit under Scheme of Advance Authorisation. The scheme allows import of duty-free Inputs / goods which are used in the manufacture of goods which are physically / deemed exported. In case, IGST exemption is claimed under Advance Authorisation then the Company cannot opt for export of goods on payment of IGST. Besides, the above, the Company gets a benefit under Scheme of Remission of Duties or Taxes on Export products (RoDTEP) as per which, the Company gets a rebate of all duties and taxes on goods exported which have not been refunded under any other scheme as a certain percentage of FOB Value of exports (except in petroleum products).

D. Tax benefits to the Shareholder under the Indirect Tax Acts

There are no special indirect tax benefits available to the shareholders of the Company

LEGAL PROCEEDINGS

We are, from time to time, involved in various litigation proceedings in the ordinary course of our business. These legal proceedings are primarily in the nature of, among others, civil suits, criminal cases, arbitration proceedings, tax proceedings and regulatory and statutory actions. These legal proceedings may have been initiated by us or by other parties against us, and are pending at different levels of adjudication before various courts and tribunals. We assess each such legal proceeding filed by or against us and monitor the legal position on an ongoing basis.

Except as disclosed below, there are no outstanding legal proceedings which have been considered material in accordance with:

(i) our Company's 'Policy on Criteria for Determining Materiality of Events' framed in accordance with the SEBI Listing Regulations and adopted by our Board pursuant to its resolution dated December 1, 2015; and

*(ii) in accordance with the materiality threshold formed solely for the purpose of the Issue, where the amount involved is ₹79.23 lakh (1% of the average of the absolute value of profit or loss after tax for the last three completed Fiscals in accordance with the Audited Consolidated Financial Statements) or above ("**Materiality Threshold**") for legal proceedings involving our Company and Subsidiaries.*

Further, as of the date of this Preliminary Placement Document, except as disclosed hereunder, our Company, Subsidiaries, Directors, and Promoters are not involved in:

(i) any outstanding action (including show-cause notices) initiated by regulatory and statutory authorities (such as the SEBI, RBI or such similar authorities)

(ii) any disciplinary actions including penalties imposed by the SEBI and the Stock Exchanges;

(iii) any outstanding civil litigation exceeding the Materiality Threshold;

(iv) any outstanding criminal litigation; and

(v) any other litigation which may be considered material by our Company for the purposes of disclosure in this section of this Preliminary Placement Document, solely for the purpose of the Issue.

Further, as of the date of this Preliminary Placement Document, except as disclosed hereunder, our Company and our Subsidiaries are not involved in any tax proceedings. In this regard, a consolidated disclosure of all claims related to direct and indirect taxes (including show cause notices) involving our Company and our Subsidiaries, giving the number of cases and total amount, has been provided.

Further, this section of the Preliminary Placement Document also discloses:

(i) inquiries, inspections or investigations or penal action initiated or conducted (for which notices have been issued) under the Companies Act, 2013 or Companies Act, 1956 in the last three years involving our Company and our Subsidiaries, and any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years involving our Company and our Subsidiaries;

(ii) material frauds committed against our Company in the last three years, and if so, the action taken by our Company;

(iii) significant and material order passed by the regulators, courts and tribunals impacting the going concern status of our Company or its future operations;

(iv) defaults by our Company including the amount involved therein, duration of default and present status, in repayment of: (a) undisputed statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon;

(v) default in annual filing of our Company under the Companies Act, 2013 or the rules made thereunder; and

(vi) litigation or legal actions (including regulatory actions), pending or taken, by any ministry or department of the government or a statutory authority against the Promoters of our Company during the last three years, and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Subsidiaries, Promoters or Directors as the case may be, have not been considered as litigation until such time that the above mentioned entities or individuals are not impleaded as a defendant in litigation proceedings before any judicial forum. All terms defined herein in a particular litigation disclosure pertain to that litigation only.

I. *Litigation involving our Company*

Criminal proceedings against our Company

1. The Karnataka State Pollution Control Board, Raichur, a statutory body constituted under Section 4 of the Water (Prevention and Control of Pollution) Act, 1974, (the "**KSPCB**"), filed a complaint dated August 29, 2019, before the Principal Senior Civil Judge and Chief Judicial Magistrate, Raichur, under Section 200 of the Code of Criminal Procedure, 1973 against our Company and Sharath Reddy Kalakota, our Whole-time Director, in his capacity as a representative of the Company. KSPCB alleged that our Company has violated the provisions of the Environment Impact Assessment Notification, 2006 and Sections 15 and 19 of the Environment Protection Act, 1986 by not obtaining the requisite prior environmental clearance in relation to the consent of establishment for change in product mix. The matter is currently pending.

2. A complaint dated November 18, 2016 (the "**Complaint**") has been filed by the Assistant Director of Factories, Raichur, Karnataka against Vishnukant Chaturbhuj Bhutada, our Managing Director and Sharath Reddy Kalakota, our Whole-time Director, in their capacity as representatives of our Company (collectively, the "**Accused**") before the court of chief judicial magistrate, Raichur (the "**CJM Court**"), under Section 105 of Factories Act, 1948 (the "**Factories Act**") and the Karnataka Factories Rules, 1969, read with Section 200 of the Code of Criminal Procedure, 1973. It has been alleged in the Complaint that safe operation methods were not adopted including mechanical/hydraulic means of arrangements for shifting the position of the drying isolator, among others, which was alleged to be in contravened of Section 7A(2)(c) of the Factories Act punishable under Section 92 of the Factories Act. The matter is currently pending.

3. A complaint dated June 6, 2018 has been filed by the Assistant Director of Factories, Raichur, Karnataka against Vishnukant Chaturbhuj Bhutada, our Managing Director and Sharath Reddy Kalakota, our Whole-time Director, in their capacity as representatives of our Company (collectively, the "**Accused**") before the court of the Chief Judicial Magistrate, Raichur (the "**CJM Court**") under Section 200 of the Code of Criminal Procedure, 1973, praying for prosecution of the Accused under the Factories Act, 1948 (the "**Factories Act**") and the Karnataka Factories Rules, 1969, complaint, alleging that the spillover of hot water containing potassium sulphate traces on our factory premises led to the death of a worker. The matter is currently pending.

4. The Telangana State Pollution Control Board (the "**Complainant**") filed a complaint dated October 24, 2017 under section 277 of the Indian Penal Code and section 24 read with section 43 of the Water (Prevention and Control for Pollution) Act, 1974 against our Company and Vishnukant Chaturbhuj Bhutada, our Managing Director, in his capacity as a representative of the Company, before the Judicial Magistrate, First Class at Jadcherla, in relation to ground water pollution caused by the pharma units of the Company at Jadcherla, Mahabubnagar which was causing health problems to the residents owing to contamination of borewell. Subsequently, the Company filed a petition under section 239 of the Code of Criminal Procedure, 1973 (the "**CrPC**"), before the Additional Judicial Magistrate, First Class at Jadcherla, seeking discharge from the aforementioned offences which was later dismissed pursuant to an order dated March 27, 2023 (the "**AJM Order**"). Thereafter, a criminal revision petition was filed by our Company on June 7, 2023 against the AJM Order under sections 396 and 397 of the CrPC before the District and Sessions Judge, Mehboobnagar. The matter is currently pending.

Criminal proceedings by our Company

1. Our Company has filed a complaint dated October, 2018 before the Metropolitan Magistrate, 33rd court, Ballard Pier, Mumbai, Maharashtra (the "**Court**") under section 138 of the Negotiable Instruments Act, 1881 ("**NI Act**") in relation to dishonour of cheques issued by Veeravalli Rama Devi (the "**Accused**"), aggregating to ₹1.72 lakh. Subsequently, on June 14, 2023, the Court charged the Accused with the offence punishable under section 138 of the NI Act. The matter is currently pending.

2. Our Company has filed a complaint dated May, 2019 before the Metropolitan Magistrate, 33rd court, Ballard Pier, Mumbai, Maharashtra (the "**Court**") under section 138 of the Negotiable Instruments Act, 1881 ("**NI Act**") in relation to dishonour of a cheque issued by Poonam Shah (the "**Accused**"), aggregating to ₹3.01 lakh. The matter is currently pending.

3. For details relating to complaint filed by the Company against the Celltrion, Inc. and its representatives for criminal breach of trust and cheating under the Indian Penal Code, 1860, see "*–Material litigation against our Company*" on page 241.

Actions and Proceedings initiated by statutory/regulatory authorities

1. Please see "*I. Litigation involving our Company– Criminal proceedings against our Company*" on page 240 for details in relation to the proceedings initiated by Assistant Director of Factories, Raichur, Karnataka against our Company and, Vishnukant Chaturbhuj Bhutada, our Managing Director and Sharath Reddy Kalakota, our Whole-time Director, in their capacity as representatives of our Company.

2. Please see "*I. Litigation involving our Company– Criminal proceedings against our Company*" on page 240 for details in relation to the proceedings initiated by Karnataka State Pollution Control Board, Raichur against our Company and Sharath Reddy Kalakota, our Whole-time Director, in his capacity as a representative of our Company.

3. Please see "*I. Litigation involving our Company– Criminal proceedings against our Company*" on page 240 for details in relation to the proceedings initiated by Telangana State Pollution Control Board against our Company and, Vishnukant Chaturbhuj Bhutada, our Managing Director, in his capacity as a representative of our Company.

Material litigation against our Company

1. Celltrion, Inc., a company incorporated in the republic of Korea (the "**Claimant**"), initiated arbitration proceedings against our Company before a sole arbitrator (the "**Arbitrator**") before the International Court of Arbitration, International Chamber of Commerce (the "**ICC Court**"), in relation to a dispute arising out of a manufacturing, license, supply and distribution agreement dated September 9, 2019 between our Company and the Claimant (the "**MDA**"), for an overall claim of ₹6,169.94 lakh (equivalent of $7,399,781.38 at the exchange rate of $1 = ₹83.38* as at March 31, 2024). In accordance with the terms of the MDA, our Company granted the Claimant a non-exclusive right to market certain products (the "**Products**") manufactured by our Company. The Products were supplied to the Claimant to enable the Claimant to distribute them in the U.S., after which the Claimant issued several purchase orders for the Products. Pursuant to a request letter dated February 7, 2020, the Claimant requested the Company to terminate the MDA in relation to three of the Products due to the supply price of the three products being higher than the market selling price.

   Thereafter, the U.S. FDA conducted an inspection of a manufacturing facility of our Company in February 2020 and issued its observations. Further, the Company also received a warning letter dated October 9, 2020 (the "**Warning Letter**") and an import alert letter dated February 17, 2021 from the U.S. FDA noting that there were violations of current good manufacturing practice regulations for finished pharmaceuticals.

   The Arbitrator passed an arbitration award dated January 22, 2024, directing the Company to, *inter alia*, pay ₹3,315.27 lakh (equivalent of $37,60,214.91 at the exchange rate of $1 = ₹83.38* as at March 31, 2024), as damages for breach of contract, which includes ₹587.20 lakh (equivalent of $704,250 at the exchange rate of $1 = ₹83.38* as at March 31, 2024) towards expenses, along with interest on such damages.

   Our Company, on January 31, 2022, filed a complaint against the Claimant, its directors, key managerial personnel among others, before the Joint Commissioner of Police, Economic Offenses Wing, Mumbai. The Company alleged commission of various offences by the Claimant including criminal breach of trust and cheating under the Indian Penal Code, 1860. It was alleged that, in view of the MDA, the Claimant failed to stand up to their commercial forecasts and business plans and pay the outstanding amount of ₹1,679.91 lakh and blamed the quality of goods and fraudulently denied making payments on the pretext of latent defects in certain products provided by the Company under the MDA. The matter is currently pending.

   ** Source: www.rbi.org.in and* www.fbil.org.in

2. Arrow Coated Products Limited (the "**Plaintiff**") filed a suit for permanent injunction dated December 21, 2015 against our Company, our Subsidiary, Shilpa Therapeutics Private Limited and another (the "**Defendant**") before the High Court of Delhi at New Delhi praying, inter alia, that the Defendants and their representatives be restrained from using the Plaintiff's patented process (the "**Patent**") and to award damages of ₹200.00 lakh to the Plaintiff on account of the Defendants infringing the Patent. The matter is currently pending.

Material litigation by our Company

1. Our Company (the "**Plaintiff**") filed a commercial civil suit against Veeda Clinal Research Private Limited, a company engaged in the business of undertaking clinical trials for pharmaceuticals and biotechnology industries (the "**Defendant**"), before the commercial Court at Ahmedabad, Gujarat (the "**Court**"). There was an understanding by virtue of which, the Plaintiff would undertake a clinical trial of bioequivalence study of Capecitabine tablet 500 mg (manufactured by the Plaintiff) with Xeloda (Capecitabine) tablet 500 mg (manufactured by Roche Registration Limited) (the "**Clinical Trial**"), a dossier of which had to be filed before the EU regulatory authorities. The Defendant represented to have expertise in such clinal trials believing which, the Plaintiff requested a quotation and they subsequently entered into a project agreement dated July 3, 2014 (the "**Agreement**"). As per the terms of the Agreement, it was the Defendant's obligation to comply with certain guidelines and practices including ICMR, EMEA.

   After the final report of the Clinical Trial was submitted by the Defendant to the Plaintiff, the report was submitted to the EU authorities after which they raised certain queries. Subsequently, an investigation was conducted which showed some irregularities on conducting the Clinical Trial.

   The Plaintiff accused the Defendant of breach of Agreement and prayed before the Court to award, *inter alia,* damages amounting to ₹10,188.44 lakh. In relation to this, a civil suit was filed by the Plaintiff before the Court praying for damages to be awarded to the Plaintiff. The matter is currently pending.

II. Litigation involving our Subsidiaries

Criminal proceedings by our Subsidiaries

1. Our Subsidiary, Shilpa Therapeutics Private Limited, has filed a complaint in March 2019 before the Additional Metropolitan Magistrate, Cyberabad under section 138 of the Negotiable Instruments Act, 1881 in relation to dishonour of cheques issued by Dom Pharma Private Limited and Chaitanya Mehta, aggregating to ₹9.43 lakh. The matter is currently pending.

2. Our Subsidiary, Shilpa Pharma Lifesciences Limited has filed two complaints dated December 1, 2023 and January 23, 2024 before the Judicial Magistrate, First Class-III, Raichur and Judicial Magistrate, First Class-IV, Raichur, respectively under section 138 of the Negotiable Instruments Act, 1881 in relation to dishonour of cheques issued by Roseate Medicare, aggregating to ₹6.00 lakh. The matter is currently pending.

Material litigation involving our Subsidiaries

Please see "*–Material litigation against our Company*" on page 241 for details in relation to the injunction application filed by Arrow Coated Products Limited against our Company and our Subsidiary, Shilpa Therapeutics Private Limited.

III. *Litigation involving our Directors*

Criminal proceedings and actions and proceedings initiated by statutory/regulatory authorities against our Directors

1. Please see "*I. Litigation involving our Company–Criminal proceedings against our Company*" on page 240 for details in relation to the proceedings initiated by Assistant Director of Factories, Raichur, Karnataka against our Company and, Vishnukant Chaturbhuj Bhutada, our Managing Director and Sharath Reddy Kalakota, our Whole-time Director, in their capacity as representatives of our Company.

2. Please see "*I. Litigation involving our Company–Criminal proceedings against our Company*" on page 240 for details in relation to the proceedings initiated by Karnataka State Pollution Control Board, Raichur against our Company and Sharath Reddy Kalakota, our Whole-time Director, in his capacity as a representative of our Company.

3. Please see "*I. Litigation involving our Company– Criminal proceedings against our Company*" on page 240 for details in relation to the proceedings initiated by Telangana State Pollution Control Board against Vishnukant Chaturbhuj Bhutada, our Managing Director, in his capacity as a representative of our Company.

IV. *Litigation involving our Promoters*

Criminal proceedings and actions and proceedings initiated by statutory/regulatory authorities against our Directors

1. Please see "*I. Litigation involving our Company–Criminal proceedings against our Company*" on page 240 for details in relation to the proceedings initiated by Assistant Director of Factories, Raichur, Karnataka against Vishnukant Chaturbhuj Bhutada, our Managing Director and one of our Promoters, and Sharath Reddy Kalakota, our Whole-time Director, in their capacity as representatives of our Company.

2. Please see "*I. Litigation involving our Company–Criminal proceedings against our Company*" on page 240 for details in relation to the proceedings initiated by Telangana State Pollution Control Board against our Company and, Vishnukant Chaturbhuj Bhutada, our Managing Director and one of our Promoters, in his capacity as a representative of our Company.

V. *Tax proceedings*

Except as disclosed below, there are no claims related to direct and indirect taxes involving our Company and our Subsidiaries.

Nature of case	Number of cases	Amount involved (in ₹ lakh)
Company		
Direct tax	Nil	-
Indirect tax	2	3,126.32
Total (A)	**2**	**3,126.32**
Subsidiaries		
Direct tax	Nil	-
Indirect tax	1	300.00
Total (B)	**1**	**300.00**
Total (A)+(B)	3	3,426.32

VI. *There are no litigation, inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 against our Company and / or our Subsidiaries in the last three years preceding the year of this Preliminary Placement Document.*

VII. *There are no prosecutions filed against, fines imposed on, or compounding of offences by our Company and/or our Subsidiaries under the Companies Act, 2013 or the Companies Act, 1956 in the last three years preceding the year of this Preliminary Placement Document.*

VIII. *There are no material frauds committed against our Company in the last three years preceding the date of this Preliminary Placement Document.*

IX. *There are no defaults by our Company (on a consolidated basis) in respect of repayment of (i) undisputed statutory dues; (ii) debentures (including interest thereon); (ii) deposits (including interest thereon); and (iv) loans (including interest thereon), as at the date of this Preliminary Placement Document.*

X. *There are no litigations or legal actions pending or taken against our Promoters by any Ministry or Department of the Government or any statutory authority in the last three years immediately preceding the year of circulation of this Preliminary Placement Document and there are no directions issued by such Ministry or Department of the Government or statutory authority upon conclusion of such litigation or legal action.*

XI. *There are no defaults in submitting the annual filings under the Companies Act, 2013 or Companies Act, 1956 or rules made thereunder.*

XII. *Neither us, nor our Promoters or Directors are willful defaulters or fraudulent borrowers as at the date of this Preliminary Placement Document.*

XIII. *As at the date of this Preliminary Placement Document, none of the Directors of our Company are fugitive economic offenders.*

XIV. *There are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations.*

XV. ***There are no reservations or qualifications or adverse remarks of auditors of our Company in the last five financial years immediately preceding the year of this Preliminary Placement Document.***

OUR STATUTORY AUDITORS

Our Company's Statutory Auditors, Bohara Bhandari Bung and Associates LLP, Chartered Accountants, are independent auditors with respect to our Company, in accordance with the Companies Act, 2013 and in accordance with the guidelines issued by the ICAI, and have been appointed pursuant to our Shareholders approval at the AGM held on September 28, 2022, for a term of five years until the conclusion of the 40th AGM of our Company. The peer review certificate of our Company's Statutory Auditors, Bohara Bhandari Bung and Associates LLP, Chartered Accountants, validly exists as at the date of this Preliminary Placement Document.

The audited consolidated financial statements of our Company as at and for the financial year ended March 31, 2023 have been audited by our Statutory Auditors and the Unaudited H1FY2024 Financial Statements and the Unaudited Q3FY2024 Financial Results have been subjected to limited review by our Statutory Auditors.

The audited consolidated financial statements of our Company as at and for the financial years ended March 31, 2022 and March 31, 2021 had been audited by Brahmayya & Co., Chartered Accountants, Chartered Accountants, our prior statutory auditors.

GENERAL INFORMATION

- Shilpa Medicare Limited is a public limited company listed on the Stock Exchanges, originally incorporated as "*Shilpa Antibiotics Private Limited*", a private limited company, under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated November 20, 1987, issued by the RoC. The name of the Company was subsequently changed to "*Shilpa Antibiotics Limited*", upon conversion of our Company from a private limited to a public limited company, pursuant to a Shareholders' resolution dated October 30, 1993, and a fresh certificate of incorporation was issued on November 3, 1993, by the RoC. Further, pursuant to a board and shareholders' resolution, each dated September 30, 2002, and a fresh certificate of incorporation dated December 13, 2002, issued by the RoC, the name of the Company was changed to "*Shilpa Medicare Limited*".

- Our Registered and Corporate Office is located at 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur, 584 135, Karnataka, India.

- Our CIN is L85110KA1987PLC008739. The website of our Company is www.vbshilpa.com.

- The Equity Shares are listed and permitted to trade on BSE and NSE since June 19, 1995, and December 3, 2009, respectively.

- The Issue was authorized and approved by our Board of Directors on February 8, 2024. Our Shareholders have approved the Issue by way of a postal ballot in a special resolution on March 14, 2024.

- Our Company has received in-principle approvals in terms of Regulation 28(1) of the SEBI Listing Regulations from each of the BSE and the NSE on April 5, 2024, to list the Equity Shares issued pursuant to the Issue on the Stock Exchanges. We will apply for final listing and trading approvals of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges after Allotment of the Equity Shares in the Issue.

- Copies of our Memorandum of Association and Articles of Association will be available for inspection between 10:00 am to 5:00 pm on any weekday (except Saturdays and public holidays) during the Issue Period at our Registered and Corporate Office.

- Except as disclosed in this Preliminary Placement Document, there has been no material change in the financial or trading position of our Company since December 31, 2023, the date of the latest Unaudited Q3FY2024 Financial Results included in this Preliminary Placement Document.

- The Floor Price is ₹477.33 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations. Our Company has also offered a discount of ₹[●] (being equivalent to [●]% of the Floor Price) per Equity Share in accordance with the approval of our Shareholders accorded through their special resolution passed on March 14, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

- Our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue.

- Except as disclosed in this Preliminary Placement Document, there are no material litigation or arbitration proceedings pending against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which may have a material adverse effect on the Issue. For further details, see "*Legal Proceedings*" on page 239.

- The Company and the Lead Manager accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including our website, would be doing it at their own risk.

- No change in control in our Company will occur consequent to this Issue. Our Company is in compliance with the minimum public shareholding requirements as required under the SEBI Listing Regulations and Rule 19A of the SCRR.

- In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed India Ratings and Research Private Limited as the Monitoring Agency, for monitoring the utilisation of the proceeds in relation to the Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

- Ritu Tiwary is the Company Secretary and Compliance Officer of our Company. Her details are as follows:

  Ritu Tiwary
  12-6-214/A1, Shilpa House
  Hyderabad Road, Raichur
  Karnataka 584135, India
  Tel: +91 85322 38704
  Email: cs@vbshilpa.com

PROPOSED ALLOTTEES

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment of Equity Shares pursuant to this Issue shall be made by our Company, in consultation with the Lead Manager, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue and the percentage of post-Issue capital that may be held by them is set forth below.

S. No.	Name of the proposed Allottees	Percentage of the post-Issue share capital held (%)^
1.	[●]	[●]
2.	[●]	[●]
3.	[●]	[●]

^ *Based on beneficiary position as at [●], 2024 and adjusted for Equity Shares Allocated in the Issue.*

Note: Subject to receipt of funds and Allotment in the Issue. The above table has been intentionally left blank and shall be updated in the Placement Document.

FINANCIAL INFORMATION

Independent Auditor's Review Report on the Quarterly Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of Shilpa Medicare Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Shilpa Medicare Limited ("the Parent"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates for quarter ended December 31, 2023, and the consolidated year to date results for the period 1 April 2023 to 31 December 2023, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').

2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ('Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

Bohara Bhandari Bung And Associates LLP
Firm Regn. No. 008127S/S-200013
Chartered Accountants

Head Office :12-10-89/1, 2nd floor, Anagha Complex, Above Canara Bank, Sath Kacheri Road, Raichur-584101, Email : raichur@bbbassociates.com
Branch office : 104/2, 1st floor, Above Foam Products, Opp: Gem Plaza, Infantry Road, Bengaluru-560001, Email : bangalore@bbbassociates.com

4. The Statement includes the results of the following subsidiaries / Associates / Joint Ventures:

A) Subsidiaries

i. Shilpa Pharma Lifesciences Limited (formerly known as Shilpa Corporate Holdings Private Limited)
ii. Shilpa Therapeutics Private Limited
iii. INM Technologies Private Limited
iv. INM Nuvent Paints Private Limited (Step down subsidiary)
v. Shilpa Biologicals Private Limited
vi. Shilpa Biocare Private Limited (Formerly known as "Shilpa Albumin Private Limited"
vii. Vegil Labs Private Limited
viii. Shilpa Lifesciences Private Ltd (Step down subsidiary)
ix. FTF Pharma Private Limited
x. Makindus, Inc
xi. Koanaa Healthcare Limited, UK
xii. Koanaa Healthcare Limited, Austria
xiii. Koanna Healthcare Canada Inc
xiv. Indo Biotech SDN.BHD, Malaysia
xv. Koanna International FZ-LLC, Dubai
xvi. Koanna Healthcare, Spain S.L
xvii. Shilpa Pharma Inc
xviii. Pilnova Pharma Inc

B) Joint Venture

i. Reva Medicare Private Limited
ii. Sravathi Advance Process Technologies Private Limited
iii. Sravathi AI Technologies Private Limited

C) Associates

i. MAIA Pharmaceuticals, Inc
ii. Reva Pharmachem Private Limited
iii. Auxilla Pharmaceuticals and Research LLP

5. We draw your attention to note no 8 in respect of unfavourable foreign arbitration award of Rs.35.96 crs dated 22.01.2024 towards breach of contract, interest upto the award date and legal cost awarded to Celltrion Inc, which the company is proposing to challenge based on the legal advice. Hence the management is of the view that no provision is required as of now in respect of this matter in the Financial Statements.

Our opinion in not modified in respect of this matter.

Bohara Bhandari Bung And Associates LLP Chartered Accountants Firm Regn. No. 008127S/ S-200013

6. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. We did not review the interim financial statements of two (02) subsidiaries included in the consolidated unaudited financial results, whose interim financial statements reflect as follows,

Particulars	Quarter ended December 31,2023	9 months ended December 31, 2023
Total Assets	7,521.79	7,521.79
Total Revenue	776.68	2,316.51
Total Net profit/(loss) after tax	28.35	103.92
Total Comprehensive Income	29.40	107.08
Total Cash Flow / (Outflow) (net)	-	(52.62)

The statement also includes Group's share of net profit/ (loss) after tax and total comprehensive profit/ (loss) of Rs. (13.32) and (126.90) Lakhs for the quarter & 9 months ended as at 31st December, 2023, respectively as considered in the statement, in respect of one (01) Associate company.

These above interim financial statements have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and joint ventures is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matters.

8. The accompanying statement includes the unaudited financial results of Nine (09) subsidiaries, whose interim financial results reflects as follows,

Particulars	Quarter ended December 31,2023	9 months ended December 31, 2023
Total Assets	4281.64	4281.64
Total Revenue	270.22	1110.29
Total Net profit/(loss) after tax	(315.20)	(104.45)
Total Comprehensive Income	(315.20)	(104.45)
Total Cash Flow / (Outflow) (net)	-	(23.66)

Bohara Bhandari Bung And Associates LLP
Firm Regn. No. 008127S/ S-200013
Chartered Accountants

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Branch office : 104/2, 1st floor, Above Foam Products, Opp: Gem Plaza, Infantry Road, Bengaluru-560001, Email : bangalore@bbbassociates.com

The unaudited interim financial results and other unaudited financial information of these subsidiaries have not been reviewed by any auditor and have been approved and furnished to us by the Management and our conclusion on the statement, in so far as it relates to the affairs of these subsidiaries is based solely on such unaudited interim financial results and other unaudited financial information. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

Our conclusion on the statement is not modified in respect of the above matter.

9. In case of one (01) foreign associate, interim financial statements for the quarter and 9 months ended December 31, 2023 are not concluded and have not been furnished to us by the Management, and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts included in respect of this associate is based solely on the information available for the period ended September 30, 2023. According to the information and explanations given to us by the Management, this interim financial information is not material to the Group.

Our conclusion on the statement is not modified in respect of the above matter.

For Bohara Bhandari Bung And Associates LLP
Chartered Accountants
Firm Regn No.008127S/S200013

Bohara Bhandari Bung And Associates LLP
Firm Regn. No. 008127S/ S-200013
Chartered Accountants

CA.Yogesh .R. Bung
Partner
M.No.143932

Place: Raichur

Date: 08-02-2024

UDIN: 24143932BKAEJR6273

Head Office :12-10-89/1, 2nd floor, Anagha Complex, Above Canara Bank, Sath Kacheri Road, Raichur-584101, Email : raichur@bbbassociates.com
Branch office : 104/2, 1st floor, Above Foam Products, Opp: Gem Plaza, Infantry Road, Bengaluru-560001, Email : bangalore@bbbassociates.com

Shilpa Medicare Limited

Innovating for affordable healthcare

Registered office : # 12-6-214/A-1, Hyderabad Road, Raichur -584135

Website - www.vbshilpa.com, Email - info@vbshilpa.com. ,Telephone -+91-8532-238494

CIN No. - L85110KA1987PLC008739

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2023

(Rs. In Lakhs, except per equity share data)

Sl No.	Particulars	Quarter ended			Nine months ended		Previous year ended
		31.12.2023	30.09.2023	31.12.2022	31.12.2023	31.12.2022	31.03.2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	Revenue from operations	28,648.17	31,297.68	26,249.74	85,963.32	78,655.92	1,05,011.24
	a) Net Sales/income from operations	24,059.93	26,968.18	24,627.79	70,798.28	72,681.15	96,689.66
	b) Service Income and License fees	4,588.24	4,329.50	1,621.95	15,165.04	5,974.77	8,321.58
	Other Income	221.45	180.85	273.89	595.40	1,522.67	1,739.97
	Total Income	28,869.63	31,478.53	26,523.63	86,558.72	80,178.59	1,06,751.21
2	Expenses						
	a) Cost of material consumed	10,599.63	12,200.64	8,374.73	32,315.46	28,864.81	37,043.76
	b) Purchase of stock-in-trade	383.90	475.77	(77.44)	1,265.73	2,216.44	3,398.52
	c) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(1332.01)	(97.85)	2,255.27	(2533.60)	1,564.83	1,150.02
	d) Employee benefits expense	6,907.15	7,309.47	6,851.15	21,504.29	21493.15	28,733.09
	e) Finance cost	2,621.77	2,323.67	1,785.47	6,760.56	4091.33	5,865.21
	f) Depreciation and amortisation expenses	2,670.92	2,778.96	2,407.94	8,124.48	6980.82	9,549.90
	g) Other expenses	5,495.01	5,379.93	5,717.27	15,995.28	18111.12	24,457.70
	Total Expenses	27,346.38	30,370.59	27,314.39	83,432.21	83,322.50	1,10,198.20
3	Profit before share of profit of joint venture and associates, exceptional items and tax (1)- (2)	1,523.25	1,107.94	(790.76)	3,126.50	(3143.91)	(3446.99)
4	Share of Profit / (loss) of Joint venture and associates, net of tax	(106.74)	(190.76)	32.61	(463.81)	(260.28)	(380.97)
5	Profit before tax and exceptional items (3-4)	1,416.51	917.18	(758.15)	2,662.69	(3404.19)	(3827.96)
6	Exceptional items-(Income)/Expenses)	-	-	-	-	-	-
7	Profit Before Tax (5+6)	1,416.51	917.18	(758.15)	2,662.69	(3404.19)	(3827.96)
8	Tax Expense	946.42	759.70	(95.83)	1,917.47	(1118.23)	(736.36)
	-Current tax	1,273.16	1,293.69	645.48	3,451.46	2,325.28	3,413.10
	-Deferred tax (Net of MAT credit)	(326.74)	(533.99)	(741.31)	(1533.99)	(3443.51)	(4149.46)
9	Profit for the Period / year before non-controlling interest (7)-(8)	470.09	157.48	(662.32)	745.23	(2285.96)	(3091.60)
10	Share of (loss)/profit attributable to non-controlling interest	(12.03)	3.69	0.34	(8.09)	(157.46)	(156.04)
11	Profit after taxes attributable to owners of the Parent Company for the period / year (9-10)	458.06	161.17	(661.98)	737.14	(2443.42)	(3247.64)
12	Other comprehensive income (OCI)						
	A. Items that will not be reclassified subsequently to profit or loss						
	Remeasurement of the defined benefit liability/asset Gain/(Loss) (net of tax)	1.05	1.05	0.52	3.16	148.49	322.64
	B. Items that will be reclassified subsequently to profit or loss						
	Gain / (Loss) on derivative instrument (net of tax)	-	-	-	-	-	-
	Total other comprehensive income(net of tax)(A+B)	1.05	1.05	0.52	3.16	148.49	322.64
13	Total comprehensive income for the period / year (11)+(12)	459.12	162.22	(661.46)	740.30	(2294.93)	(2925.00)
14	Paid up equity share capital (par Value Rs.1/- each, fully paid)	868.02	868.02	868.02	868.02	868.02	868.02
15	Reserves i.e other equity						1,77,459.68
16	Earnings per equity share (par value Rs.1/-each)	(Notannualised)	(Not annualised)	(Not annualised)	(Not annulised)	(Not annualised)	(Annualised)
	Basic (Rs.)	0.53	0.19	(0.76)	0.85	(2.81)	(3.74)
	Diluted (Rs.)	0.53	0.19	(0.76)	0.85	(2.81)	(3.74)

Shilpa Medicare Limited RAICHUR

Notes:

1 The above unaudited standalone and consolidated financial results for the quarter and nine months ended December 31, 2023 in respect of Shilpa Medicare Limited ("the Company") have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on February 08, 2024. The above results have been subject to limited review by the statutory auditors of the Company. The statutory auditors have expressed an unmodified opinion on the said results.

2 These financial results have been prepared in accordance with Indian Accounting Standards ('Ind-AS') notified under section 133 of the Companies Act, 2013 read with the relevant rules there under and in terms of Regulation 33 of SEBI (Listing Obligation and Other Disclosure Requirements) Regulations,2015 (as amended).

3 Exceptional loss in current quarter ended December 31, 2023 of Rs 11.83 Lakhs and previous quarter ended September 30, 2023 of Rs 21.17 Lakhs in standalone continued operations is on account of provision for impairment loss of interest accrued but not received & exchange flucuation on advance reinstating of Koanna International FZ LLC, Dubai, a wholly owned foreign subsidiary

4 Exceptional loss in current nine months ended December 31, 2023 of Rs.666.74 Lakhs in standalone continued operations is on account of provision for impairment losses on account of investment in, advance to and interest accrued but not received from Koanna International FZ LLC, Dubai, a wholly owned foreign subsidiary

5 Exceptional loss in previous year nine months ended December 31, 2022 of Rs.58.53 lakhs in continued operations is on account of write off of investment in Zatoria Holdings Ltd, a wholly owned foreign subsidiary which has been struck off in register under the companies law, Repulic of Cyprus w.e.f September 23, 2022

6 Exceptional loss for the previous year ended March 31, 2023 of Rs.1,554.65 Lakhs in standalone continued operations is on account of:

a. Rs.54.65 Lakhs investment write off in Zatortia Holdings Ltd, a wholly owned foreign subsidiary

b. Rs.1,000.00 Lakhs provision towards impairment lossses on account of investment in and advance to Koanna Healthcare GmbH, Austria, a wholly owned foreign subsidiary

c. Rs.500.00 Lakhs provision towards impairment lossses on account of investment in and advance to Koanna Healthcare Limited, United Kingdom, a wholly owned foreign subsidiary

7 On 30 June, 2022, the Company had completed the transfer of the Company's Active Pharmaceuticals Ingredient (API) business to Shilpa Pharma Lifesciences Limited, a wholly owned subsidiary of the Company for a consideration of Rs. 48,630.00 lakhs (Final consideration being Rs.47,228.00 lakhs after making working capital and other customary adjustments during the previous year quarter ended September 30, 2022).

During the previous year quarter ended September 30, 2022, the Company has recalculated the gain on transfer of its API division under slump sale to its wholly owned subsidiary Company. This has resulted in decrease in the earlier recognised gain of Rs.6,292.51 lakhs in the previous year quarter ended June 30, 2022 by Rs.1,054.00 Lakhs. The said gain is exceptional in nature and been disclosed under the discontinued operations in previous year nine months ended December 31, 2022 and previous year ended March 31, 2023 in standalone financials.

Accordingly, results of API business for the previous year's nine months ended December 31, 2022 and previous year ended March 31, 2023 has been disclosed as discontinued operations in the standalone results.

INR in Lakhs

Particulars	Quarter ended			Nine months ended		Previous year ended
	31.12.2023	30.09.2023	31.12.2022	31.12.2023	31.12.2022	31.03.2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total Income from third parteis	-	-	-	-	18,545.27	18,545.27
Inter Company sales to units in continuing operations	-	-	-	-	1,221.47	1,221.47
Total income	-	-	-	-	**19,766.74**	**19,766.74**
Total Expense	-	-	-	-	17,910.49	17,910.49
Profit Before tax and exceptional gain from discontinued operation	-	-	-	-	**1,856.25**	**1,856.25**
Exceptional gain on disposal of API business	-	-	-	-	5,238.96	5,238.96
Profit before tax from discontinued operations for the period	-	-	-	-	**7,095.21**	**7,095.21**
Tax (expense) /credit of discontinued operations	-	-	-	-	3,572.38	3,572.38
Profit for the period from discontinued operations	-	-	-	-	10,667.59	**10,667.59**

There is Nil tax impact on the Exceptional Gain made from slump sale of one of its Business undertakings to its 100% wholly owned subsidiary U/S 47(iv) of the Income Tax Act, 1961

8 The ICC International Court of Arbitration, London in terms of its Order dated 22nd January 2024 has pronounced an arbitration award for breach of contract including interest and legal cost aggregating to approx Rs.35.96 crs ($4.33 Mn) to Celltrion Inc upto 22.01.2024 plus interest till date of payment. The Company is legally advised that it has sufficient grounds to challenge the order at appropriate forum and is proposing to act according to the legal advice and hence the ultimate outcome of the order cannot be determined presently. Therefore, the management is of the view that no provision is deemed necessary as of now in respect of this matter in the Financial Statements and the same is disclosed as a contingent liability.

9 The Operating segment of the Company is " Pharmaceuticals", as the Chief Operating Decision Maker reviews business performance at an overall Company level as one segment . Therefore, segment reporting as per Ind-AS 108 is not applicable to the Company.

10 Prior period/year figures have been reclassified wherever required to conform to the classification of the current period/year.

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

Omprakash Inani
Chairman
DIN:01301385

Shilpa Medicare Limited RAICHUR

Date: 08.02.2024
Place: Raichur

Independent Auditor's Review Report on the Quarterly Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of Shilpa Medicare Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of **Shilpa Medicare Limited** ("the Parent"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), for quarter and half year ended 30th September 2023 ("the Statement"), being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

Bohara Bhandari Bung And Associates LLP
Firm Regn No
008127S/
S-200013
Chartered Accountant

Head Office :12-10-89/1, 2nd floor, Anagha Complex, Above Canara Bank, Sath Kacheri Road, Raichur-584101, Email : raichur@bbbassociates.com
Branch office : 104/2, 1st floor, Above Foam Products, Opp: Gem Plaza, Infantry Road, Bengaluru-560001, Email : bangalore@bbbassociates.com

4. The Statement includes the results of the following subsidiaries / Associates / Joint Ventures:

A) Subsidiaries

i. Shilpa Pharma Lifesciences Limited (formerly known as Shilpa Corporate Holdings Private Limited)
ii. Shilpa Therapeutics Private Limited
iii. INM Technologies Private Limited
iv. INM Nuvent Paints Private Limited (Step down subsidiary)
v. Shilpa Biologicals Private Limited
vi. Shilpa Biocare Private Limited (Formerly known as "Shilpa Albumin Private Limited"
vii. Vegil Labs Private Limited
viii. Shilpa Lifesciences Private Ltd (Step down subsidiary)
ix. FTF Pharma Private Limited
x. Makindus, Inc
xi. Koanaa Healthcare Limited, UK
xii. Koanaa Healthcare Limited, Austria
xiii. Koanna Healthcare Canada Inc
xiv. Indo Biotech SDN.BHD, Malaysia
xv. Koanna International FZ-LLC, Dubai
xvi. Koanna Healthcare, Spain S.L
xvii. Shilpa Pharma Inc

B) Joint Venture

i. Reva Medicare Private Limited
ii. Sravathi Advance Process Technologies Private Limited
iii. Sravathi AI Technologies Private Limited

C) Associates

i. MAIA Pharmaceuticals, Inc
ii. Reva Pharmachem Private Limited
iii. Auxilla Pharmaceuticals and Research LLP

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Bohara Bhandari Bung And Associates LLP
Firm Regn.No
008127S/
S-200013
Chartered Accountant

6. We did not review the interim financial statements of two (02) subsidiaries included in the consolidated unaudited financial results, whose interim financial statements reflect as follows,

Particulars	Quarter ended September 30,2023	Half year ended September 31, 2023
Total Assets	7,643.28	7,643.28
Total Revenue	954.23	1,539.83
Total Net profit/(loss) after tax	(42.94)	75.57
Total Comprehensive Income	(41.89)	77.68
Total Cash Flow / (Outflow) (net)	-	35.10

The statement also includes Group's share of net profit/ (loss) after tax and total comprehensive profit/ (loss) of Rs. (70.94) and (113.58) Lakhs for the quarter & half year ended as at 30th September, 2023, respectively as considered in the statement, in respect of one (01) Associate company.

These above interim financial statements have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and joint ventures is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matters.

7. The accompanying statement includes the unaudited financial results of Eight (08) subsidiaries, whose interim financial results reflects as follows,

Particulars	Quarter ended September 30,2023	Half year ended September 31, 2023
Total Assets	3987.81	3987.81
Total Revenue	490.80	840.07
Total Net profit/(loss) after tax	(862.69)	210.75
Total Comprehensive Income	(862.69)	210.75
Total Cash Flow / (Outflow) (net)	-	35.44

The unaudited interim financial results and other unaudited financial information of these subsidiaries have not been reviewed by any auditor and have been approved and furnished to us by the Management and our conclusion on the statement, in so far as it relates to the affairs of these subsidiaries is based solely on such unaudited interim financial results and other unaudited financial information. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

Our conclusion on the statement is not modified in respect of the above matter.

Bohara Bhandari Bung And Associates LLP * Chartered Accountant * Firm Regn.No. 008127S/ S-200013

8. In case of one (01) foreign associate, interim financial statements for the quarter and half year ended September 30, 2023 are not concluded and have not been furnished to us by the Management, and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts included in respect of this associate is based solely on the information available for the period ended September 30, 2022. According to the information and explanations given to us by the Management, this interim financial information is not material to the Group.

Our conclusion on the statement is not modified in respect of the above matter.

For Bohara Bhandari Bung And Associates LLP
Chartered Accountants
Firm Regn No.008127S/S200013

Bohara Bhandari Bung And Associates LLP
Firm Regn.No. 008127S/ S-200013
Chartered Accountants

CA.Yogesh .R. Bung
Partner
M.No.143932

Place: Raichur

Date: 10-11-2023

UDIN: 23143932BGVQHI1092

Head Office :12-10-89/1, 2nd floor, Anagha Complex, Above Canara Bank, Sath Kacheri Road, Raichur-584101, Email : raichur@bbbassociates.com
Branch office : 104/2, 1st floor, Above Foam Products, Opp: Gem Plaza, Infantry Road, Bengaluru-560001, Email : bangalore@bbbassociates.com

Shilpa Medicare Limited

Registered office : # 12-6-214/A-1, Hyderabad Road, Raichur -584135
Website - www.vbshilpa.com, Email - info@vbshilpa.com. ,Telephone -+91-8532-238494
CIN No. - L85110KA1987PLC008739

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2023

(Rs. In Lakhs, except per equity share data)

Sl No.	Particulars	Quarter ended			Half year ended		Previous year ended
		30.09.2023	30.06.2023	30.09.2022	30.09.2023	30.09.2022	31.03.2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Income**						
	Revenue from operations	**31,297.68**	**26,017.46**	**26,290.53**	**57,315.15**	**52,406.19**	**1,05,011.24**
	a) Net Sales/income from operations	26,968.18	19,754.31	24,561.43	46,722.49	48,053.37	96,689.66
	b) Service Income and License fees	4,329.50	6,263.15	1,729.10	10,592.65	4,352.82	8,321.58
	Other Income	180.85	**193.10**	**438.61**	373.95	**1,248.78**	**1,739.97**
	Total Income	**31,478.53**	**26,210.56**	**26,729.14**	**57,689.09**	**53,654.97**	**1,06,751.21**
2	**Expenses**						
	a) Cost of material consumed	12,200.64	9515.19	12,955.25	21,715.83	21,709.88	37,043.76
	b) Purchase of stock-in-trade	475.77	406.09	(951.23)	881.83	1,023.28	3,398.52
	c) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(97.85)	(1103.77)	(359.32)	(1201.59)	(692.83)	1150.02
	d) Employee benefits expense	7,309.47	7287.67	7,356.22	14597.14	14,642.00	28,733.09
	e) Finance cost	2,323.67	1815.12	1,347.22	4138.79	2,305.86	5,865.21
	f) Depreciation and amortisation expenses	2,778.96	2674.6	2,330.90	5453.56	4,572.88	9,549.90
	g) Other expenses	5,379.93	5120.34	6,069.73	10500.27	12,447.05	24,457.70
	Total Expenses	**30,370.59**	**25,715.24**	**28,748.77**	**56,085.84**	**56,008.12**	**1,10,198.20**
3	**Profit before share of profit of joint venture and associates, exceptional items and tax (1)- (2)**	**1,107.94**	**495.32**	**(2019.63)**	**1603.25**	**(2353.15)**	**(3446.99)**
4	Share of Profit / (loss) of Joint venture and associates, net of tax	(190.76)	(166.31)	(219.59)	(357.07)	(292.89)	(380.97)
5	**Profit before tax and exceptional items (3-4)**	**917.18**	**329.01**	**(2239.22)**	**1246.18**	**(2646.04)**	**(3827.96)**
6	Exceptional items- (Income)/Expenses)	-	-	-	-	-	-
7	**Profit Before Tax (5+6)**	**917.18**	**329.01**	**(2239.22)**	**1246.18**	**(2646.04)**	**(3827.96)**
8	**Tax Expense**	**759.70**	**211.35**	**(381.29)**	**971.05**	**(1022.41)**	**(736.36)**
	-Current tax	1,293.69	884.61	185.36	2,178.30	1,679.79	3,413.10
	-Deferred tax (Net of MAT credit)	(533.99)	(673.26)	(566.65)	(1207.25)	(2702.20)	(4149.46)
9	**Profit for the Period / year before non-controlling interest (7)-(8)**	**157.48**	**117.66**	**(1857.93)**	**275.14**	**(1623.63)**	**(3091.60)**
10	Share of (loss)/profit attributable to non-controlling interest	3.69	0.25	(8.37)	3.94	(157.81)	(156.04)
11	**Profit after taxes attributable to owners of the Parent Company for the period / year (9-10)**	**161.17**	**117.91**	**(1866.30)**	**279.08**	**(1781.44)**	**(3247.64)**
12	**Other comprehensive income (OCI)**						
	A. Items that will not be reclassified subsequently to profit or loss						
	Remeasurement of the defined benefit liability/asset Gain/(Loss) (net of tax)	1.05	1.05	1.93	2.11	147.97	322.64
	B. Items that will be reclassified subsequently to profit or loss						
	Gain / (Loss) on derivative instrument (net of tax)	0.00		-	0.00	-	-
	Total other comprehensive income(net of tax)(A+B)	**1.05**	**1.05**	**1.93**	**2.11**	**147.97**	**322.64**
13	**Total comprehensive income for the period / year (11)+(12)**	**162.22**	**118.96**	**(1864.37)**	**281.19**	**(1633.47)**	**(2925.00)**
14	Paid up equity share capital (par Value Rs.1/- each, fully paid)	868.02	868.02	868.02	868.02	868.02	868.02
15	Reserves i.e other equity						**1,77,459.68**
16	**Earnings per equity share (par value Rs.1/- each)**	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Annualised)
	Basic (Rs.)	0.19	0.14	(2.15)	0.32	(2.05)	(3.74)
	Diluted (Rs.)	0.19	0.14	(2.15)	0.32	(2.05)	(3.74)

Shilpa Medicare Limited RAICHUR

Notes:

1 The above unaudited standalone and consolidated financial results for the quarter and half year ended September 30, 2023 in respect of Shilpa Medicare Limited ("the Company") have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on November 10, 2023. The above results have been subject to limited review by the statutory auditors of the Company. The statutory auditors have expressed an unmodified opinion on the said results.

2 These financial results have been prepared in accordance with Indian Accounting Standards('Ind-AS') notified under section 133 of the Companies Act, 2013 read with the relevant rules there under and in terms of Regulation 33 of SEBI (Listing Obligation and Other Disclosure Requirements) Regulations,2015 (as amended).

3 Exceptional loss in current quarter ended September 30, 2023 of Rs 21.17 Lakhs in continued operations is on account of provision for impairment loss of interest accrued but not received & exchange flucuation on advance reinstating of Koanna International FZ LLC, Dubai, a wholly owned foreign subsidiary

4 Exceptional loss in previous quarter ended June 30, 2023 of Rs.633.74 Lakhs in standalone continued operations is on account of provision for impairment losses on account of investment in and advance to Koanna International FZ LLC, Dubai, a wholly owned foreign subsidiary

5 Exceptional loss in previous year quarter ended September 30, 2022 of Rs.58.53 lakhs in continued operations is on account of write off of investment in Zatoria Holdings Ltd, a wholly owned foreign subsidiary which has been struck off in register under the companies law, Repulic of Cyprus w.e.f September 23, 2022

6 Exceptional loss for the previous year ended March 31, 2023 of Rs.1,554.65 Lakhs in standalone continued operations is on account of:

a. Rs.54.65 Lakhs investment write off in Zatortia Holdings Ltd, a wholly owned foreign subsidiary

b. Rs.1,000.00 Lakhs provision towards impairment lossses on account of investment in and advance to Koanna Healthcare GmbH, Austria, a wholly owned foreign subsidiary

c. Rs.500.00 Lakhs provision towards impairment lossses on account of investment in and advance to Koanna Healthcare Limited, United Kingdom, a wholly owned foreign subsidiary

7 On 30 June,2022, The Company had completed the transfer of the Company's Active Pharmaceuticals Ingredient (API) business to Shilpa Pharma Lifesciences Limited, a wholly owned subsidiary of the Company for a consideration of Rs. 48,630.00 lakhs (Final consideration being Rs.47,228.00 lakhs after making working capital and other customary adjustments during the current quarter).

During the previous year quarter ended 30.09.2022, the Company has recalculated the gain on transfer of its API division under slump sale to its wholly owned subsidiary Company. This has resulted in decrease in the earlier recognised gain of Rs.6292.51 lakhs in the preceeding quarter, by Rs.1,054.00 Lakhs. The said gain is exceptional in nature and been disclosed under the discontinued operations in previous year quarter ended September 30, 2022 in standalone financials.

Accordingly, results of API business for the previous year's quarter ended September 30, 2022 and comparatives for previous reporting periods has been disclosed as discontinued operations in the standalone results.

INR in Lakhs

Particulars	Quarter ended			Half year ended		Previous year ended
	30.09.2023	30.06.2023	30.09.2022	30.09.2023	30.09.2022	31.03.2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total Income from third parteis	-	-	-	-	18,545.27	18,545.27
Inter Company sales to units in continuing operations	-	-	-	-	1,221.47	1,221.47
Total Income	-	-	-	-	**19,766.74**	**19,766.74**
Total Expense	-	-	-	-	17,910.49	17,910.49
Profit Before tax and exceptional gain from discontinued operation	-	-	-	-	**1,856.25**	**1,856.25**
Exceptional gain on disposal of API business	-	-	(1,053.55)	-	5,238.96	5,238.96
Profit before tax from discontinued operations for the period	-	-	**(1,053.55)**	-	**7,095.21**	**7,095.21**
Tax (expense) /credit of discontinued operations	-	-	(1,298.65)	-	3,572.38	3,572.38
Profit for the period from discontinued operations	-	-	**245.10**	-	**10,667.59**	**10,667.59**

There is Nil tax impact on the Exceptional Gain made from slump sale of one of its Business undertakings to its 100% wholly owned subsidary U/S 47(iv) of the Income Tax Act, 1961

8 The Operating segment of the Company is " Pharmaceuticals", as the Chief Operating Decision Maker reviews business performance at an overall Company level as one segment. Therefore, segment reporting as per Ind-AS 108 is not applicable to the Company.

9 Prior period/year figures have been reclassified wherever required to conform to the classification of the current period/year.

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

Omprakash Innani
Chairman
DIN: 01301385

Shilpa Medicare Limited RAICHUR

Date: 10.11.2023
Place: Raichur

Shilpa Medicare Limited

Registered office : # 12-6-214/A-1, Hyderabad Road, Raichur -584135
Website - www.vbshilpa.com, Email - info@vbshilpa.com. ,Telephone -+91-8532-238494
CIN No. - L85110KA1987PLC008739

Consolidated Balance Sheet

(Rs. In Lakhs)

Particulars	As at 30.09.2023	As at 31.03.2023
	Unaudited	Audited
ASSETS		
NON- CURRENT ASSETS		
(a) Property , plant & equipment	1,13,236.72	1,15,148.02
(b) Right of use assets	2,758.51	2,796.90
(c) Capital work -in-progress	38,909.30	35,803.85
(d) Goodwill	4,552.67	4,552.67
(e) Intangible assets	15,545.34	14,335.86
(f) Intangible assets under development	29,210.72	29,728.91
(g) Financial assets		
i) Investments	4,521.49	4,265.82
ii) Others financial assets	624.88	626.60
(h) Other non- current assets	8,531.99	6,178.55
Total Non-Current Assets	**2,17,891.63**	**2,13,437.18**
CURRENT ASSETS		
(a) Inventories	33,160.05	31,982.10
(b) Financial assets		
i) Investments	-	-
ii) Trade receivables	35,538.73	32,434.91
iii) Cash and cash equivalents	2,373.12	2,131.82
iv) Other bank balances	24.64	24.64
v) Loans	-	-
vi) Other financial assets	723.26	292.63
(c) Other current assets	10,692.01	9,206.19
(d) Current tax assets (net)	-	728.79
Total Current Assets	**82,511.81**	**76,801.08**
TOTAL ASSETS	**3,00,403.43**	**2,90,238.26**
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	868.02	868.02
(b) Other equity	1,77,479.47	1,77,459.68
Equity attributable to owners of the Company	**1,78,347.49**	**1,78,327.69**
(c) Non-controlling interest	(888.55)	(892.05)
Total equity	**1,77,458.94**	**1,77,435.64**
LIABILITIES		
NON- CURRENT LIABILITIES		
(a) Financial liabilities		
i) Borrowings	55,683.18	28,881.89
ii) Lease Liability	194.26	180.14
iii) Others	-	500.00
(b) Provisions	2,106.16	1,764.90
(c) Deferred tax liabilities (net)	241.13	1,405.08
(d) Other non-current financial liabilities	1,699.36	1,779.29
Total Non-Current Liabilities	**59,924.10**	**34,511.30**
CURRENT LIABILITIES		
(a) Financial liabilities		
i) Borrowings	30,666.51	50,690.29
ii) Lease Liability	-	36.56
ii) Trade payables		
-due to micro enterprises & small enterprises	3,090.44	3,486.27
-due to other than micro enterprises & small enterprises	15,388.69	10,955.12
iii) Other financial liabilities	9,340.40	8,358.39
(b) Other current liabilities	1,923.47	2,694.88
(c) Provisions	2,500.73	2,069.80
(d) Current Tax Liability (Net)	110.15	-
Total Current Liabilities	**63,020.40**	**78,291.32**
TOTAL EQUITY & LIABILITIES	**3,00,403.43**	**2,90,238.26**

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

Omprakash Inani
Chairman
DIN:01301385

Date: 10.11.2023
Place: Raichur

Shilpa Medicare Limited RAICHUR

Shilpa Medicare Limited
Registered office : # 12-6-214/A-1, Hyderabad Road, Raichur -584135
Website - www.vbshilpa.com, Email - info@vbshilpa.com. ,Telephone -+91-8532-238494

Consolidated Statement of Cash Flow

(Rs. in Lakhs)

Particulars	For the period ended 30/09/2023 Unaudited	For the period ended 30/09/2022 Unaudited
Cash Flows from Operating Activities		
Profits Before Tax (PBT)	**1,246.18**	**(2,488.24)**
Adjustment for:		
Finance cost	4,138.79	2,305.86
Depreciation & Amorisation expenses	5,453.56	4,572.88
Provision for gratuity and compensated absence	317.02	-
Bad debts written off	23.50	19.93
Provision for doubtful debts	80.75	-
Provision for advances to suppliers	84.08	-
Advances written off	5.33	-
Liabilities written back	(48.17)	(872.33)
Government Grant	(79.92)	(70.69)
(Profit)/ Loss on sale of Assets	(27.01)	38.73
Unrealized foreign exchange (Gain) / Loss	128.52	(324.27)
Share of (profit)/loss from Joint ventures & Associates	357.07	292.89
Interest Income	(68.15)	(106.55)
Operating profit before working capital changes	**11,611.56**	**3,368.22**
Movement in working capital		
Decrease / (Increase) in financial liabilities & other liabiliies	1,380.53	997.43
Decrease / (Increase) in financial assets & other assets	(2,074.82)	(602.52)
Decrease / (Increase) in Inventory	(1,177.95)	(857.43)
Decrease / (Increase) in Trade receivables	(3,432.77)	1,409.26
(Decrease) / Increase in Trade payables	4,099.04	3,366.55
Net Cash flow generated from Operations	**10,405.59**	**7,681.50**
Taxes paid (Net)	(1,339.36)	(1,224.15)
Net Cash flow generated from Operating activities (A)	**9,066.24**	**6,457.35**
Cash Flows From Investing Activities		
Purchase of Property,plant and equipment including intangible assets	(10,869.86)	(12,601.76)
Proceeds from sale of assets	470.40	41.27
Purchase of Investments	(612.74)	(724.84)
Interest received	173.85	97.13
Movment in other bank balances	-	(953.99)
Net cash used in Investing Activities (B)	**(10,838.35)**	**(14,142.19)**
Cash Flows From Financing Activities		
Interest paid	(4,367.03)	(2,334.20)
Payment of Lease liabilities (Net)	(13.84)	5.52
Proceeds from/ (repayments) Long term borrowings (Net)	10,579.61	(8,722.39)
Proceeds from/ (repayments) Short term borrowings (Net)	(3,777.39)	20,781.71
Net Cash earned from Finaning Activities (C)	**2,421.35**	**9,730.64**
Net Increase/(decrease)in Cash and Cash Equivelants	**649.24**	**2,045.80**
Effects of Foreign exchange translation difference	(159.63)	54.43
Cash & Cash Equivelants at the Beginning of the year	1,882.49	2,533.89
Cash & Cash Equivelants at the end of the period	**2,372.10**	**4,634.12**

Notes:

i. The above statement of cash flow has been prepared under the 'Indirect method' as set out in Indian Accounting Standard (Ind AS) 7- Statement of Cash Flows.

ii. Purchase and sale of property, plant and equipment and intangibles represents additions and deletions to property, plant and equipment, intangibles, intangibles under development further adjusted for movement of capital work in progress, capital advances, capital creditors during the period.

Components of Cash and Cash Equivalents	For the period ended 30/09/2023	For the period ended 30/09/2022
Cash in Hand	40.96	28.49
Cash at Banks	2,299.73	2,574.77
Deposits with original maturity of less than 03 months	32.43	2,130.43
Book overdraft	(1.02)	(99.57)
Total Cash and Cash Equivalents	**2,372.10**	**4,634.12**

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

Omprakash Inani
Chairman
DIN:01301385

Shilpa Medicare Limited
RAICHUR

Date: 10.11.2023
Place: Raichur

Independent Auditor's Report

TO THE MEMBERS OF SHILPA MEDICARE LIMITED.

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **SHILPA MEDICARE LIMITED** (hereinafter referred to as the "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group")its associates and joint Ventures, which comprise the Consolidated Balance sheet as at March 31, 2023, and the consolidated Statement of Profit and Loss (including other comprehensive income), consolidated Statement of changes in equity and consolidated statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements / financial information of such subsidiaries, associates and joint ventures as were audited by other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2023, of its consolidated loss and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those SA's are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and Joint Venture in accordance with the Code of Ethics issuedby the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of theAct and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence wehave obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in "Other Matters" paragraph below is sufficient and appropriate to provide abasis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement and based on the consideration of the reports of the other auditors on separate financial statements / consolidated financial statements and on the other financial information of the subsidiaries, associates and joint ventures, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Auditor's Response
Impairment of intangible assets under development The Group has significant intangible assets under development where certain products are under development or in their early stage of commercialization in certain key developed markets as of 31 March 2023. As the products are yet to be launched or in their initial stages of commercialization revenue and profitability are yet to reach its desired levels and hence, there is a risk of impairment in the event the carrying amount of the aforesaid assets are lower than its recoverable value. Company's assessment of recoverable value to test for impairment contains a number of parameters which involve significant judgements and estimates including weighted average cost of capital, revenue growth, expected market share and price erosion. Changes in these assumptions could lead to an impairment to the carrying value of these assets. For further information on the carrying value of intangible assets refer to: - Significant accounting policies which includes General accounting principles, Key accounting judgements, estimates and assumptions – Note.1.1(a), and - financial disclosures as disclosed in Intangible assets – Note.04 of the Consolidated Financial Statements for the year ended March 31, 2023.	**Principal audit procedures** • Tested the design and operating effectiveness of the Group's controls around the impairment testing; • Evaluating assumptions used by the Company in assessing the recoverability of assets - in particular, revenue and cash flow projections; • We evaluated the valuation methodologies and assumptions used by the Company; • Evaluating Company's assessment of key inputs by considering third party sources and the impact on future cash inflows due to actions by competitors or changes in relevant market conditions; • Inquired with the Company about potential impact of USFDA warning letter situation and its assessment of the likelihood of delay in product approvals, thereby impacting valuation; • Evaluating the sensitivity analysis carried out by the Company in respect of certain key estimates to assess the level of sensitivity to key assumptions.
Minimum Alternate Tax (MAT) Credit Entitlement - Deferred tax assets The Group pays minimum alternate tax (MAT) under section 115JB of the Income Tax Act, 1961. The MAT paid would be available as an offset over a period of 15 years. The MAT credit is recognized as a deferred tax asset to be available for offset when the Group pays taxes under the provision of Income Tax Act, 1961. The balance of MAT credit receivable as at 31 March 2023is Rs. 6,686.83 Lakhs (refer note 16 to the consolidated financial statements). The recognition and recoverability of deferred tax asset on account of MAT credit requires significant judgement regarding the Group's future profitability and taxable income which will result in utilization of the MAT credit within the time limits available under the applicable Income tax laws.	**Principal audit procedures** In respect of such deferred tax assets, we assessed recoverability from a tax perspective by performing the following procedures: • Understanding why the MAT credit entitlement arose and understanding whether the MAT credit entitlement can be utilized. • assessing any restriction in use of the MAT credit entitlement and • determining when the MAT credit entitlement will expire. Further, we assessed the applicability of Ind AS 12 Income Taxes by assessing management's assessment of recoverability of MAT credit entitlement against forecast income streams. We validated the appropriateness of the related disclosures in the consolidated financial statements.

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but doesnot include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group, and its associates and joint ventures covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures is responsible for overseeing the financial reporting process of each company.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, basedon the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in sub-paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

a. We did not audit the financial statements of 02 subsidiaries whose financial statement reflect total assets of Rs. 7,390.83 Lakhs as at March 31, 2023, total revenue of Rs. 2,774.19 Lakhs, total net (loss) after taxof Rs. (479.58) Lakhs, total comprehensive loss of Rs. (475.36) and net cash flows of Rs.64.25 Lakhs for the yearended on that date as considered for the consolidated financial statements. Further, the consolidated financial statements also include the company's share of net (loss) of Rs. (58.70) Lakhs for the year ended March 31, 2023, inrespect of one Associate which were not audited by us.

   These financial statements have been audited by other auditors whose reports have been furnished to us bythe management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries,joint ventures and associates and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associate and joint ventures covered under the Act, is based solely on the reports of the other auditors.

   We did not audit the financial statements of nine subsidiaries whose financial statement reflect total assets of Rs. 4,311.41 Lakhs as at March 31, 2023 and total revenue of Rs. 1,487.88 Lakhs, total net (loss) after tax of Rs. (1,564.76) Lakhs, and net cash flows of Rs. 14.76 Lakhs for the year ended on that date as considered for the consolidated financial statements.

   Further, in case of one (01) foreign associate, financial statements for the year ended March 31, 2023 are not concluded and have not been furnished to us by the Management, and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts included in respect of this associate is based solely on the information available for the period ended September30, 2022. According to the information and explanations given to us by the Management, this interim financial information is not material to the Group. Our conclusion on the statement is not modified in respect of the above matter.

These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relatesto the amounts and disclosures included in respect of these subsidiaries and associate and our report in terms of subsection (3) of Section 143 of the Act in so far asit relates to the aforesaid subsidiaries and associate to the extent covered under the Act, are based solely on such unaudited financial statements. In our opinion and according to the information and explanations givento us by the management, these financial statements information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below is not modified in respect of the above matters with respect to our reliance on the work done by and reports of other auditors and the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and other financial information of the subsidiaries, associates and joint ventures, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:

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

    (b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statement have been kept so far as it appears from our examination of those books and reports of other auditors.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement and Consolidated Statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

    (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

    (e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiaries, associate and joint ventures incorporated in India, none of the directors of the Group Companies, associate and joint ventures companies incorporated in India are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Companies Act;

    (f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiaries, associate, and joint ventures incorporated in India, and the operating effectiveness of such controls, refer to our separate report in "Annexure A."

    (g) With respect to the Managerial remuneration to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended:

    In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company and its subsidiaries covered under the Act to its directors during the year is in accordance with the provisions of Section 197 of the Act.

    (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the report of the other auditors on the separate financial statements and other financial information of the subsidiaries, associates and joint ventures:

        i. The Consolidated financial statements disclose the impact of pending litigations if any, on the consolidated financial position of the group and its associates and joint ventures.

        ii. The Holding Company and its subsidiaries have made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

        iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company incorporated in India.

        iv. a. The respective Managements of the Holding Company, its subsidiaries, associateand joint Ventures which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed fundsor share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, associate and joint ventures to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries, associate and joint ventures ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b. The respective Managements of the Holding Company, its subsidiaries, associate and joint Ventures which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or anyof such subsidiaries, associate and joint ventures from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, associate and joint ventures shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf ofthe Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.;

c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company, its subsidiaries, associate and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.

i. a. The final dividend paid by the Holding Company, during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

b. The Board of Directors of the Holding Company have not proposed any final dividend for the year.

2. With respect to the matters specified in paragraphs 3(xxi)and 4 of the Companies (Auditor's Report) Order, 2020 (the "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and its subsidiaries included in the consolidated financial statements of the Holding Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

for Bohara Bhandari Bung And Associates LLP.
Chartered Accountants
Firm's Regn No. 0008127S/S200013

CA. Yogesh R Bung
Partner
Membership No. 143932
UDIN: 23143932BGVPPZ7400

Place: Raichur
Date: 25.05.2023

Annexure – A to the Consolidated Auditor's Report

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

In conjunction with our audit of the consolidated financial statements of the Shilpa Medicare Limited (" the Holding Company) and its subsidiaries (the Holding Company and its subsidiaries together referred to as the Group), its associates and joint Ventures as at for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries, associate and joint ventures which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of Group, its associates and joint ventures which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, includingadherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors,the accuracy and completeness of the accounting records,and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiaries, associates and joint ventures which are incorporated in India, in terms of their reports referred in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Group, it associate and joint ventures which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023 based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 02 subsidiary companies and one associate, which are incorporated in India, is based on the corresponding reports of the auditors of such companies.

for Bohara Bhandari Bung And Associates LLP.
Chartered Accountants
Firm's Regn No. 0008127S/S200013

CA. Yogesh R Bung
Partner
Membership No. 143932
UDIN: 23143932BGVPPZ7400

Place: Raichur
Date: 25.05.2023

Consolidated Balance Sheet

As at 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	As at 31 March, 2023	As at 31 March, 2022
ASSETS			
Non-Current Assets			
(a) Property, plant & equipment	2	1,15,148.02	1,18,243.34
(b) Right-of-use assets	2A	2,796.90	3,117.05
(c) Capital work- in- progress	3	35,803.85	19,004.20
(d) Goodwill		4,552.67	4,571.87
(e) Intangible assets	4	14,335.86	8,251.56
(f) Intangible assets under development	5	29,728.91	31,614.26
(g) Financial assets	6		
(i) Investments		4,265.82	3,422.86
(ii) Other financial assets		626.60	568.64
(h) Other non-current assets	7	6,178.55	10,036.62
Total Non-Current Assets		**2,13,437.18**	**1,98,830.41**
Current Assets			
(a) Inventories	8	31,982.10	35,523.84
(b) Financial assets	9		
(i) Investments		-	-
(ii) Trade receivables		32,434.91	38,632.59
(iii) Cash and cash equivalents		2,131.82	3,382.90
(iv) Other bank balance other than (iii) above		24.64	28.34
(v) Loans		-	-
(vi) Others financial assets		292.63	246.13
(c) Other current assets	10	9,206.19	10,001.23
(d) Current tax assets (net)	11	728.79	904.41
Total Current Assets		**76,801.08**	**88,719.44**
TOTAL ASSETS		**2,90,238.26**	**2,87,549.84**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	868.02	868.02
(b) Other equity	13	1,77,459.68	1,81,351.46
Equity attributable to owners of the Company		**1,78,327.70**	**1,82,219.48**
c) Non-controlling interest		(892.05)	(1,104.78)
Total Equity		**1,77,435.65**	**1,81,114.70**
Liabilities			
Non- Current Liabilities			
(a) Financial liabilities	14		
(i) Borrowings		28,881.89	35,360.24
(ii) Lease liability		180.14	113.30
(iii) Others		500.00	500.00
(b) Provisions	15	1,764.90	1,907.63
(c) Deferred tax liabilities (Net)	16	1,405.08	5,473.75
(d) Other non-current liabilities	17	1,779.29	1,926.60
Total Non-Current Liability		**34,511.30**	**45,281.52**
Current Liabilities			
(a) Financial Liabilities	18		
(i) Borrowings		50,690.29	32,830.99
(ii) Lease Liability		36.56	24.32
(iii) Trade Payables			
- Total outstanding dues of micro and small enterprises		3,486.27	2,609.91
- Total outstanding dues of other than micro and small enterprises		10,955.12	11,994.55
(iv) Other financial liabilities		8,358.39	8,050.03
(b) Other Current Liability	19	2,694.88	3,397.76
(c) Provisions	20	2,069.80	2,246.06
Total Current Liabilities		**78,291.31**	**61,153.62**
TOTAL EQUITY & LIABILITIES		**2,90,238.26**	**2,87,549.84**

The accompanying notes form an integral part of the consolidated financial statements 01 to 46

As per our report of even date attached
for **Bohara Bhandari Bung and Associates LLP**
Chartered Accountants
Firm's Registration No.008127S/S200013

Yogesh. R. Bung
Partner
M.No. 143932

Place: Raichur
Date: 25.05.2023

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN: 01301385

Vishnukant Bhutada
Managing Director
DIN: 01243391

Ritu Tiwary
Company Secretary

Alpesh Maheshkumar Dalal
Chief Financial Officer

Consolidated Statement of Profit and Loss

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	For the year ended 31 March, 2023	For the year ended 31 March, 2022
INCOME			
(a) Revenue from operations	21&22	1,05,011.24	1,14,552.27
(b) Other Income	23	1,739.97	1,424.55
Total Revenue		**1,06,751.21**	**1,15,976.82**
EXPENSES			
(a) Cost of materials consumed	24	37,043.76	38,174.89
(b) Purchases of stock-in trade	25	3,398.52	849.07
(c) Change in inventories of finished goods, work-in-progress and stock-in- trade	26	1,150.02	(702.15)
(d) Employee benefits expense	27	28,733.09	26,448.65
(e) Finance costs	28	5,865.21	4,116.52
(f) Depreciation and amortization expenses	2 & 4	9,549.90	7,980.19
(g) Other expenses	29	24,457.70	29,396.25
Total Expenses		**1,10,198.19**	**1,06,263.42**
Profit before Share of Profit /(loss) in Associate/ Joint Venture, Exceptional item and tax		(3,446.98)	9,713.40
Share of Profit / (loss) in Associate/ Joint Venture, net of tax		(380.97)	(366.03)
Profit before Exceptional item and tax		**(3,827.95)**	**9,347.37**
Exceptional income/ (expense)	30	-	879.11
Profit before tax		**(3,827.95)**	**10,226.48**
Tax Expenses			
a) Current Tax		3,413.10	3,404.31
b) Deferred Tax (net of MAT credit)		(4,149.46)	763.96
Total Tax Expenses		**(736.36)**	**4,168.27**
Profit for the year		**(3,091.59)**	**6,058.21**
Other comprehensive Income/ (Expenses)			
(a) Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit (liability)/asset (net of tax)		322.64	(159.06)
(b) Items that will be reclassified to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges (net of tax)		-	22.73
Total Other Comprehensive Income/(Loss) for the year		**322.64**	**(136.33)**
Total Comprehensive Income/(Loss) for the year		**(2,768.95)**	**5,921.88**
Profit / (Loss) for the year attributable to:			
a) Owners of the Company		(3,247.63)	6,066.23
b) Non-Controlling Interest		156.04	(8.02)
Other Comprehensive Income / (Loss) for the year attributable to:			
a) Owners of the Company		322.64	(136.33)
b) Non-Controlling Interest		-	-
Total Comprehensive Income / (Loss) for the year attributable to:			
a) Owners of the Company		(2,924.98)	5,929.91
b) Non-Controlling Interest		156.04	(8.02)
Earning per equity share, par value of Re. 1/- each			
Basic (Rs)		(3.74)	7.26
Diluted (Rs)		(3.74)	7.26

The accompanying notes form an integral part of the consolidated financial statements 01 to 46

As per our report of even date attached
for Bohara Bhandari Bung and Associates LLP
Chartered Accountants
Firm's Registration No.008127S/S200013

Yogesh. R. Bung
Partner
M.No.143932

Place: Raichur
Date: 25.05.2023

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN: 01301385

Vishnukant Bhutada
Managing Director
DIN: 01243391

Ritu Tiwary
Company Secretary

Alpesh Maheshkumar Dalal
Chief Financial Officer

Consolidated Statement of Changes in Equity

for the year ended 31 March, 2023
(All amounts are in Indian Rupees i0n Lakhs, except share data and per share data, unless otherwise stated)

A. Equity Share Capital

Particulars	Total
Balance as at 01 April, 2021	**815.27**
Changes in equity share capital during the year	52.75
Balance as at 31 March, 2022	**868.02**
Changes in equity share capital during the year	-
Balance as at 31 March, 2023	**868.02**

B. Other Equity

Particulars	Securities Premium	General Reserves	Retained Earnings	Other Comprehensive Income (OCI) Cash flow Cash flow hedge	Remea- surement of defined benefit plan	Foreign Currency Monetory Translation Difference Account	Gain on forfeiture of equity shares reserve	Total
Balance as at 01 April, 2021	**42,863.94**	**5,182.68**	**99,151.06**	**(25.32)**	**(264.44)**	**134.72**	**8.76**	**1,47,051.40**
Addition/Deletion during the year	29,631.21	-	-	-	-	(364.24)	-	29,266.97
Profit for the year	-	-	6,066.22	-	-	-	-	6,066.22
Other Comprehensive income, net of tax	-	-	-	22.73	(159.06)	-	-	(136.33)
Dividend including dividend distribution tax	-	-	(896.79)	-	-	-	-	(896.79)
Balance as at 31 March, 2022	**72,495.15**	**5,182.68**	**1,04,320.49**	**(2.59)**	**(423.50)**	**(229.52)**	**8.76**	**1,81,351.47**
Addition/Deletion during the year	-	-	-	-	-	**(11.98)**	-	(11.98)
Profit for the year	-	-	(3,247.63)	-	-	-	-	(3,247.63)
Other Comprehensive income, net of tax	-	-	-	-	322.64	-	-	322.64
Dividend paid	-	-	(954.82)	-	-	-	-	(954.82)
Security premium raised during the year	-	-	-	-	-	-	-	-
Balance as at 31 March, 2023	**72,495.15**	**5,182.68**	**1,00,118.04**	**(2.59)**	**(100.86)**	**(241.50)**	**8.76**	**1,77,459.68**

The accompanying notes form an integral part of the standalone financial statements 01 to 46

Note:

1. **Securities premium:** This reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of Section 52 of the Companies Act, 2013.
2. **General Reserve:** This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilized in accordance with the provisions of the Companies Act, 2013.
3. **Retained Earnings:** This Reserve represents the cumulative profits of the Company. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.
4. **Cash flow hedge reserve:** This Reserve represents the cumulative effective portion of changes in Fair Value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the Company's accounting policy.
5. **Remeasurement of the net defined benefits plan**: This reserve comprises the cumulative net gains/ losses on actuarial valuation of post-employment obligations.

As per our report of even date attached
for Bohara Bhandari Bung and Associates LLP
Chartered Accountants
Firm's Registration No.008127S/S200013

Yogesh. R. Bung
Partner
M.No.143932

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN: 01301385

Vishnukant Bhutada
Managing Director
DIN: 01243391

Ritu Tiwary
Company Secretary

Alpesh Maheshkumar Dalal
Chief Financial Officer

Place: Raichur
Date: 25.05.2023

Consolidated Statement of Cash Flow

for the year ended 31 March, 2023
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
A. Cash Flow From Operating Activities		
Profit/ (Loss) before tax	(3,827.95)	10,226.48
Adjustments for:		
Depreciation and amortization expense	9,549.90	7,980.19
Interest income	(101.45)	(206.66)
Liabilities/ Provision Written back	(1,024.97)	(501.46)
Finance Cost	5,865.21	4,116.52
(Profit)/Loss on sale of Asset	26.48	160.22
Share of (profit)/loss of associates and joint ventures	380.97	366.03
Bad Debts/ Advances written off	44.54	419.25
Unrealized foreign exchange (gain)/loss	(372.45)	(379.70)
Net gain recognized on sale of stake in Group Company	-	(879.11)
Corporate Guarantee fees	-	-
Provision for doubtful debts	128.40	-
Government Grant	(156.50)	(141.05)
Provision for advances to suppliers	94.70	-
Provision for Gratuity & Compensated absence	379.87	-
Operating Profit before working capital changes	**10,986.75**	**21,160.72**
Movement in Working Capital		
Decrease/(increase) in inventories	3541.73	(3,840.10)
Decrease/(increase) in trade receivables	6506.36	(16,827.15)
Increase / (decrease) trade payables	(232.28)	8,372.57
Decrease / (Increase) in financial and non-financial assets	4431.58	1,969.29
Increase / (decrease) in financial liabilities and other liabilities	620.49	3,126.27
Cash Generated from Operations	**25,854.63**	**13,961.60**
Taxes Paid	(3,237.48)	(3,448.27)
Net Cash flow generated /(used) from operating activities (A)	**22,617.15**	**10,513.33**
Cash Flow From Investing Activities		
Purchase of Property plant and equipment and intangible assets (refer note ii)	(27,253.87)	(33,182.61)
Proceeds from sale of Property plant and equipment	120.87	61.11
(Increase)/ Decrease in Investment	(892.97)	(1,732.38)
(Investment in)/ Redemption of Fixed Deposits	-	3,163.60
Movement in other bank balances	-	(2.26)
Proceeds from sale of stake in Group Company	-	2,841.27
Interest Received	127.62	201.42
Dividend Received from equity accounted investees	50.00	100.02
Net cash flow generated/(used) from investing activities (B)	**(27,848.35)**	**(28,549.84)**

Consolidated Statement of Cash Flow(Conti.)

for the year ended 31 March, 2023
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Cash flows from Financing Activities		
Proceeds from Issue of Shares	-	29,683.96
Proceeds from/(repayment of) long-term loans and borrowings (net)	(2,745.29)	(12,149.26)
Proceeds from/(repayment of) short-term loans and borrowings (net)	14,126.24	(4,155.72)
Payment of lease liabilities	(54.41)	(58.36)
Dividend paid including DDT	(954.82)	(896.80)
Interest paid	(5,791.91)	(4,137.98)
Net cash flow generated/(used) from financing activities (C)	**4,579.81**	**8,285.83**
Net increase in cash and cash equivalents (A+B+C)	**(651.39)**	**(9,750.67)**
Cash and cash equivalents at the beginning of the period/year	2,533.89	12,284.57
Cash and cash equivalents at the end of the year	**1,882.50**	**2,533.90**
Component of Cash and Cash Equivalent	**1,882.50**	**2,533.90**
Cash in Hand	30.13	33.86
Balance with Banks in current account	1,952.70	3,004.15
Deposits with original maturity of less than 3 month	148.99	344.89
Bank overdraft	(249.32)	(849.01)

The accompanying notes form an integral part of the consolidated financial statements 01 to 46.

Note

1. Previous year figures have been reclassed wherever necessary.
2. Purchase and sale of property, plant and equipment and intangibles represents additions and deletions to property, plant and equipment, intangibles, intangibles under development further adjusted for movement of capital work in progress, capital advances, capital creditors during the year.
3. Adjusted for bank-overdraft of Rs.249.32 (PY Rs. 849.01 lakhs) for the period ended 31 March 2023.
4. Cash Flow statement has been prepared under Indirect method as per Ind AS-7 "Statement of Cash flows" as prescribed under Companies (Accounting Standard) Rules, 2015.

As per our report of even date attached
for Bohara Bhandari Bung and Associates LLP
Chartered Accountants
Firm's Registration No.008127S/S200013

Yogesh. R. Bung
Partner
M.No.143932

Place : Raichur
Date : 25.05.2023

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN: 01301385

Vishnukant Bhutada
Managing Director
DIN: 01243391

Ritu Tiwary
Company Secretary

Alpesh Maheshkumar Dalal
Chief Financial Officer

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

I. Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act 2013 read together with the Rule 4 of Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable and the other relevant provisions ofthe Act, pronouncements of the regulatory bodies applicable to the Company.

These financial statements have been prepared by the Company as a going concern on the basisof relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date March 31, 2023.The accounting policies are applied consistently to all the periods presented in the financial statements. The consolidated financial statements of the Company for the year ended March 31, 2023 were approved by the Board ofDirectors on May 25, 2023.

II. Basis of Measurement

The consolidated financial statements have been prepared on the historical cost convention and on accrual basis, except for the following assets and liabilities which have been measured at fair value wherever applicable

- Derivative financial instruments
- Certain financial assets / liability measured at fair value,
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

III. Current Vs Non-current classification

The assets and liabilities in the balance sheet are presented based on current/non-current classification.

An asset is current when it satisfies the below mentioned criteria:

(i) Expected to be realized or intended to be sold or consumed in normal operating cycle, or

(ii) Held primarily for the purpose of trading, or

(iii) Expected to be realized within twelve months after the reporting period, or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liabilityfor at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it satisfies the below mentioned criteria:

(i) Expected to be settled in normal operating cycle, or

(ii) Held primarily for the purpose of trading, or

(iii) Due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non-current

IV. Principles of consolidation

The consolidated financial statements relate to Shilpa Medicare Limited ('the Company'), and its subsidiaries, associates and joint ventures ("the Group").

Subsidiaries

The Consolidated financial statements have been prepared on the following basis:

Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns fromits involvement with the entity, and has the ability to affect those returns through power over the entity. The net assets and results of acquired businesses are included in the consolidated financial statements from their respective dates of acquisition, being the date on which the Group obtains control. The results of disposed businesses are included in the consolidated financial statements up to their date of disposal, being the date control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group Companies are eliminated. Unrealized losses are eliminated, but only to the extent that there is no evidence of impairment. All temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions are recognized as per Ind AS 12, Income Taxes. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the Foreign Currency Translation Reserve. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognized as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. The said Goodwill is not amortized, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognized as 'Capital Reserve' and shown under the head 'Other Equity' in the consolidated financial statements.

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity. Non-controlling interests in the net assets of consolidated subsidiaries consists of

(a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and

(b) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this resultsin the non-controlling interests having a deficitbalance. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively

Associates and joint arrangements

(equity accounted investees)

The Group's interests in equity accounted investees comprise interests in associates and a joint venture.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in Associates and Joint Ventures has been accounted under the equity method as per Ind AS 28 –

The Company accounts for its share of post-acquisition changes in net assets of associates and joint ventures, after eliminating unrealized profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates Statement of Profit and Loss and through its reserves for the balance based on available information.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

I) The subsidiaries considered in the Consolidated Financial Statements are as under:

Sl. No.	Name of the Subsidiary	Country	Extent of Holding
1	Zatortia Holding Limited ('Zatortia')	Cyprus	100.00%
2	Loba Feinchemie GmbH ('Loba') (Step-down Subsidiary)	Austria	99.99%
3	Shilpa Therapeutics Pvt. Ltd. (Shilpa Therapeutics')	India	100.00%
4	Makindus. Inc. ('Makindus')	Delaware (USA)	55.78%
5	INM Technology Private Limited ('INM')	India	100.00%
6	INM Nuvent Paint Pvt Ltd (Step-down Subsidiary)	India	75.00%
7	Koanna Healthcare Limited	United Kingdom	100.00%
8	Koanna Healthcare GmbH	Austria	100.00%
9	Shilpa Pharma Inc.	USA	100.00%
10	Shilpa Biologicals Private Limited	India	100.00%
11	Shilpa Biocare Pvt. Ltd.(Erstwhile Shilpa Albumin Private Limited)	India	100.00%
12	Shilpa Pharma Life Sciences Limited (Previously referred Shilpa Corporate Holdings Pvt. Ltd.)	India	100.00%
13	FTF Pharma Private Limited	India	100.00%
14	Koanna Healthcare Canada Inc.	Canada	100.00%
15	Koanna International FZ LLC	Dubai	100.00%
16	Indo Biotech SDN. BHD	Malaysia	100.00%
17	Koanna Healthcare Spain S.L	Spain	100.00%
18	Vegil Labs Private Limited	India	100.00%

II) The Associates considered in the Consolidated Financial Statements are as under:

Sl. No.	Name of the Associate	Country Extent of Holding
1	Maia Pharmaceuticals INC. USA, New Jersey (USA)	34.79%

III) The Joint Venture considered in the Consolidated Financial Statements are as under:

Sl. No.	Name of the Subsidiary	Country	Extent of Holding
1	Reva Medicare Pvt. Ltd.	India	50.001%
2	Sravathi Advance Process Tech Private Limited	India	65.00%

1.1 Significant Accounting Policies

a) Critical accounting estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognized prospectively.

The areas involving critical estimates or judgments are:

- Measurement of defined benefit obligation (Note 1.1 (h))
- Estimation of useful life of property, plant and equipment and intangibles (Note 1.1(a))
- Recognition of deferred taxes (Note 1.1 (r))
- Estimation of impairment (Note 1.1 (d))

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

- Estimation of provision and contingent liabilities (Note 1.1 (s))
- Business Combination (Note-1.1(e))

(a) Property, Plant and Equipment &Depreciation:

i. Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

ii. Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

iii. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iv. Depreciation on Fixed Assets is provided on ascertain useful life of assets under Straight Line Method (SLM) prescribed in Schedule II of the Companies Act 2013, with exception of those assets whose useful life is ascertain by the management.

v. The Company follows the policy of charging depreciation on pro-rate basis on the assets acquired or disposed off during the year.

(b) Intangible Assets:

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

Intangible Assets are stated at cost less accumulated amortization. Cost includes only such expenditure that is directly attributable to making the asset ready for its intended use.

Intangible assets are amortized over their useful life.

Intangible Assets include capitalized expenditure on filing and registration of any Drug Master File (DMF) or Abbreviated New Drug Application (ANDA) and compliance with regulatory procedures of the USFDA, in filing such DMF or ANDA, which are in respect of products for which commercial value has been established by virtue of third party agreements/ arrangements. The cost of each DMF/ANDA is amortized over its estimated useful life from the date on which the amount has been capitalized.

c) Research and Development:

All expenditure on research activities are recognized in the Profit and Loss Statement when incurred. Expenditure on development activities are also recognized in the Profit and Loss Statement in the year such expenditure is incurred. However, development expenditure is capitalized only in cases where such costs can be measured reliably, the technological feasibility has been established in respectof the product or process for which costs are incurred, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed product are capitalized. The Company's criteria for capitalization of such assets are consistent with the guidance given in paragraph 25 of Ind AS 38 (receipt of economic benefit out of the separately purchased transaction is considered to be probable).

Acquired research and developmentintangible assets that are under development are recognized as Intangible Assets under Development. These assets are not amortized, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Where a determination of impairment in respect of any such asset is made, the impairment of such asset is recognized in the Profit and Loss Statement in the year in which such determination is made. Where a determination is made to the effect that future economic benefits are probable, the total cost is capitalized in the year in which such determination is made

Amortization of capitalized development expenditure is recognized on a straight-line basis, over the useful life of the asset

d) **Impairment of Assets:**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable value being higher of value in use and fair value less cost of disposal. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired.

e) **Business Combination and Goodwill**

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has theability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rightsare substantive.

The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets acquired and liabilities assumed.

Any goodwill that arises on account of such business combination is tested annually for impairment.

f) **Non-Current assets held for sale:**

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented separately in the Balance Sheet as "Assets Held for Sale".

g) **Inventory:**

Inventories are valued at the lower of cost and net realizable value. The cost is determined on FIFO basis. Cost of finished goods and work in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

h) **Employee Benefits:**

Short term employee benefits

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

Defined Contribution plans

Contribution towards Provident Fundfor employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Defined benefit plans

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contributions to LIC.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in Statement of Profit and Loss

i) **Cash and Cash Equivalent.**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk. Cash flow statement is prepared under the indirect method as per Ind AS 7, For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of book overdraft.

j) **Dividend to Shareholders:**

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

k) **Leases**

The Company assesses whether a contract contains a lease, at the inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control use of an identified asset, the Company assesses whether:

a) The contract involves use of an identified asset;

b) The Company has substantially all the economic benefits from the use of the asset through the period of lease; and

c) The Company has the right to direct the use of an asset.

At the date of commencement of lease, the Company recognizes a Right-of-use asset ("ROU") and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the Company recognizes the lease payment as an operating expense on straight line basis over the term of lease.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

Lease liability and ROU asset have been separately presented in the Balance Sheet and the lease payments have been classified as financing cash flows.

l) **Revenue Recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) **Sale of products:**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, Amount disclosed as revenue are inclusive of excise duty, excluding goods and service tax (GST), sales tax or value added taxes or service taxes or duties collected on behalf of the government, and net off returns, trade discounts, rebates and any amount collected on behalf of third parties.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

ii) Development Revenue:

Development revenue are recognized over the time period of the development activity and are recognized on the completion of each mile- stones as per term of the agreement.

III) Recognition of Export benefits

Export benefit entitlements in respect of incentive schemes including Merchandise Export Incentive Scheme (MEIS) and Focus Product Scheme (FPS) of the government of India are recognized in the period in which they are approved.

(v) Milestone payments and out licensing arrangements

The Company enters into certain dossier sales, licensing and supply arrangements that, in certain instances, include certain performance obligations. Based onan evaluation of these obligations, the Company recognize or defer the upfront payments received under these arrangements. Milestone payments which are contingent on achieving certain clinical milestones are recognized as revenues either on achievement of such milestones.

Income from out-licensing agreements typically arises from the receipt of upfront, milestone and other similar paymentsfrom third parties for granting a license to product- or technology- related intellectual property (IP). Milestone payments which are contingent on achieving certain clinical milestones are recognized as revenues either on achievement of such milestones, if the Milestones are considered substantive, or over the period we have continuing performance obligations, if the milestones are not considered substantive.

The Company recognizes a deferred income (contract liability) if consideration has been received (or has become receivable) before the company transfers the promised goods or services to the customer."

m) other Income

i) Interest Income is recognized using the Effective interest rate (EIR) method.

ii) Dividend income is recognized when right to receive is established.

iii) The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with and the grants is received. Government grants received in relation to assets are recognized as deferred income and amortized over the useful life of such asset. Grants related to income are recognized in the profit & loss account under other income.

n) Foreign Currency Transactions/Translations: Initial Recognition

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

Translations

Monetary assets and liabilities denominated in foreign currencies at the reporting dateare translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange Differences

The exchange difference arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized in the Statement of Profit and Loss in the period in which they arise as income or as expense.

o) Government Grant

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Grants related to revenue items are presented as part of profit or loss under general heading such as other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as 'Deferred Government Grant' and are credited to profit & loss account under other income on a straight line basis over the expected lives of the related assets.

The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

p) **Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred. Further, interest earned out of borrowed funds from temporary investments are reduced from the borrowing cost.

Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

q) **Financial Instrument:**

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

I) **Financial Asset:**

Initial recognition and measurement

All financial instruments are recognized initially at fair value plus, in case of financial assets not recorded at fair value through P&L, transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the company commits to purchase or sell the asset.

Subsequent Measurement

For the purpose of subsequent measurement financial assets are classified as measured at:

- Amortized cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI).

a) **Financial Asset measured at amortized cost**

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss. The company while applying above criteria has classified the following at amortized cost:

- Trade receivables
- Loans
- Other Financial Assets

b) **Financial Assets Measured at fair value through other comprehensive income (FVTOCL)**

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income.

Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulativegain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

c) **Financial Assets at fair value through profit or loss (FVTPL)**

Financial Assets are measured at Fair value through Profit & Loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of Profit & Loss.

Equity Instruments

All investments in equity instruments classified under financial assets are initially measured at fair value, the group may,on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL. The classification is based on initial recognition and is irrevocable

De-recognition of Financial Assets:

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for Derecognition. On Derecognition of a financial asset in its entirety, the difference between the carrying amount (measured on the dateof recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the statement of Profit & Loss.

Impairment of Financial Assets:

In accordance with Ind AS 109, the company applies expected creditloss (ECL) model by adopting the simplified approach using a provision matrix reflecting current condition and forecasts of future economic conditions for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial Assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance
- Financial Assets that are debt instruments and are measured at FVTOCI.
- Lease receivables under Ind AS 17.
- Trade receivables or any contractual right to receive cash or another financial asset
- Loan commitments which are not measured at FVTPL
- Financial guarantee contracts which are not measured at FVTPL

II) Financial Liability

Initial recognition and measurement

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Subsequent measurement

Financial liabilities are subsequently measured at amortized cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss.

Financial Liabilities at amortized cost:

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

- The company is classifying the following under amortized cost
- Borrowings from banks
- Borrowings from others

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

- Trade payables
- Other financial liabilities

Derecognition:

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract isdischarged or cancelled or expires.

III) **Derivative financial instrument and hedge accounting**

The Company uses derivative financial instruments, such as foreign exchange forward contracts, interest rate swaps and currency options to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value ispositive and as financial liabilities when the fair value is negative.

r) **Taxes on Income:**

Tax expense comprises of current and deferred tax.

i) Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Tax Act

ii) Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

iii) Minimum Alternate Tax (MAT) credit is recognized as an asset only when andto the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

s) **Provisions, Contingent Liabilities and Contingent Assets.**

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. Contingent Liabilities are not recognized but are disclosed in the notes.

t) **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

u) **Earnings per share**

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings pershare is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period,

v) **Operating cycle**

The Group classifies an asset as current asset when: it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

- it holds the asset primarily for the purpose of trading;

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when –

- it expects to settle the liability or consume it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for atleast twelve months after the reporting period. Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents The Group's normal operating cycle is twelve months.

w) Exceptional Items:

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are nonrecurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group.

1.2 Recent accounting developments

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1, "Presentation of Financial Statements"- Companies are now required to disclose material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements.

Ind AS 8, "Accounting policies, Change in Accounting Estimates and Errors"- Definition of 'change in account estimate' has been replaced by revised definition of 'accounting estimate. As per revised definition, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty.

- A company develops an accounting estimate to achieve the objective set out by an accounting policy.
- Accounting estimates include:

a) Selection of a measurement technique (estimation or valuation technique)

b) Selecting the inputs to be used when applying the chosen measurement technique.

The amendments will help entities to distinguish between accounting policies and accounting estimates.

Ind AS 12, "Income Taxes"- Narrowed the scope of the Initial Recognition Exemption (IRE) (with regard to leases and decommissioning obligations). Now IRE does not apply to transactions that give rise to equal and offsetting temporary differences.

Accordingly, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on transactions such as initial recognition of a lease and a decommissioning provision.

The Group has evaluated the effect of the above on the financial statements and the impact is not material.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

2 PROPERTY, PLANT & EQUIPMENT

Particulars	Gross Block					Depreciation / Adjustment					Net Block
	As at 01 April, 2022	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2023	As at 01 April, 2022	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2023	As at 31 March, 2023
a) Borewell	28.59	0.00	0.00	0.00	28.59	21.76	1.77	0.00	0.00	23.53	5.06
b) Building	29062.35	403.82	0.00	0.00	29,466.17	4077.49	914.12	(0.14)	0.00	4,991.47	24,474.71
c) Canteen Equipment	78.89	0.00	0.00	0.00	78.89	25.60	12.32	0.00	0.00	37.91	40.98
d) Computer	1629.12	45.34	17.03	0.08	1,657.51	1171.83	216.54	(16.80)	0.00	1,371.57	285.94
e) Electrical Installation	9432.33	498.74	53.32	0.00	9,877.74	3396.80	797.52	26.18	0.00	4,220.51	5,657.23
f) ETP Building	565.85	0.00	0.00	0.00	565.85	223.19	17.73	0.00	0.00	240.92	324.93
g) ETP Machinery	912.98	8.50	0.00	0.00	921.48	228.24	41.48	0.10	0.00	269.82	651.66
h) EHS Equipment	193.11	5.25	1.24	0.00	197.12	39.93	18.35	(1.46)	0.00	56.82	140.30
i) Furniture	3014.38	123.87	12.86	0.85	3,126.24	1181.89	258.07	(6.98)	0.00	1,432.98	1,693.26
j) Land & Green Field	2872.73	380.20	0.00	0.00	3,252.93	0.00	0.00	0.00	0.00	-	3,252.93
k) Lab Equipment	22314.42	498.63	221.65	0.00	22,591.40	6261.14	1858.59	(50.29)	0.00	8,069.43	14,521.96
l) Network Server equipment	358.88	2.16	0.00	0.00	361.05	129.52	50.84	0.00	0.00	180.36	180.69
m) Office Equipment	441.24	5.05	6.54	0.94	440.70	214.69	63.03	0.72	0.00	278.44	162.26
n) P/M (Power Generation Unit)	3843.04	0.00	0.00	0.00	3,843.04	2315.86	103.97	0.00	0.00	2,419.83	1,423.21
o) Pipeline	8108.58	851.09	0.00	0.00	8,959.67	1653.85	381.99	(0.04)	0.00	2,035.81	6,923.86
p) Plant & Machinery	70516.85	2604.38	158.58	0.00	72,962.65	14413.09	3347.91	(20.19)	0.00	17,740.81	55,221.84
q) Pollution Control Equip.	46.24	0.00	0.00	0.00	46.24	31.81	0.79	0.04	0.00	32.64	13.60
r) Vehicle	337.72	0.00	55.40	0.00	282.32	136.87	28.80	(49.92)	0.00	115.75	166.57
s) Vehicles Electrical Operated	40.92	0.00	0.00	0.00	40.92	33.98	1.60	0.00	0.00	35.58	5.34
t) Weigh bridge	8.42	0.00	0.00	0.00	8.42	6.26	0.47	0.00	0.00	6.73	1.69
Total	**153,806.64**	**5,427.04**	**526.64**	**1.87**	**158,708.92**	**35,563.79**	**8,115.88**	**(118.77)**	**-**	**43,560.89**	**115,148.03**

4 INTANGIBLE ASSET

Particulars	Gross Block					Depreciation / Adjustment					Net Block
	As at 01 April, 2022	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2023	As at 01 April, 2022	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2023	As at 31 March, 2023
a) Computer software	1,792.66	89.05	91.42	2.55	1,792.84	913.44	284.11	(91.42)	2.55	1,108.67	684.17
b) DMF/ANDA/Patents Fees	1,885.58	29.68	0.00	-	1,915.26	897.08	102.69	3.73	-	1,003.50	911.76
c) Non-compete Agreement	1,245.00	-	-	-	1,245.00	826.74	164.63	-	-	991.37	253.63
d) Acquired Assets through fair valuation	247.48	-	-	-	247.48	-	24.75	(13.08)	-	11.67	235.81
e) Other	5,910.25	8,315.36	1,025.61	5.78	13,205.78	192.15	786.44	(23.32)	-	955.28	12,250.49
Total	**11,080.97**	**8,434.09**	**1,117.03**	**8.33**	**18,406.36**	**2,829.41**	**1,362.63**	**(124.09)**	**2.55**	**4,070.49**	**14,335.86**

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for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

2 PROPERTY, PLANT & EQUIPMENT

Particulars	Gross Block					Depreciation / Adjustment					Net Block
	As at 01 April, 2021	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2022	As at 01 April, 2021	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2022	As at 31 March, 2022
a) Borewell	25.79	2.80	-	-	28.59	20.11	1.65	-	-	21.76	6.84
b) Building	23513.53	5548.82	-	-	29,062.35	3,239.12	838.37	-	-	4,077.49	24,984.86
c) Canteen Equipment	54.75	24.14	-	-	78.89	15.94	9.64	-	-	25.58	53.31
d) Computer	1417.02	295.87	83.77	0.14	1,629.12	1,003.52	247.37	(79.06)	0.00	1,171.83	457.29
e) Electrical Installation	7998.27	1499.28	65.22	-	9,432.33	2,698.27	726.96	(28.42)	-	3,396.80	6,035.52
f) ETP Building	565.85	-	-	-	565.85	205.47	17.73	-	-	223.19	342.66
g) ETP Machinery	911.97	1.01	-	-	912.98	184.40	43.84	-	-	228.24	684.74
h) EHS Equipment	165.44	28.16	0.48	-	193.11	23.51	16.61	(0.18)	-	39.93	153.18
i) Furniture	2707.16	521.69	214.46	-	3,014.38	1,016.77	244.69	(80.04)	(0.00)	1,181.42	1,832.96
j) Land & Green Field	2525.96	346.78	-	-	2,872.73	-	-	-	-	-	2,872.73
k) Lab Equipment	14050.93	9260.43	996.94	-	22,314.42	5,207.71	1,461.04	(407.61)	-	6,261.14	16,053.28
l) Network Server equipment	241.23	117.66	-	-	358.88	85.31	44.21	-	-	129.52	229.36
m) Office Equipment	420.84	31.04	10.63	-	441.24	152.86	67.10	(5.27)	(0.00)	214.69	226.55
n) P/M (Power Generation Unit)	3843.04	-	-	-	3,843.04	2,211.88	103.97	-	-	2,315.86	1,527.18
o) Pipeline	4921.54	3189.65	2.60	-	8,108.58	1,386.80	269.52	(2.47)	-	1,653.85	6,454.73
p) Plant & Machinery	61940.84	8710.84	134.82	-	70,516.86	11,273.05	3,092.78	47.26	-	14,413.09	56,103.76
q) Pollution Control Equip.	37.34	9.17	0.27	-	46.24	31.48	0.43	(0.10)	-	31.81	14.43
r) Vehicle	201.60	147.60	11.48	-	337.72	112.21	31.35	(6.68)	-	136.87	200.85
s) Vehicles Electrical Operated	40.92	-	-	-	40.92	30.34	3.64	-	-	33.98	6.94
t) Weigh bridge	8.42	-	-	-	8.42	5.79	0.47	-	-	6.23	2.18
Total	**125,592.41**	**29,734.91**	**1,520.68**	**0.14**	**153,806.64**	**28,904.52**	**7,221.37**	**(562.58)**	**(0.00)**	**35,563.29**	**118,243.34**

4 INTANGIBLE ASSET

Particulars	Gross Block					Depreciation / Adjustment					Net Block
	As at 01 April, 2021	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2022	As at 01 April, 2021	For the Year	Deduction/ Adjustment during the year	FCTR	As at 31 March, 2022	As at 31 March, 2022
a) Computer software	1,280.94	520.84	8.381	(0.74)	1,792.66	701.69	215.89	(4.14)	-	913.44	879.22
b) DMF/ANDA/Patents Fees	1,509.74	375.84	-	-	1,885.58	703.53	193.55	-	-	897.08	988.50
c) Non-compete Agreement	1,245.00	-	-	-	1,245.00	653.90	172.85	-	-	826.75	418.25
d) Acquired Assets through fair valuation	245.03	2.45	-	-	247.48	-	-	-	-	-	247.48
e) Other	5,255.52	756.37	81.25	(20.39)	5,910.25	93.50	99.35	(0.00)	(0.70)	192.13	5,718.11
Total	**9,536.23**	**1,655.50**	**89.63**	**(21.13)**	**11,080.97**	**2,152.62**	**681.65**	**(4.14)**	**(0.70)**	**2,829.40**	**8,251.56**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

2A RIGHT OF USE OF ASSETS

Particulars	Gross Block				Accumulated Depreciation/Amortization				Net block
	As at 01.04.2022	Additions	Disposals	As at 31.03.2023	As at 01.04.2022	For the period	Deductions/ Other adjustments	As at 31.03.2023	As at 31.03.2023
Leasehold Land	3,248.81	28.97	398.95	2,878.83	131.76	37.72	-	169.48	2,709.35
Leasehold Building	-	121.22	-	121.22	-	33.67	-	33.67	87.54
Total	**3,248.81**	**150.18**	**398.95**	**3,000.05**	**131.76**	**71.39**	**-**	**203.15**	**2,796.90**

Particulars	Gross Block				Accumulated Depreciation/Amortization				Net block
	As at 01.04.2021	Additions	Disposals	As at 31.03.2022	As at 01.04.2021	For the period	Deductions/ Other adjustments	As at 31.03.2022	As at 31.03.2022
Leasehold Land	2,602.11	650.77	4.08	3,248.81	47.72	84.03	-	131.76	3,117.05
Total	**2,602.11**	**650.77**	**4.08**	**3,248.81**	**47.72**	**84.03**	**-**	**131.76**	**3,117.05**

Description of the property	Gross Carrying value (in Lakhs)	Held in the name of	Whether promoter, director or their relative or employee	Period held	Reason for not held in name
Leasehold land located in Jadcherla, Telangana admeasuring 9 acres	349.26	Raichem Life Sciences Pvt. Ltd.	No	Since 2012	The title deeds are in the name of the erstwhile Company that was amalgamated with the Company pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Andhra Pradesh dated August, 31, 2012

3 CAPITAL WORK-IN-PROGRESS

Particulars	As at 01 April, 2022	Additions	Deletions/ Transfer	As at 31 March, 2023
a) Machinery under errection	4,869.20	4,027.07	4,446.26	4,450.01
b) Projects under errection	14,135.00	30,268.91	13,050.08	31,353.84
Total	**19,004.20**	**34,295.98**	**17,496.34**	**35,803.85**

Particulars	As at 01 April, 2021	Additions	Deletions/ Transfer	As at 31 March, 2022
a) Machinery under errection	3,169.38	7,544.55	5,844.74	4,869.20
b) Projects under errection	27,044.12	23,304.29	36,213.41	14,135.00
Total	**30,213.50**	**30,848.84**	**42,058.15**	**19,004.20**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

5. INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 01 April, 2022	Additions	Deletions/ Transfer	As at 31 March, 2023
a) Software under installation	52.39	422.97	445.00	30.37
b) Product under development	31,145.81	7,782.25	10,655.29	28,272.77
c) DMF /ANDA/Patents Fees	416.06	1,424.19	414.49	1,425.77
Total	**31,614.26**	**9,629.42**	**11,514.77**	**29,728.91**

Particulars	As at 01 April, 2021	Additions	Deletions/ Transfer	As at 31 March, 2022
a) Software under installation	86.52	85.53	119.66	52.39
b) Product under development	23,054.40	11,152.62	3061.20	31,145.81
c) DMF /ANDA/Patents Fees	774.65	727.95	1,086.55	416.06
Total	**23,915.57**	**11,966.10**	**4,267.41**	**31,614.26**

6. FINANCIAL ASSETS

(i) Non-Current Investment

Particulars	As at 31 March, 2023	As at 31 March, 2022
Trade Investments (At Cost) fully paid up		
I) In Joint Venture/Associate Companies		
a) Investments in Equity Instruments (Unquoted)		
i) 5,001 (5,001) share of Rs.10 each in Reva Medicare Pvt. Ltd., Raichur.	188.93	273.46
ii) Investment in Auxilla Pharmaceuticals & Research LLP (40% Capital Contribution)	484.56	516.56
iii) Investment in 1,16,060 (PY 10,263) Share of Rs 100 each in Atria Wind Private Limited issued at premium of Rs 251 each	291.31	25.76
iv) Deemed Investment in Sravathi AI Technology Pvt Ltd, Bangalore	102.26	-
b) Investments in Preference Instruments (Unquoted)		
i) 14,00,000 (14,00,000) Preferred Stock at par value of 0.0001 USD of MAIA Pharmaceuticals INC .USA	250.00	-
ii) 37,32,500 (P.Y 28,43,500) Non-Cumulative Convertible Preference shares of Rs.100/- each of Sravathi Advance Process Technologies Pvt Ltd	2,627.10	2,102.90
v) 4,91,000 (P.Y. 4,41,000), Non-Cumulative Compulsory Convertible share of Rs. 100/- each of Sravathi AI Technology Pvt Ltd Bangalore	319.46	276.08
II) Investments in Government securities (Unquoted)		
i) National Savings Certificate.	0.20	0.20
III) Others		
i) CY- Nil (741,362) shares of Rs.14 each of Prathijna Sustainable Solutions Pvt. Ltd., Bangalore.	-	103.79
ii) 2,000 (2000) shares of Rs.100 each of Mana Effluent Treatment Plant Ltd., Hyderabad.	2.00	2.00
iii) Investment in Debenture application money pending allotment in Atria Wind Private Limited.	-	70.53
iv) Share application money in Atria Wind Private Limited	-	51.58
Total value of unquoted investment	**4,265.82**	**3,422.86**
Aggregate value of unquoted investment	**4,265.82**	**3,422.86**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(ii) Other Financial Assets

Particulars	As at 31 March, 2023	As at 31 March, 2022
a) Security deposits (unsecured considered good)		
(i) Electricity deposits	502.66	462.14
(ii) Rental deposits	33.36	19.03
(iii) Telephone deposits	0.92	0.92
(iv) Miscellaneous deposits	89.67	86.55
Total (a)	**626.60**	**568.64**
b) Cross currency swap account	-	-
Total (b)	-	-
Total (a + b)	**626.60**	**568.64**

7. OTHER NON-CURRENT ASSETS

Particulars	As at 31 March, 2023	As at 31 March, 2022
a) Capital advances		
(i) Unsecured, considered good	5,026.53	8,773.24
Less: Written off	-	-
Total (a)	**5,026.53**	**8,773.24**
b) Others		
(i) Income Tax paid under protest	-	43.33
(ii) VAT on Capital Goods & Others Item	4.69	4.69
(iii) Prepaid Expenses	56.87	134.63
(iv) Fixed deposited having maturity more than 12 month held has Security	1,089.99	1,080.73
(v) Other	0.46	-
Total (b)	**1,152.02**	**1,263.38**
Total (a+b)	**6,178.55**	**10,036.62**

8. INVENTORIES

Particulars	As at 31 March, 2023	As at 31 March, 2022
(i) Raw materials	15,247.35	15,269.90
(ii) Work-in-progress	5,209.91	4,493.94
(iii) Finished goods	5,509.38	7,538.23
(iv) Stock-in-trade	693.92	1,595.64
(v) Stores and Spares	3,749.84	5,291.53
(vi) Packing materials	1,571.69	1,334.60
Total	**31,982.10**	**35,523.84**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

9. FINANCIAL ASSETS

(i) Current Investment

Particulars	As at 31 March, 2023	As at 31 March, 2022
Investment in mutual funds/ bonds		
Investment in Bonds	1,437.39	1,437.39
Total	**1,437.39**	**1,437.39**
Less : Provision for diminishing in the value of Investment	1,437.39	1,437.39
Total value of unquoted investment	-	-
Aggregate value of unquoted investment	-	-

(ii) Trade Receivables (Refer Note 45)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Unsecured		
(a) Considered good	32,434.91	38,632.58
(b) Unsecured considered doubtful	172.93	419.25
Less Written-off	(32.54)	(393.37)
Less: expected credit loss	(140.39)	(25.88)
Total	**32,434.91**	**38,632.58**

Note: Trade receivable in above note no: 9 (ii) (a) includes Rs. 198.36 (PY Rs.192.28) is receivable from related parties (refer note no: 41 Related Party Transaction)

(iii) Cash and Cash Equivalents

Particulars	As at 31 March, 2023	As at 31 March, 2022
i) Cash on Hand	30.13	33.86
ii Balance with Banks in Current Account	1,952.70	3,004.15
iii) Deposit with original maturity of less than 3 months	148.99	344.89
Total	**2,131.82**	**3,382.90**

(iv) Other Bank Balance other than (iii) above

Particulars	As at 31 March, 2023	As at 31 March, 2022
Earmarked Balances		
(i) Unclaimed dividend Accounts	24.64	28.34
Total	**24.64**	**28.34**

(v) Other Financial Assets

Particulars	As at 31 March, 2023	As at 31 March, 2022
a) Income accrued and due	18.47	42.89
b) Staff advance	28.09	36.71
c) Tender deposits	108.19	8.94
d) Fixed deposit having maturity less than 12 months and held as margin money	14.00	-
e) Interest accrued on fixed deposits/others	123.88	157.59
Total	**292.63**	**246.13**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

10. OTHER CURRENT ASSETS

Particulars	As at 31 March, 2023	As at 31 March, 2022
a) Interest accrued on deposits	7.53	-
b) CENVAT receivable	-	0.17
c) Prepaid expenses	783.45	649.65
d) ESI, & Professional Tax	31.77	32.37
e) Advances to supplier/ receivables	2,412.38	2,753.84
f) CGST /IGST /SGST receivable	5,470.51	6,479.71
g) Export Incentive receivables	500.34	85.49
h) Staff advance/against expenses	0.21	-
Total	**9,206.19**	**10,001.23**

11. CURRENT TAX ASSETS

Particulars	As at 31 March, 2023	As at 31 March, 2022
Income tax (Net)	728.79	904.41
Total	**728.79**	**904.41**

12. EQUITY SHARE CAPITAL

Particulars	As at 31 March, 2023	As at 31 March, 2022
Authorized share capital		
95,000,000 (PY 95,000,000) shares face value of Re. 1/- each.	950.00	950.00
	950.00	**950.00**
Issued, subscribed & fully paid up capital		
Opening Balance	868.02	815.27
Changes During the Year	-	52.75
Closing Balance	868.02	868.02
8,68,01,898 (PY. 8,68,01,898) shares face value of Re. 1/- each.		
	868.02	868.02

(a) Reconciliation of the number of shares.

Particulars	As at 31 March, 2023		As at 31 March, 2022	
	Nos	Amount	Nos	Amount
Shares outstanding at the beginning of the year	8,68,01,898	868.02	8,15,26,898	815.27
Add: Nil (PY-52,75,000 shares issued for face value of Re. 1/- each at Rs 564.00) issued during the year	-	-	52,75,000	52.75
Shares outstanding at the end of the year	**8,68,01,898**	**868.02**	**8,68,01,898**	**868.02**

(b) Rights, preference and restriction attached to each class of shares:

Equity Shares:

The Company has only one class of equity shares having par value of Re .1/- per share. Each holder of equity shares is entitling to one vote per share.

In the event of liquidation, the holders of equity are entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(c) Shareholders holding more than 5% shares in the Company

Particulars	As at 31 March, 2023		As at 31 March, 2022	
	No. of Shares	% Holding	No of Shares	% Holding
(i) Vishnukant .C. Bhutada	63,65,610	7.33	63,65,610	7.33
(ii) Dharmavati Bhutada	62,07,796	7.15	62,07,796	7.15

(d) Details of Equity Shares allotted as fully paid-up pursuant to contracts without payment being received in cash during the period of five years immediately preceding the Balance Sheet date.

Particulars	31-Mar-22	31-Mar-21	31-Mar-20	31-Mar-19	31-Mar-18
Shares issue to Director of Navya Biological Pvt. Ltd. on account of merger	-	-	-	-	13,99,994

(e) Preferential allotment of equity shares

During the previous year ended 31 March 2022, the Company has raised additional capital aggregating to Rs. 29683.95 lakhs (net of expenses of Rs. 67.05 lakhs) by way of preferential allotment of equity shares. The Company has issued 52,75,000 shares at a price of Rs. 564/- per share whereby equity share capital has increased by Rs. 52.75 lakhs and securities premium account is increased by Rs. 29,631.20 lakhs (net of expenses of Rs. 67.05 lakhs).

Details of utilization of preferential allotment proceeds are as follows:

Objects of the issue	Proceeds from preferential allotment	Utilized up to 31 March 2022	Unutilized amount as on 31st March 2022
Working capital requirement, repayment of outstanding loan, investment in subsidiaries and joint ventures, to fund growth and expansion and towards corporate general purpose	29683.95	29683.95	0

(f) Promoters Share Holding

S. No.	Name of the Share-holders	Number of shares held at the be-ging of the year 2022	Shareholding as a % of total no. of shares as on 31.03.2022	Number of shares held at the end of the year 2023	Percentage of shares held to total shares 31.03.2023	Change in Share-holding in the year 2022-23	Change in percentage of shares held to total shares in the year 2022-23
1	VISHNUKANT CHATURBHUJ BHUTADA	63,65,610	7.33	63,65,610	7.33	-	-
2	DHARMAVATI BHUTADA	62,07,796	7.15	62,07,796	7.15	-	-
3	RAVI KUMAR INNANI	40,06,370	4.62	40,06,370	4.62	-	-
4	SURAJ KUMAR INNANI	39,80,695	4.59	39,80,695	4.59	-	-
5	OM PRAKASH INANI	28,67,691	3.30	28,67,691	3.30	-	-
6	DEEPAK KUMAR INNANI	27,33,960	3.15	27,33,960	3.15	-	-
7	KANTADEVI INANI	25,40,096	2.93	25,40,096	2.93	-	-

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

S. No.	Name of the Share-holders	Number of shares held at the be-ging of the year 2022	Shareholding as a % of total no. of shares as on 31.03.2022	Number of shares held at the end of the year 2023	Percentage of shares held to total shares 31.03.2023	Change in Share-holding in the year 2022-23	Change in percentage of shares held to total shares in the year 2022-23
8	MADHAV VISHNUKANT BHUTADA	20,00,000	2.30	20,00,000	2.30	-	-
9	KESHAV BHUTADA	20,00,000	2.30	20,00,000	2.30	-	-
10	RAMAKANT INNANI .	14,97,778	1.73	14,97,778	1.73	-	-
11	VISHNUKANTH C BHUTADA HUF	13,36,130	1.54	13,36,130	1.54	-	-
12	TARADEVI INNANI	12,49,998	1.44	12,49,998	1.44	-	-
13	VISHNUKANTA INANI	12,12,498	1.40	12,12,498	1.40	-	-
14	BRIJGOPAL INNANI	11,74,866	1.35	11,74,866	1.35	-	-
15	NATAMAL INNANI	11,31,232	1.30	11,31,232	1.30	-	-
16	SHAKUNTALABAI INNANI	11,29,186	1.30	11,29,186	1.30	-	-
17	SAGAR INNANI	10,00,000	1.15	10,00,000	1.15	-	-
18	TRIVENI INANI	2,94,810	0.34	2,94,810	0.34	-	-
19	PRIYA INNANI	1,80,696	0.21	1,80,696	0.21	-	-
20	KAMALKISHORE INNANI	1,65,236	0.19	1,65,236	0.19	-	-
21	MANJULATHA INNANI	1,57,546	0.18	1,57,546	0.18	-	-
22	KEERTI INNANI	1,55,021	0.18	1,55,021	0.18	-	-
23	NAMRATHA BHUTADA	22,500	0.03	22,500	0.03	-	-
	Total	**4,34,09,715**	**50.01**	**4,34,09,715**	**50.01**	**-**	**-**

13. OTHER EQUITY

Particulars	As at 31 March, 2023	As at 31 March, 2022
(a) Securities Premium Account	72,495.15	72,495.14
(b) General Reserves	5,182.68	5,182.68
(c) Retained Earning	1,00,118.04	1,04,320.49
(d) Others		
i) Cash flow hedge reserve	(2.59)	(2.59)
ii) Remeasured of defined benefit plan	(100.86)	(423.50)
(e) Gain on forfeiture of equity shares	8.76	8.76
(f) Foreign Currency Monetary Translation Difference Account	(241.50)	(229.52)
Total	**1,77,459.68**	**1,81,351.46**

Notes Forming Part of Consolidated Financial Statement
for the year ended 31 March, 2023
(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

14. FINANCIAL LIABILITIES

(i) Long Term Borrowings

Particulars	As at 31 March, 2023	As at 31 March, 2022
Term Loans		
a) From Banks (secured)		
I) HDFC - Term Loan	7,781.58	15,930.35
Nature of Security		
Shilpa Pharma: Term loan of Rs. 10000 Lakhs taken from HDFC, Hyderabad and is secured by first pari passu charge on the movable and immovable fixed assets of Unit -I, Raichur, second pari passu charge on SEZ unit, Jadcherla and personal guarantees given by two (02) of its Directors.		
Shilpa Biologicals: Term loan of Rs. 20000 Lakhs taken from HDFC is secured by charge on the Primary Plant & Machinery, Factory Land and Building, Current Assets of the company and Corporate Guarantee jointly from Shilpa Medicare Limited (Holding Co) and Shilpa Pharma Lifesciences Limited and personal guarantee of 2 (two) Director of the Holding Company.		
Terms of Repayment & Interest Rate:		
Shilpa Pharma: 5% Repayment is payable in the first year in equal quarterly installment and remaining 95% in four (04) years in equal quarterly installment from the date of disbursement. Interest chargeable at 8% linked to repo rate with reset on every three month..		
Shilpa Biologicals: The loan is repayable in 4 years and 11 months starting from 30.08.2021 and last installment falling due on 30.05.2025		
II) HSBC - Term Loan	-	6,875.00
Nature of Security		
Term loan of Rs. 10000 Lakhs taken from HSBC, Bangalore and is secured by first pari passu charge on the movable and immovable fixed assets of Unit -I situated at Deosugur and exclusive charge on Unit-II situated at Chicksugur and personal guarantee given by two (02) of its Directors.		
Terms of Repayment & Interest Rate:		
Repayment of term loan from HSBC with a moratorium periodof 12 months and would be repayable in 16 rear ended quarterly installments of Rs 625 Lakhs with the final installment falling due at the end of the January- 2024 interest payable 03 month MCLR payable monthly.		
III) Axis Bank - Term Loan	5,625.00	5,625.00
Nature of Security		
Shilpa Medicare: Term loan of Rs. 10000 Lakhs taken from Axis Bank, Bangalore and is secured by exclusive charge, by way of equitable mortgage, on immovable fixed assets of Dobaspet, Bangalore unit, both present and future and also exclusive charge, by way of hypothecation, on movable fixed assets of Dobaspet, Bangalore unit, both present and future and secured by personal guarantee given by two (02) of its Directors.		

Notes Forming Part of Consolidated Financial Statement
for the year ended 31 March, 2023
(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars		As at 31 March, 2023	As at 31 March, 2022
	Shilpa Pharma: Term loan of Rs. 4375 Lakhs taken from Axis Bank, Bangalore and is secured by pari passu charge with HSBC Bank on movable and immovable fixed assets of Raichur Unit-II (EOU) situated at Raichur Growth Center Industrial Area, Chicksugur Village.		
	Terms of Repayment & Interest Rate:		
	Shilpa Medicare: Repayment of term loan from Axis Bank after moratorium period of 12 months would be in 16 equal quarterly installments of Rs 625 lakhs with the final installment falling due at the end of the June- 2025. Interest payable at monthly rests		
	Shilpa Pharma: Repayment of term loan from Axis Bank is repayable in 10 equal quarterly installments of Rs 312.5 Lakhs with the final installment falling due on 04.02.2026. Interest payable monthly rests even during moratorium period.		
IV)	**SCB - Term Loan**	3,675.00	5,512.25
	Nature of Security		
	Term loan of Rs. 7350 lakhs was taken from SCB, Bangalore and is secured by first pari passu charge on the movable fixed assets at Jedcherla, unit and first pari passu charge on Land and building of Formulation unit at Jedcherla and also secured by personal guarantee given by two (02) Directors.		
	Terms of Repayment & Interest Rate:		
	Repayment of term loan from SCB would be repayable within 5 years in 16 equal quarterly installments starting from 15th month from the date of draw down and the final installment falling due at the end of the January - 2026. Interest payable at monthly rests		
V)	**Citi Bank - Term Loan**	781.25	1,406.25
	Nature of Security		
	Shilpa Therapeutics-Term Loan from Citibank NA is secured by exclusive charge on present & future current assets and movable and immovable assets of the company. Exclusive charge by way of equitable mortgage on land & buildings situated at 118, cherlapally, IDA Phase III, Hyderabad along with Corporate Guarantee by holding company Shilpa Medicare Limited.		
	Terms of Repayment & Interest Rate:		
	Shilpa Therapeutics-Repayment of Term Loan from Citibank NA have a moratorium period of 12 Months and repayable in 16 equal quarterly installments. First installment falling due on 23.07.2021 and final installment on 23.04.2025. Interest payable monthly in arrears.		
VI)	**IDFC First Bank**	6,429.06	-
	Nature of Security		
	Shilpa Biocare-The term loan of Rs. 15000 Lakhs was sanctioned by the bank on 27.09.2022. The term loans are secured by way offirst charge on Current assets & Fixed assets of the company (both present & future) and Corporate Guarantee, jointly provided by Shilpa Medicare Limited (Holding Co) & Shilpa Pharma Lifesciences Limited.		

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Terms of Repayment & Interest Rate:		
The loan is repayable in 17 quarterly installments after 6 months from date of commencement of operations. Interest payable monthly.		
b) From Others (unsecured)		
I) Loan under SBIRI Scheme	-	11.39
Shilpa Biological Loan from Department of Biotechnology, Ministry of Science and Technology, New Delhi. Under Scheme Small Business Innovative Research Initiative (SBIRI)		
Terms of Repayment & Interest Rate:		
The loan is repayable in 10 equal yearly installments starting from 17.08.2013 of Rs.21.05 Lakhs with final installment falling due on 17.08.2022. Interest is payable @ 1% P.A. on amount drawn up to Rs.100 Lakhs and @ 2% above Rs.100 Lakhs, and is payable in 02 equal installment after principal repayment.		
2) From Bajaj Finance Limited	4,590.00	-
Nature of Security		
Sanctioned loan is Rs. 5000 lakhs and is secured by lien & pledge of equity shares of Shilpa Medicare Limited owned by 3 members of the promoters group. The securities provided for pledge or lien are free from any charge, lock in and encumbrances.		
Terms of Repayment & Interest Rate:		
Bullet repayment or the loan may be renewed at the end of the tenure at the sole discretion of Bajaj Finance Ltd. Tenure of loan is 36 months, with put/call option at the end of 12 months from the first date of disbursement. Interest to be paid monthly. Interest rate applicable for said loan shall vary basis BFL's internal credit and risk policy and as per an algorithmethmic multivariate score card which includes variables. Entire loan facility recall in case promoter pledging exceeds 30% or if at any time during the loan tenure share price of SML falls by 40% from the date of disbursement under this facility	-	
Total	**28,881.89**	**35,360.24**

(ii) Lease liability

Particulars	As at 31 March, 2023	As at 31 March, 2022
a) Land & Building	180.14	113.30
Total	**180.14**	**113.30**

(iii) Others

Particulars	As at 31 March, 2023	As at 31 March, 2022
a) Deferred Consideration Payable on acquisition of FTF Pharma Pvt Ltd	500.00	500.00
Total	**500.00**	**500.00**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

15. PROVISIONS

Particulars	As at 31 March, 2023	As at 31 March, 2022
(i) Provision for gratuity	1,548.75	1,708.62
(ii) Provision for leave encashment	216.15	199.01
Total	**1,764.90**	**1,907.63**

16. DEFERRED TAX LIABILITY (NET)

Particulars	As at 31 March, 2023	As at 31 March, 2022
(i) Deferred tax liability	16,982.52	13,462.44
(Difference in tax base of property, plant, equipment & others)	-	
(ii) Deferred tax asset	(8,890.60)	(1,447.45)
(On account of disallowable items under Income Tax Act)	-	
(iii) MAT Credit Entitlement	(6,686.83)	(6,541.24)
Total	**1,405.08**	**5,473.75**

17. OTHER NON-CURRENT LIABILITY

Particulars	As at 31 March, 2023	As at 31 March, 2022
(a) Deferred revenue	-	12.44
(b) Capital subsidy / Deferred Government grant	1,747.65	1,914.16
(c) Others	31.64	-
Total	**1,779.29**	**1,926.60**

18. FINANCIAL LIABILITY

(i) Borrowings

Particulars	As at 31 March, 2023	As at 31 March, 2022
Secured Loan		
a) Working capital loan		
From Banks		
i) Standard Chartered Bank-PCFC [refer note 'a' & 'l (i)' below]	-	5,048.01
ii) Citi Bank-PCFC [refer note 'b' & 'l (ii)' below]	-	119.21
iii) HSBC-PCFC [refer note 'c' & 'l (iii)' below]	-	2,990.35
iv) Axis Bank- PCFC [refer note 'd' & 'l (iv)' below]	698.68	2,308.66
v) Axis Bank-WCDL [refer note 'e' & 'l (v)' below]	4,300.00	-
vi) HDFC -WCDL-[refer note 'f' & 'l (vi)' below]	1,950.00	-
vii) HSBC-WCDL(SPLL)[refer note 'c' & 'l (vii)' below]	3,450.00	-
viii) ICICI-WCDL[refer note 'h' & 'l (viii)' below]	4,964.39	-
ix) IDBI-WCDL[refer note 'l' & 'l (ix)' below]	1,500.00	-
x) Citibank-Cash Credit [refer note 'b' & 'l (x)' below]	2,876.43	-
xi) Axis Bank-WCDL(SPLL)[refer note 'e' & 'l (xi)' below]	7,850.00	-
xii) DBS-Cash Credit (SPLL)[refer note 'j' & 'l (xii)' below]	299.59	-
xiii) IDBI-Cash Credit[refer note 'l' & 'l (xiii)' below]	1,990.10	-
xiv) ICICI-PCFC[refer note 'h' & 'l (xiv)' below]	-	4,624.23

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2023	As at 31 March, 2022
xv) HDFC -WCDL (SBPL)[refer note 'g' & 'l (xv)' below]	1,500.00	1,200.00
xvi) CITI-WCDL (SPLL) [refer note 'k' & 'l (xvi)' below]	2,279.55	-
xvii) CITI-WCDL [refer note 'b' & 'l (xvii)' below]	757.95	4,000.00
xvii) Current maturity of long term debt	16,273.60	12,540.53
Nature of Security		
a) Working capital loan from Standard Chartered Bank (SCB) is securedby first pari passu charge on current assets and first charge on certainfixed assets movable & immovable (except those created through other loans) in line with other working capital lenders and personal Guarantee of 02 Directors		
b) Working capital loan from Citi bank (CB) is secured by first pari passu charge on current assets and charge on fixed assets (except those created through other loans) in line with other working capital lenders and personal guarantee of 02 Directors. The sanction facility is interchangeable between PCFC/WCDL/Cash credit and applicable interest for respective facility to be charged		
c) Working capital loan from HSBC is secured by first pari passu chargeon current assets and charge on moveable fixed assets (exceptthose created through other loans) in line with other working capital lenders and personal Guarantee of Two (2) Directors in all matters of it's Holding Company		
d) Working capital from Axis Bank (Axis) is secured by first pari passu charge on current assets (current and future) of the Company with additional collateral security given to other banks. The sanction facility is interchangeable between PCFC/WCDL/Cash credit and applicable interest for respective facility to be charged.		
e) **Shilpa Pharma:** Working capital from Axis Bank (AXIS) is securedby first pari passu charge on current assets of the Company in line with other working capital lenders and secured by on movable and immovable fixed assets of Raichur Unit-I situated at Deosugur Industrial Area, Shaktinagar		
f) Working Capital Demand Loan from HDFC is secured by first pari passu charge on current assets of the company. Second pari passu charge on Factory land and building of Jadcherla SEZ unit. Second pari passu charge on Factory movable and immovable fixed assets of Jadcherla SEZ unit and personal Guarantee of 02 Directors .		
g) **Shilpa Biological** the Working capital loan from HDFC was sanctionedby the bank on 29.09.2021. The said loan was initial repayable on bullet basis on 31.03.2022. However, the bank has extended the credit period by 178 days. The working capital loan is secured byway of first charge on the entire fixed assets of the company (both present and future), Factory Land & Building, exclusive charge on entire current asset of company (both present and future) and Corporate Guarantee, jointly from Shilpa Medicare Limited (Holding Co) and Shilpa Pharma Lifesciences Limited and personal guarantee of 02 Directors of its Holding Company.		

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2023	As at 31 March, 2022
h) Working capital from ICICI Bank (ICICI) is secured by first pari passu charge on current assets (both current and future) of the Company. The sanction facility is inter changeable as PCFC/Cash Credit/WCDL and applicable interest will be charge.		
i) Working capital from IDBI Bank Ltd (IDBI) is secured by first pari passu charge on the entire current assets of the Company in line with other working capital banks by way of hypothecation. The sanction facility is interchangeable between PCFC/WCDL/Cash credit and applicable interest for respective facility to be charged.		
j) Working capital from DBS Bank (DBS) is secured by first pari passu charge on the entire current assets of the Company and secured by corporate guarantee given by Shilpa Medicare Limited (Holding Company)		
k) **Shilpa Pharma:** Working capital from Citibank is secured by first pari passu charge on current assets of the Company in line with other working capital lenders and secured by on movable and immovable fixed assets of Raichur Unit-I situated at Deosugur Industrial Area, Shaktinagar. And personal guarantee of 02 Directors. The sanction facility is interchangeably as PCFC/PSFC/WCDL/Buyer's Credit/Cash credit and applicable interest will be charge.		
l) **Interest rate as at March 31, 2023 is as under:**		
(i) SCB-PSFC/PCFC CY NA (PY 2022 -LIBOr+1.42%)		
(ii) CITI-PSFC/PCFC CY NA (PY 2022 -LIBOr+1.62%)		
(iii) HSBC-PSFC/PCFC CY NA (PY 2022 -LIBOr+1.88%)		
(iv) AXIS-PSFC/PCFC-5.243% (PY 2022 Libor + 0.90% per annum)		
(v) AXIS-WCDL(SPLL)-8.85% (PY 2022-NA)		
(vi) HDFC -WCDL-12.30% (PY 2022-NA)		
(vii) HSBC-WCDL(SPLL)-9.40% (PY 2022-NA)		
(viii) ICICI-WCDL(SPLL)-8.54% (PY 2022 NA)		
(ix) IDBI-WCDL-7.80% (PY 2022 NA)		
(x) CITIBANK-Cash Credit-13% (PY 2022 NA)		
(xi) Axis Bank-WCDL-8.65% (PY 2022 NA)		
(xii) DBS-Cash Credit-5.498% (PY 2022 NA)		
(xiii) IDBI-Cash Credit 8.150% (PY 2022 NA)		
(xiv) CY NA (PY 2022 ICICI-PCFC-0.887%)		
(xv) HDFC-WCDL(SBPL) 12.32% (PY 2022 5.25%)		
(xvi) CITI-WCDL(SPL)-9.27% (PY 2022 NA)		
(xvii) CITI-WCDL-8.60% (PY 2022 5.25%)		
Total	**50,690.29**	**32,830.99**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(ii) Trade Payable (Refer Note 42 & 45)

Particulars	As at 31 March, 2023	As at 31 March, 2022
a) Trade payables due to micro and small enterprises	3,486.27	2,609.91
b) Trade payables due to other than micro and small enterprises	10,955.12	11,994.55
Total	**14,441.39**	**14,604.46**

Note: Trade payable in above note no: 18 (ii) (b) includes Rs. 120.27 (PY Rs.284.34) is payable to related parties (refer note no: 41 Related Party Transaction)

(iii) Other financial liabilities

Particulars	As at 31 March, 2023	As at 31 March, 2022
a) Current maturities of government grants	131.33	-
b) Interest accrued but not due on borrowings	277.64	229.02
c) Unclaimed dividends	24.64	28.34
d) Employee benefit liability	2,937.60	3,120.20
e) Books overdraft	249.32	849.01
f) Unclaimed Bonus & Salary	10.26	1.13
g) Capital creditors	4,627.98	3,787.55
h) Deferred Revenue	71.44	-
i) Others	28.18	34.78
Total	**8,358.39**	**8,050.03**

19. OTHER CURRENT LIABILITIRES

Particulars	As at 31 March, 2023	As at 31 March, 2022
a) Advances from customers	1,098.90	1,636.56
b) Tax deduction at source	1,267.93	1,186.38
c) ESI, Professional tax Etc.	33.85	35.01
d) Security trade deposit	0.59	244.40
e) Provident fund payable	197.78	193.54
f) Unclaimed bonus & salary	95.09	67.79
g) Custom duty	0.74	34.08
Total	**2,694.88**	**3,397.76**

20. PROVISIONS

Particulars	As at 31 March, 2023	As at 31 March, 2022
i) Compensated absences (Leave Encashment)	56.93	55.31
ii) Gratuity	338.71	402.65
iii) Others	1,674.16	1,788.10
Total	**2,069.80**	**2,246.06**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

21. REVENUE FROM OPERATIONS - SALES

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
a) Sales of Goods		
i) Sales of products	95,831.09	1,07,827.67
ii) Export Incentives	666.60	547.35
iii) Energy sales	191.97	462.91
Total	**96,689.66**	**1,08,837.93**
Abstract		
(i) Bulk Drugs/Intermediates	74,606.06	72,218.11
(ii) Formulation	17,626.00	32,639.68
(iii) Export Incentives	666.60	547.35
(iv) Power	191.97	462.91
(v) Trading	2,305.94	1,813.12
(vi) Others	1,293.09	1,156.77
Total	**96,689.66**	**1,08,837.94**

22. REVENUE FROM OPERATIONS - SERVICE AND LICENSE FEES

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Product development & License fees	8,321.58	5,714.34
Total	**8,321.58**	**5,714.34**

23. OTHER INCOME

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
a) Interest Income on :		
i) Deposit with bank	101.45	178.30
ii) Others	75.59	28.36
b) Liabilities written back	1,024.98	501.46
c) Government grant	156.51	141.05
d) Miscellaneous income	381.44	575.38
Total	**1,739.97**	**1,424.55**

24. COST OF MATERIAL CONSUMED

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Inventory at the beginning of the year	16,269.42	14,689.40
Add: Purchases/Transfer	36,881.50	39,754.91
Less: Inventory at the end of the year	16,107.16	16,269.42
Cost of raw materials and packing materials consumed	**37,043.76**	**38,174.89**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

25. PURCHASE OF STOCK -IN-TRADE

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Purchase of Medicines/Bulk Drugs/Others	3,398.52	849.07
Total	**3,398.52**	**849.07**

26. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK -IN-TRADE

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Opening Inventories		
(i) Finished goods	8,896.37	10,443.61
(ii) Work-In-process	4,493.94	3,412.72
Less Reclassifed to Asset held for sale		**(1,168.17)**
Closing Inventories		
(i) Finished goods	7,030.60	8,896.37
(ii) Work-In-process	5,209.69	4,493.94
(Increase) / decrease in inventory	**1,150.02**	**(702.15)**

27. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
a) Salaries, wages and bonus	26,790.62	24,487.68
b) Contribution to provident fund /gratuity and other funds	1,517.59	1,504.84
c) Staff welfare expenses	424.89	456.13
Total	**28,733.09**	**26,448.65**

28. FINANCE COSTS

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
a) Interest expense on :		
i) Working capital facility	2,147.46	615.70
ii) Interest on lease Liability	17.15	13.17
iii) Term loans	3,373.68	3,450.76
b) Dividend on cumulative preference shares	19.20	17.62
c) Amortization of processing fees	6.25	-
d) Interest on unsecured Loan	89.63	13.75
e) Factoring Charges	204.89	-
f) Others	6.95	5.53
Total	**5,865.21**	**4,116.52**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

29. OTHER EXPENSES

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
a) Power and fuel	5,679.09	5,242.69
b) Repairs & Maintenance		
i) Buildings	784.53	601.28
ii) Plant and machinery	3,133.86	3,706.27
iii) Others	481.28	518.51
c) Rent	100.95	115.94
d) Exchange Loss / (Gain) Net	(1,401.19)	(665.76)
e) Rates and taxes,	206.53	244.69
f) Insurance	402.70	386.57
g) Traveling and Conveyance	535.88	325.57
h) Contractor Labour Charges	1,438.42	1,374.19
i) Legal and Professional Fees	2,497.12	5,104.49
h) Facility Fees	642.97	691.79
k) Payment to auditors (Note No 38)	53.09	31.63
l) Research and Development expenses	4,910.23	5,506.05
m) Transportation Charges	203.22	208.63
n) Brokerage and Commission	399.75	1,235.76
o) Job work charges	92.11	88.01
p) Directors Sitting Fees	3.90	5.60
q) Sales Promotion and Advertisement	262.25	565.89
r) Advance Written-off	0.10	122.96
s) Clearing and Forwarding expenses	797.44	727.11
t) (Profit) Loss on sale /Discard of Assets.	26.48	160.22
u) Custom Duty & Vat Exp	396.10	407.61
v) CSR Expenses	397.61	372.51
w) Product Filing Fees /patent application fees	159.49	251.35
x) Tech Transfer Expenses	80.44	-
y) Expected credit loss	140.39	-
z) Provision for Capital Advance Written Off	94.60	-
aa) Bad Debts written-off	32.54	419.26
ab) Miscellaneous Expenses	1,905.81	1,647.43
TOTAL	24,457.70	**29,396.25**

30. EXCEPTIONAL INCOME/ (EXPENSES)

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
a) Gain on account of reduction of investment of foreign subsidiary	-	880.90
b) Loss on sale of subsidiary	-	(20.12)
c) Gain on sale of asset	-	18.32
Total	-	**879.10**

Notes Forming Part of Consolidated Financial Statement
for the year ended 31 March, 2023
(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

31. CONTINGENT LIABITIES AND COMMITMENTS

Particulars	As at 31 March, 2023	As at 31 March, 2022
a) Foreign letter of credit	9.26	182.96
b) Bank guarantees/Corporate guarantee*	417.53	259.78
c) Claims against the Company not acknowledged as debt	6,296.93	5,780.00
d) Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances	11,915.48	4,163.41
Total	**18,639.20**	**10,386.15**

32. EMPLOYEE BENEFIT DEFINED CONTRIBUTION PLANS

i) Provided fund

Particulars	As at 31 March, 2023	As at 31 March, 2022
Defined Contribution Plan		
Provided fund	**1,036.88**	**985.05**

ii) Defined benefit Plan (Gratuity)
a) Holding Company

	Movement of present value of the defined benefit obligation	As at 31 March, 2023	As at 31 March, 2022
i)	**Change in defined benefit obligation**		
	Obligations at year beginning	2,346.28	1,786.01
	Service cost	323.18	355.97
	Interest on defined benefit obligation	64.95	117.63
	Benefits settled	(226.70)	(59.74)
	Divestures (Demerger)	(1,236.76)	-
	Actuarial (gain)/loss	-	146.40
	Increase/(Decrease) due to effect of any business combination divestiture/transfer*	917.70	
	Obligations at year end	**2,188.64**	**2,346.27**
ii)	**Change in plan assets**		
	Plans assets at year beginning, at fair value	217.09	261.77
	Expected return on plan assets	17.87	19.80
	Actuarial gain/(loss)	(67.86)	(1.51)
	Benefits payout	(88.24)	(34.71)
	Increase/(Decrease) due to effect of any business combination/ divestiture/transfer*	192.53	
	Plans assets at year end, at fair value	**271.39**	**245.35**
iii)	**Amount recognized in the balance sheet**		
	Closing BPO	2,188.64	2,346.27
	Closing fair value of plan assets	271.39	245.35
	Net asset/(liability) recognized in the balance sheet	**1,917.25**	**2,100.92**

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Movement of present value of the defined benefit obligation	As at 31 March, 2023	As at 31 March, 2022
iv) Expenses recognized in the statement of P & L account		
Service cost	318.88	355.96
Interest cost	61.92	114.86
Expected return on plan assets	28.89	(17.03)
Expenses recognized in the statement of Other Comprehensive income		
Actuarial (Gain)/Losses due to Demographic Assumption changes in DBO	(63.66)	(88.84)
Actuarial (Gain)/Losses due to Financial Assumption changes in DBO	10.45	(44.53)
Actuarial (Gain)/Losses due to Experience on DBO	(226.80)	279.76
Return on Plan Assets (Greater)/Less than Discount rate	(18.91)	(0.98)
Total actuarial (gain)/loss included in OCI	(298.92)	145.41
v) Assets Information		
i) Insured (fund is managed with Life insurance corporation of India)	271.39	245.35
%	12.40	100.82
ii) Non fund based (Company manages at its own)	1,917.25	2,100.92
%	87.60	199.18
vi) Principal actuarial assumptions		
Interest rate	-	-
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	7.46%	7,24%
Expected rate of return on assets	7.46%	7,24%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	10.33%	9%
Attrition rate of employees	16.00%	15.00%
Retirement age of employees (Years)	58.00%	58

Actuarial gain / loss is recognized immediately. The estimates of salary increase, inflation, promotion, Seniority etc. taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

b) Indian Subsidiaries Companies

Defined benefit Plan (Gratuity)	As at 31 March, 2023	As at 31 March, 2022
i) Change in defined benefit obligation		
Obligations at year beginning	249.30	182.83
Service cost	229.54	59.55
Interest on defined benefit obligation	17.14	8.85
Benefits Settled	(58.07)	(6.57)
Actuarial (gain)/loss	123.70	4.64
Increase/(Decrease) due to effect of any business combination/divestiture/transfer*	1,360.46	-
Obligations at year end	**1,922.06**	**249.30**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Defined benefit Plan (Gratuity)	As at 31 March, 2023	As at 31 March, 2022
ii) Change in plan assets		
Actuarial gain/(loss)		-
Plans assets at year end, at fair value	**129.18**	**65.60**
iii) Reconciliation of present value of the obligation and fair value of the plan assets		
Closing BPO	1,922.06	249.30
Closing fair value of plan assets	(129.18)	(65.60)
Closing funded status	-	183.70
Unrecognized actuarial (gains) / losses	-	-
Net asset/(liability) recognized in the balance sheet	**1,792.88**	**183.70**
iv) Expenses recognized in the statement of P & L account		
Service cost	225.24	59.54
Interest cost	14.11	6.08
Actuarial (gains) / losses	(7.07)	4.15
Net Gratuity Cost	**232.29**	**69.77**

c) Principal actuarial assumptions

Defined benefit Plan (Gratuity)	As at 31 March, 2023	As at 31 March, 2022
Interest rate		-
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	7.45%	7.33%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	10.20%	9%
Attrition rate of employees	13.40%	13.00%
Retirement age of employees (Years)	58	58

Actuarial gain / loss is recognized immediately. The estimates of salary increase, inflation, promotion, Seniority etc. taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

Sensitivity Analysis

The Sensitivity of the defined benefit obligation to changes in the weighted principal assumption are as below:

Particulars	As at 31 March, 2023		As at 31 March, 2022	
	Decrease	Increase	Decrease	Increase
Discounted rate	5.74%	(5.17%)	7.63	6.67
Salary increase	(4.90%)	5.31%	5.91	6.61
Attrition rate	1.22%	(1.18%)	1.45	1.35

Sensitivity of signification actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by 100 basis points keeping all other actuarial assumption constant.

* on account of slump sales agreement, the closing liability as on June 30, 2022 has been transferred from Shilpa Medicare Limited to Shilpa Pharma Lifesciences group

Notes Forming Part of Consolidated Financial Statement

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33.AIR VALUE MEASURMENT HIERARCHY:

Particulars	As at 31 March, 2023					As at 31 March, 2022				
	Carrying Amount					Carrying Amount				
	Amortized Cost	FVTPL			Total	Amortized Cost	FVTPL			Total
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
FINANCIAL ASSETS										
I. At Amortized Cost										
Non-current investments	4,265.82	-	-	-	4,265.82	3,422.86	-	-	-	3,422.86
Trade receivable	32,434.91	-	-	-	32,434.91	38,632.59	-	-	-	38,632.59
Cash & bank balances	2,131.82	-	-	-	2,131.82	3,382.90	-	-	-	3,382.90
Other bank balances	24.64	-	-	-	24.64	28.34	-	-	-	28.34
Other financial assets	919.23	-	-	-	919.23	814.77	-	-	-	814.77
Total	**39,776.42**	**-**	**-**	**-**	**39,776.42**	**46,281.46**	**-**	**-**	**-**	**46,281.46**
FINANCIAL LIABILITIES										
Borrowings	79,572.18	-	-	-	79,572.18	68,179.84	-	11.39	-	68,191.23
Trade payables	14,441.39	-	-	-	14,441.39	14,604.46	-	-	-	14,604.46
Other financial liabilities	8,858.37	-	-	-	8,858.37	8,550.03	-	-	-	8,550.03
Lease Liability	216.70	-	-	-	216.70	137.62	-	-	-	137.62
Total	**1,03,088.64**	**-**	**-**	**-**	**1,03,088.64**	**91,471.95**	**-**	**11.39**	**-**	**91,483.34**

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETFs and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

Valuation technique used to determine fair value

1) The use of quoted market prices or dealer quotes for similar instruments
2) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
3) The fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

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34 FINANCIAL RISK MANAGEMENT

The Company activities expose it to a variety of financial risks such as Market Risk, Credit Risk and Liquidity Risk. The company's focuses on minimizing potential adverse effect on its financial performance.

A) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The changes in the values of financial assets/liability may result from change in the foreign currency exchange rates (Foreign Currency Risk), change in interest rates (Cash flow & interest rate risk), and change in price of investments (Price Risk).

(i) Foreign Currency Risk

The Company operates internationally and a major portion of the business is transacted in USD, EURO & GBP currencies and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward, interest rate swaps and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

Particulars	As at 31 March, 2023			As at 31 March, 2022		
	USD	EURO	GBP	USD	EURO	GBP
Trade receivables	191.89	37.11	-	213.56	61.08	-
Cash and cash equivalents	88.71	0.86	0.01	4.07	0.15	0.01
Short-term borrowings	-	(7.80)	-	(168.61)	(27.27)	-
Trade payables	(41.00)	(3.06)	(0.44)	(54.37)	(5.20)	-
Net Foreign Currency Risk	**239.60**	**7.11**	**(0.43)**	**(5.35)**	**28.76**	**0.01**

Sensitivity analysis

Sensitivity analysis of 1% change in exchange rate at the ending of the reporting period net of hedges

Particulars	Impact on Profit & Loss		Impact on other component of equity	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
USD-Sensitivity				
Increase by 1% (gain/(loss))	196.99	(4.06)	-	-
Decrease by 1% (gain/(loss))	(196.99)	4.06	-	-
Euro-Sensitivity				
Increase by 1% (gain/(loss))	24.29	24.35	-	-
Decrease by 1% (gain/(loss))	(24.29)	(24.35)	-	-
GBP-Sensitivity				
Increase by 1% (gain/(loss))	(0.43)	0.01	-	-
Decrease by 1% (gain/(loss))	0.43	(0.01)	-	-

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest expenses/ income and to manage the interest rate risk, the Company weighted average balance manage its interest rate risk by having portfolio of fixed / variable interest rate on long / short term borrowings. The analysis is prepared assuming the amount of liability outstanding at the ending of the reporting period is the average weighted balance of the respective reporting period.

According to the Company interest rate risk exposure is only for floating rate borrowings, change in 0.5% in the interest rate component applicable to the short term borrowings would affect the Company's net profit before tax at the end of the reporting period year ended 31 March, 2023 and 31 March, 2022 respectively

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Particulars	As at 31 March, 2023	As at 31 March, 2022
Change in 0.50% interest on WCL	172.08	101.45

(iii) Price Risk

Company does not have any exposure to price risk, as there is no market based equity investment made by the Company.

B. Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk is arising from its operation activity primarily from trade receivable and from itsfinancial activity. Customer credit risk is controlled by analysis of credit limit and credit worthiness of the customer on acontinuous basis to whom the credit has been granted.

Long outstanding receivable from customer are regularly monitored and transaction with such customer are covered under letter of credit. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivable. Three customers are accounted for more than 10% of the trade receivable as of 31 March, 2023 and for 31 March, 2022 respectively. Since the Company is dealing with the customer from past several years, hence there is no concordant risk in dealing with said customers.

Expected credit loss assessment

The Group reviewed customers outstanding at the end of each reporting period and determine incurred and expected credit losses. Past trend of impairment of trade receivables do not reflect any significant credit losses. The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for Impairment	As at 31 March, 2023	As at 31 March, 2022
Impairment loss recognized - trade receivable	140.39	25.88
%	0.43	0.07

c. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations of its financial liability. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for making liabilitywhen they are due, under normal and stressed condition without incurring losses and risk.

The present available working capital facility is sufficient to meet its current requirement. Accordingly, no liquidity risk is perceived. In addition, the Company maintains the following line of credit facility

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March, 2023:

Particulars	On Demand	< 01 year	01 to 05 Years	> 05 years
Short term borrowing	34,416.69	-	-	-
Long term borrowings	-	16,273.60	28,881.89	-
Trade and other payable	-	14,439.94	1.45	-
Lease Liabilities	-	36.56	180.14	-
Other Financial Liabilities	-	8,358.39	-	-
Total	**34,416.69**	**39,108.49**	**29,063.48**	**-**

Notes Forming Part of Consolidated Financial Statement
for the year ended 31 March, 2023
(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March, 2022:

Particulars	On Demand	< 01 year	01 to 05 Years	> 05 years
Short term borrowing	20,290.46	-	-	-
Long term borrowings	-	12,540.53	35,106.90	253.34
Trade and other payable	-	14,604.46	-	-
Lease liability	-	24.32	113.30	-
Other Financial Liability	-	8,050.03	-	-
Total	**20,290.46**	**35,219.34**	**35,220.20**	**253.34**

35. CAPITAL MANAGEMENT

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus of safeguard their ability to continue as a going concern, benefits for stakeholders, creditors and market confidence. Continue to maintain excess liquidity to shareholders by distributing dividends in future.

Company's vision is to keep the ratio below 1.00 and its adjusted net debt to equity ratio was as follows

Particulars	31 March, 2023	31 March, 2022
Total Debts	**79,572.18**	**68,191.23**
Net Debt (A)	**79,572.18**	**68,191.23**
Total equity attributable to the equity shareholders of the Company (B)	1,77,435.65	1,81,114.70
Net Debt to Equity Ratio	**0.45**	**0.38**

36. EARNINGS PER SHARE ('EPS')

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Profit for the year before OCI	(3,247.63)	6,066.23
Shares		
Weighted average shares used for computing basic EPS	8,68,01,898	8,35,35,734
Weighted average shares used for computing diluted EPS	8,68,01,898	8,35,35,734
Earning Per Shares		
Basic (in Rs)	(3.74)	7.26
Diluted (in Rs)	(3.74)	7.26

37. RECONCILIATION OF TAX EXPENSES

(I) Income Tax

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Current tax on profit for the year	3413.10	3404.31
Deferred Tax (net of MAT Credit)	-4149.46	763.96
Total Current Tax expenses	**-736.36**	**4168.27**
Profit before tax	**(3,984.18)**	**10,226.48**
Enacted tax rate in India (%) C.Y. 34.944% (P.Y. 34.944%)	(1,392.07)	3,573.54

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Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Differences between tax rates	1,503.63	1,415.28
Non-deductible expenses for tax purpose	594.04	14.53
Income which is chargeable at different rate	(8.74)	-
Tax Impact on slum sale transaction	(1,129.30)	-
Exempt income & Other (net) including sec 10AA benefit	(177.15)	(1855.43)
Others	**(126.78)**	**1,020.34**
Income tax rate	**(736.36)**	**4,168.27**

(II) **Recognized Deferred Tax Assets / Liabilities**

Movement of Deferred Tax Assets / Liabilities	As at 31 March, 2023	As at 31 March, 2022
Deferred Tax Liabilities		
Property, plant and equipment, and intangible assets	16,982.52	17,303.18
Gross Deferred Tax Liabilities	**16,982.52**	**17,303.18**
Deferred Tax Assets		
Defined benefit obligations/Employees benefit liability	513.41	792.71
On unabsorbed loss of subsidiaries	7,458.48	3,365.68
MAT Credit Entitlement Benefit	6,686.83	6,541.24
Others	918.71	1,129.80
Gross Deferred Tax Assets	**15,577.42**	**11,829.43**
Net Deferred Liabilities	**1,405.09**	**5,473.75**

Recognized Deferred Tax Assets / Liabilities	As at 01 April, 2022	Recognized in statement of profit & loss	Recognized in OCI	As at 31 March, 2023
Movement of Deferred Tax Assets / Liabilities				
Deferred Tax Liabilities				
Property, plant and equipment, and intangible assets	17,303.18	(320.66)	-	16,982.52
Gross deferred tax liabilities	**17,303.18**	**(320.66)**	**-**	**16,982.52**
Deferred Tax Assets				
Defined benefit obligations/Employees benefit liability	792.71	(198.35)	(80.95)	513.41
MAT Credit Entitlement Benefit	6,541.25	145.58	-	6,686.83
On Business Losses	3,365.68	4,092.80		7,458.48
Others	1,129.80	(211.09)	-	918.71
Gross Deferred Tax Assets	**11,829.44**	**3,828.93**	**(80.95)**	**15,577.42**
Net Liability	**5,473.74**	**(4,149.60)**	**80.95**	**1,405.09**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

38. PAYMENTS TO AUDITORS

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
For statutory audit	34.28	27.23
For Tax audit	5.70	1.00
For Limited Review	1.36	0.83
For Income tax matters	2.91	0.63
For Certification	5.70	-
For Others	3.15	1.94
Total	53.09	**31.63**

Note: Excluding applicable tax.

39 SEGMENT INFORMATION

The Company is mainly engaged in the business of manufacturing of pharmaceutical product and wind power generation. The formulation and product development are inter related and integral part of business of "pharmaceutical products". In accordance with the provisions of IND AS - 108 power segment is not falling in the prescribed limit specified, hence segment reporting is not applicable.

(a) Information about Products and Services:

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Pharmaceutical product and services	1,04,152.57	1,13,542.01
Power sales	191.97	462.91
others	666.60	547.35
Total	**1,05,011.14**	**1,14,552.27**

(b) Information about geographical areas

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
(i) Revenues		
(A Within India	51,057.19	48,801.54
(B) Outside India		
(i USA	16,392.26	19,096.49
(ii) Europe	21,313.09	32,517.06
(iii) ROW	16,248.60	14,137.19
Total	**1,05,011.14**	**1,14,552.28**

Particulars	As at 31 March, 2023	As at 31 March, 2022
ii) Non-current Assets		
(A) Within India	2,06,146.70	1,92,539.10
(B) Outside India	2,398.06	2,299.81
Total	**2,08,544.76**	**1,94,838.91**

Note: Non-current Assets excludes financial assets

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(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(c) Information about major customers

The Company has three customers who contributed more than 10% of the Company's total revenue during the current year and previous year.

40. OPERATING LEASE

The Company has entered into lease agreements for use of land for its production and R&D facility which expires over a period. Future minimum lease payments and payment profile of non-cancellable operating leases are as under:

(a) Land

Particulars	As at 31 March, 2023	As at 31 March, 2022
Not later than one year	33.48	33.48
Later than one year and not later than five year	133.90	133.90
Later than five years	1,780.62	1,814.09
Total	**1,948.00**	**1,981.47**

(b) Building

Particulars	As at 31 March, 2023	As at 31 March, 2022
Not later than one year	43.13	30.78
One to Five Year	61.42	8.35
Total	**104.55**	**39.13**

(c) The following are the amounts recognized in the statement of profit or loss

Particulars	As at 31 March, 2023	As at 31 March, 2022
Depreciation expenses on right of use-assets	71.39	73.74
Interest expenses on lease liabilities	17.15	13.17
Total amount recognized in Profit or loss	**88.54**	**86.91**

(d) The following is the movement in lease liabilities during the year ended March 31, 2023

Particulars	Land	Buildings	Total
Balance as the beginning	137.62	-	137.62
Addition during the year	-	120.75	120.75
Finance cost accrued during the year	17.15	-	17.15
Disposals	-18.40	-	-18.40
Payment of lease liabilities	-9.37	-31.05	-40.42
Balance as at March 31, 2023	**127.00**	**89.70**	**216.70**

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(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(d) The following is the movement in lease liabilities during the year ended March 31, 2022

Particulars	Land	Buildings	Total
Balance as the beginning	153.53	-	153.53
Addition during the year	-	-	-
Finance cost accrued during the year	13.17	-	13.17
Disposals	-	-	-
Payment of lease liabilities	-29.08	-	-29.08
Balance as at March 31, 2022	**137.62**	**-**	**137.62**

(e) The following is the breakup of current and non-current lease liability:

Particulars	As at 31 March, 2023	As at 31 March, 2022
Current lease liabilities	36.56	24.32
Non-current lease liabilities	180.14	113.30
Total	**216.70**	**137.62**

41. RELATED PARTY TRANSACTIONS

Related parties where control exists and related parties with whom transactions have taken place during period 01st April 2022 to 31st March 2023 are listed below;
(All amounts are in Indian rupees in Lakhs unless otherwise stated)

List of Related Parties

1. **Associates**
   a) Maia Pharmaceuticals INC. USA
   b) Reva Pharmachem Pvt Ltd
   c) Auxilla Pharmaceuticals and Research LLP (Investment Entity of WOS)
2. **Joint Venture (JV)**
   a) Reva Medicare Pvt. Ltd.
   b) Sravathi Advance Process Technologies Pvt. Ltd.
   c) Sravathi AI Technologies Pvt. Ltd. (JV of WOS)
3. **(i) Key Management Personnel-(KMP)**
   a) Vishnukant C. Bhutada - Managing Director
   b) Alpesh Dalal - Chief Financial Officer
   d) Kalakota Sharath Reddy - Whole Time Director
   e) Ritu Tiwari- Company secretary(wef23.05.2022)

   (ii) Directors
   a) Omprakash Inani - Non-Executive Director
   b) Sirisha Chintapalli - Independent Woman Director (retired on 22.09.2022)
   c) Arvind Vasudev - Independent Director
   d) Hetal Gandhi - Independent Director
   e) Anita Bandyopadhyay (Appointed w.e. f 11.08.2022)
   f) Kamal Kishore Sharma (Appointed w.e. f (01.07.2022)
4. **Relatives to Promoters**
   a) Deepak Kumar Inani
   b) Keshav Bhutada
   c) Madhav Bhutada
   d) Ramakant Inanni
   e) Sagar Innani
   f) Ravi Innani
   g) Triveni Innani

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(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Enterprises having common Directors/ Board of Trustees

a) Shilpa Foundation

b) Mohini Infra (P) Ltd

Sl. No.	Name of the related party	Description of transaction	01st April 2022 to 31st Mar 2023 (Income) / Expenses Other Transaction	Balance as at 31st Mar 2023 Payable / (Receivable)	01st April 2021 to 31st March 2022 (Income) / Expenses Other Transaction	Balance as at 31st March 2022 Payable / (Receivable)
A	**Remuneration paid to Key ManagementPersonnel**					
i)	Vishnukant. C. Bhutada	Salary and perquisites*	360.90	202.44	966.98	455.52
ii)	Kalakota Sharath Reddy	Salary and perquisites	158.65	5.80	138.52	6.95
iii)	Alpesh Dalal	Salary and perquisites	119.16	3.02	91.83	4.88
iv)	Ritu Tiwari	Salary and perquisites	45.00	2.71	-	-
v)	V V Krishna Chaitanya	Salary and perquisites	-	-	7.76	0.31
B	**Remuneration paid toother Directors**					
i)	Omprakash Inani	Sitting Fees	2.00		1.90	0.45
ii)	Sirisha Chintapalli	Sitting Fees	1.50		1.90	0.45
iii)	Piyush Goenka	Sitting Fees	-		0.90	-
iv)	Arvind Vasudev	Sitting Fees	0.50		1.20	-
v)	Hetal Madhukant Gandhi	Sitting Fees	0.50		1.20	-
vi)	Arvind Vasudev	Professional Fees&Remuneration	29.50	6.75	16.30	6.30
vii)	Hetal Madhukant Gandhi	Professional Fees & Remuneration	39.50	9.00	22.10	8.55
viii)	Anita Bandyopadhyay	Professional Fees & Remuneration	11.50	4.05	-	-
IX)	Kamal Kishore Sharma	Professional Fees & Remuneration	22.50	6.75	-	-
X)	Pramod Kasat	Professional Fees & Remuneration	-	-	0.20	-
Xi)	Rajendra Sunki Reddy	Professional Fees & Remuneration		-	0.20	-
C	**Relative**					

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(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Description of transaction	01st April 2022 to 31st Mar 2023 (Income) / Expenses Other Transaction	Balance as at 31st Mar 2023 Payable / (Receivable)	01st April 2021 to 31st March 2022 (Income) / Expenses Other Transaction	Balance as at 31st March 2022 Payable / (Receivable)
i)	Deepak Kumar Inani	Salary	80.36	3.92	69.28	3.80
ii)	Keshav Bhutada	Salary	24.76	0.64	20.08	1.14
iii)	Madhav Bhutada	Salary	24.76	0.64	20.08	1.14
iv)	Ramakant Innani	Salary and perquisites	84.03	4.09	71.21	3.97
v)	Ravi Kumar Innani	Salary and perquisites	57.66	1.90	48.87	3.79
vi)	Sagar Innani	Salary	10.80	0.30	5.00	0.67
vii)	Keshav Bhutada	Rent	1.20		4.80	1.08
viii)	Madhav Bhutada	Rent	1.20		4.80	1.08
ix)	Triveni Inani	Rent	0.85		3.40	0.77
D	**Others**					
i)	Reva Medicare Pvt. Ltd.					
		Commission	93.16		477.07	-
		Sales of Goods or Service	(4.20)	-	(4.20)	-
		Trade Payable		120.27	-	263.55
		Commission Accrued but not paid			-	40.93
		Trade Receivable		-	-	(0.41)
		Investment in equityshares		(0.50)		(0.50)
ii)	Maia Pharmaceuticals INC. USA					
		Trade Receivable		(198.36)	-	(182.90)
		Investment in Preference shares		(795.69)		(795.69)
iii)	Sravathi Advance Process Technologies Pvt. Ltd.					
		Purchases of Goods or Service			209.25	-

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(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Description of transaction	01st April 2022 to 31st Mar 2023 (Income) / Expenses Other Transaction	Balance as at 31st Mar 2023 Payable / (Receivable)	01st April 2021 to 31st March 2022 (Income) / Expenses Other Transaction	Balance as at 31st March 2022 Payable / (Receivable)
		Trade Payable		-	-	19.43
		Investment in equityshares		(6.50)		(6.50)
		Investment in Pref Shares	889.00	(3,732.50)		(2,843.50)
vi)	Shilpa Foundation					
		Corporate Social Responsibility Expenses	397.54		360.95	-
v)	Mohini Infra (P) Ltd					
		Godown Rent	1.95	-	10.16	-
		Trade Payable		-	-	0.70
vi)	Auxilla Pharmaceuticals and Research LLP					
		Sales of Goods or Service	-		(10.31)	-
		Purchases of Goods or Service	78.36		263.84	-
		Trade Receivable		-	-	(8.98)
		Trade Payable		-	-	0.66
vii)	Reva Pharmachem Pvt Ltd	Investment in Equityshares	-	-		(10.00)
		Written off	10.00			

a) The above disclosures include related parties as per Ind AS 24 on "Related Party Disclosures" and Companies Act, 2013.

b) As the provisions for gratuity are obtained on an actuarial basis for the Company as a whole amounts pertaining to the Key Management Personnel are not specifically identified and hence not included in the above.

* payable includes commission provision (net)

c) Trade payable & Trade receivables are net off advances

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

42. A sum of Rs 3,486.27 lakhs is payable to Micro, Small and Medium Enterprises as at 31st March, 2023 (Rs. 2,609.91 lakhs as at 31st March, 2022). There are no Micro, Small and Medium Enterprises, to whom the Company overdues, which are outstanding for more than 45 days during the year and also as at 31st March, 2022. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act has been determined to the extent such parties has been identified on the basis of information available with the Company and relied upon by the Auditors.

43. Balance of trade receivables/ trade payables/advances and security deposits are subject to confirmation

44. Additional disclosures required by Schedule III (amendments dated 24 March 2021) to the Companies Act, 2013;

1) The Group does not have any Benami property and neither any proceedings have been initiated or is pending against the Company for holding any Benami property.
2) The Group does not have any transactions with companies struck off.
3) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period. In respect of few charges satisfaction have not yet been filed
4) The Group has not been declared a willful defaulter by any bank or financial institution or any other lender during the current period.
5) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds), other than in the ordinary course of business by the Company to or in any other person(s) or entity(ies), including foreign entities = (“Intermediaries”) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
6) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year
7) The Group has not made any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
8) The Group has complied with number of layers prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
9) The quarterly returns of current assets filed by the group Companies with banks are in agreement with books of account.
10) The company has not revalued any assets during the year.

45 Figures of the previous year have been regrouped/rearranged wherever necessary.

Trade Payables ageing schedule for the year ended 2023

Outstanding for following periods from due date of Payment

S No	Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
		INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
a)	MSME	3,478.28	5.30	2.69		3,486.26
b)	Disputed Dues-MSME	-	-	-	-	-
	Total of MSME	**3,478.28**	**5.30**	**2.69**	**-**	**3,486.26**
c)	Others	10,226.63	237.72	79.37	411.40	10,955.12
d)	Disputed-Others	-	-	-	-	-
	Total of Others	**10,226.63**	**237.72**	**79.37**	**411.40**	**10,955.12**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2023

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Trade Payables ageing schedule for the year ended 2022

Outstanding for following periods from due date of Payment

S No	Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
		INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
a)	MSME	2,568.27	35.94	0.09	2.83	2,607.13
b)	Disputed Dues-MSME	-	2.77	-	-	2.77
	Total of MSME	**2,568.27**	**38.71**	**0.09**	**2.83**	**2,609.90**
c)	Others	11,368.47	167.46	4.23	414.92	11,955.08
d)	Disputed-Others	-	39.47	-	-	39.47
	Total of Others	**11,368.47**	**206.93**	**4.23**	**414.92**	**11,994.55**

Intangible assets under development as at March 31, 2023

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	898.71	10,602.50	10,783.86	7,443.84	29,728.91
Projects temporarily suspended	-	-	-	-	-
Total	**898.71**	**10,602.50**	**10,783.86**	**7,443.84**	**29,728.91**

Intangible assets under development as at March 31, 2022

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	8,742.58	5,947.91	10,632.47	6,291.30	31,614.26
Projects temporarily suspended	-	-	-	-	-
Total	**8,742.58**	**5,947.91**	**10,632.47**	**6,291.30**	**31,614.26**

Capital work in progress ageing schedule as at March 31, 2023

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	22,954.95	9,358.66	1,518.53	85.61	33,917.35
Projects temporarily suspended	1,225.35	521.94	139.21	-	1,886.50
Total	**24,179.90**	**9,880.60**	**1,657.74**	**85.61**	**35,803.85**

Capital work in progress ageing schedule as at March 31, 2022

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	12,745.20	4,500.79	915.71	558.39	18,720.10
Projects temporarily suspended	-	-	-	284.1	284.10
Total	**12,745.20**	**4,500.79**	**915.71**	**842.49**	**19,004.20**

Notes Forming Part of Consolidated Financial Statement
for the year ended 31 March, 2023
(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Trade receivables ageing schedule as at 31 March 2023

Sr No	Particulars	Current but not due	Outstanding for following periods from due date of payment					
			Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
		INR lacs	INR lacs	INR lacs	INR lacs	INR lacs	INR lacs	INR lacs
a)	Undisputed Trade Receivables - considered good	16,761.19	11,196.63	1,369.65	1,451.33	104.79	405.22	31,288.81
b)	Disputed Trade receivables - considered good	-	-	1.40	961.65	32.19	150.86	1,146.10
	TOTAL	**16,761.19**	**11,196.63**	**1,371.05**	**2,412.98**	**136.98**	**556.08**	**32,434.91**

Trade receivables ageing schedule as at 31 March 2022

Sr No	Particulars	Current but not due	Outstanding for following periods from due date of payment					
			Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
		INR lacs	INR lacs	INR lacs	INR lacs	INR lacs	INR lacs	INR lacs
a)	Undisputed Trade Receivables – considered good	12,925.47	14692.45	9,775.67	555.98	31.03	351.05	38,331.65
b)	Disputed Trade receivables - considered good	-	-	-	-	268.30	32.63	300.93
	TOTAL	**12,925.47**	**14,692.45**	**9,775.67**	**555.98**	**299.33**	**383.68**	**38,632.58**

46. Figures of the previous year have been regrouped/rearranged wherever necessary.

Key Financial Ratio

Sr No	Particular	Numerator	Denominator	31st March 2023	31st March 2022	Variation	Reasons
1	Current Ratio	Current Assets	Current Liabilities	0.98	1.45	(47.89%)	Variation is majorly due to increase in current liabilities (borrowings).
2	Debt Equity Ratio	Total Debt	Shareholder equity	0.45	0.38	15.46%	Variation is majorly due to increase in short term borrowings.
3	Debt service coverage ratio	Earnings available for debt service	debt service	0.72	1.03	(42.86%)	Variation is majorly due to increase in finance costs; attributable to borrowings, increase in depreciation and losses incurred.
4	Inventory turnover ratio	Cost of Goods sold	Average inventory	1.23	1.14	7.49%	Variation is majorly due to increase in COGS, on account of higher purchases
5	Return on equity	Net profit after taxes	Average shareholders' equity	(1.72)	3.70	314.56%	Variation is mainly due to loss incurred.
6	Trade receivable turnover ratio	Revenue	Average Trade Receivables	2.96	3.79	(28.25%)	Variation is mainly due to decrease in revenue.
7	Trade payable turnover ratio	Purchase of trade and services	Average Trade Payables	2.76	3.81	(38.12%)	Variation is mainly due to increase in payables.
8	Net Capital turnover ratio	Revenue	Capital employed	0.49	0.53	(8.80%)	Variation is due to slight decrease in revenue.
9	Net Profit ratio	Net Profit	Revenue	(2.94)	5.29	279.68%	Variation is due to loss incurred.
10	Return on Capital Employed	Earnings Before Interest and Tax	Capital Employed	0.95	6.67	(602.18%)	Variation is mainly due to decrease in PBT.
11	Return on investment	Income generated from investments	Investments	NA	NA		The Company is not having any market linked investments

As per our report of even date attached
for Bohara Bhandari Bung and Associates LLP
Chartered Accountants
Firm's Registration No.008127S/S200013

Yogesh. R. Bung
Partner
M.No.143932

Place: Raichur
Date: 25.05.2023

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN: 01301385

Vishnukant Bhutada
Managing Director
DIN: 01243391

Ritu Tiwary
Company Secretary

Alpesh Maheshkumar Dalal
Chief Financial Officer

Independent Auditor's Report

TO THE MEMBERS OF SHILPA MEDICARE LIMITED.

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of SHILPA MEDICARE LIMITED (hereinafter referred to as the "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint Ventures, which comprise the Consolidated Balance sheet as at March 31, 2022, and the consolidated Statement of Profit and Loss (including other comprehensive income), consolidated Statement of changes in equity and consolidated statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements / consolidated financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates and joint ventures as at March 31, 2022, and its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement and based on the consideration of the reports of the other auditors on separate financial statements / consolidated financial statements and on the other financial information of the subsidiaries, associates and joint ventures, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Auditor's Response
Impairment of intangible assets under development The Group has significant intangible assets under development where certain products are under development or in their early stage of commercialisation in certain key developed markets as of 31 March 2022. As the products are yet to be launched or in their initial stages of commercialisation revenue and profitability are yet to reach its desired levels and hence, there is a risk of impairment in the event the carrying amount of the aforesaid assets are lower than its recoverable value. Company's assessment of recoverable value to test for impairment contains a number of parameters which involve significant judgements and estimates including weighted average cost of capital, revenue growth, expected market share and price erosion. Changes in these assumptions could lead to an impairment to the carrying value of these assets. For further information on the carrying value of intangible assets refer to: - Significant accounting policies which includes General accounting principles, Key accounting judgements, estimates and assumptions - Note 1.1 (c) and (d) - financial disclosures as disclosed in Intangible assets - Note 5 of the Consolidated Financial Statements for the year ended March 31, 2022.	**Principal audit procedures** • Tested the design and operating effectiveness of the Group's controls around the impairment testing; • Evaluating assumptions used by the Company in assessing the recoverability of assets - in particular, revenue and cash flow projections; • We evaluated the valuation methodologies and assumptions used by the Company; • Evaluating Company's assessment of key inputs by considering third party sources and the impact on future cash inflows due to actions by competitors or changes in relevant market conditions; • Inquired with the Company about potential impact of USFDA warning letter situation and its assessment of the likelihood of delay in product approvals, thereby impacting valuation; • Evaluating the sensitivity analysis carried out by the Company in respect of certain key estimates to assess the level of sensitivity to key assumptions.
Minimum Alternate Tax (MAT) Credit Entitlement – Deferred tax assets The Group pays minimum alternate tax (MAT) under section 115JB of the Income Tax Act, 1961. The MAT paid would be available as an offset over a period of 15 years. The MAT credit is recognized as a deferred tax asset to be available for offset when the Group pays taxes under the provision of Income Tax Act, 1961. The balance of MAT credit receivable as at 31 March 2022 is Rs. 6541.24 Lakhs (refer note 37 to the consolidated financial statements). The recognition and recoverability of deferred tax asset on account of MAT credit requires significant judgement regarding the Group's future profitability and taxable income which will result in utilization of the MAT credit within the time limits available under the applicable Income tax laws.	**Principal audit procedures** In respect of such deferred tax assets, we assessed recoverability from a tax perspective by performing the following procedures: • Understanding why the MAT credit entitlement arose and understanding whether the MAT credit entitlement can be utilized. • assessing any restriction in use of the MAT credit entitlement and • determining when the MAT credit entitlement will expire. Further, we assessed the applicability of Ind AS 12 Income Taxes by assessing management's assessment of recoverability of MAT credit entitlement against forecast income streams. We validated the appropriateness of the related disclosures in the consolidated financial statements.

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group, and its associates and joint ventures covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures is responsible for overseeing the financial reporting process of each company.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

a. We did not audit the financial statements of nine subsidiaries whose financial statement reflect total assets of Rs. 88633.85 Lakhs as at March 31, 2022, total revenue of Rs. 4727.45 Lakhs, total net (loss) after tax of Rs. (3130.75) Lakhs and net cash inflows amounting to Rs. 1033.96 Lakhs for the year ended on that date as considered for the consolidated financial statements. Further, the consolidated financial statements also include the company's share of net (loss) of Rs. (366.03) Lakhs for the year ended March 31, 2022, in respect of four Joint Ventures (JV) and one Associate which were not audited by us.

   These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associate and joint ventures covered under the Act, is based solely on the reports of the other auditors.

   We did not audit the financial statements of five subsidiaries whose financial statement reflect total assets of Rs. 7346.97 Lakhs as at March 31, 2022 and total revenue of Rs. 7908.00 Lakhs, total net (loss) after tax of Rs. (319.95) Lakhs and net cash inflows amounting to Rs. (51.54) Lakhs for the year ended on that date as considered for the consolidated financial statements. Further, the financial results also include the company's share of net (loss)/profit of Rs. NIL Lakhs year ended March 31, 2022, in respect of one Associate which has not been audited by us.

   These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate and our report in terms of subsection (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and associate to the extent covered under the Act, are based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below is not modified in respect of the above matters with respect to our reliance on the work done by and reports of other auditors and the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

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

   (b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statement have been kept so far as it appears from our examination of those books and reports of other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement and Consolidated Statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

   (e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiaries, associate and joint ventures incorporated in India, none of the directors of the Group Companies, associate and joint ventures companies incorporated in India are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Companies Act;

   (f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiaries, associate and joint ventures incorporated in India, and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

   (g) With respect to the Managerial remuneration to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company and its subsidiaries covered under the Act to its directors during the year is in accordance with the provisions of Section 197 of the Act.

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the report of the other auditors on the separate financial statements and other financial information of the subsidiaries, associates and joint ventures:

      i. The Consolidated financial statements disclose the impact of pending litigations if any, on the consolidated financial position of the group and its associates and joint ventures.

      ii. The Holding Company and its subsidiaries have made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company incorporated in India.

      iv.a. The respective Managements of the Holding Company, its subsidiaries, associate and joint Ventures which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and the other auditors of such subsidiaries, associate and joint ventures respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, associate and joint ventures to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries, associate and joint ventures ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b. The respective Managements of the Holding Company, its subsidiaries, associate and joint Ventures which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and the other auditors of such subsidiaries, associate and joint ventures respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or any of such subsidiaries, associate and joint ventures from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, associate and joint ventures shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.;

c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company, its subsidiaries, associate and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.

v.a. The final dividend paid by the Holding Company, during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

b. As stated in note 40 to the standalone financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and its subsidiaries included in the consolidated financial statements of the Holding Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

for BRAHMAYYA & CO.
Chartered Accountants
Firm's Regn No. 000513S

(K. SHRAVAN)
Partner
Membership No. 215798
UDIN: 22215798AJLAMK5557

Place: Raichur
Date: 23.05.2022

Annexure – A

to the **Auditor's Report**

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

In conjunction with our audit of the consolidated financial statements of the SHILPA MEDICARE LIMITED (" the Holding Company) and its subsidiaries (the Holding Company and its subsidiaries together referred to as the Group), its associates and joint Ventures as at for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries, associate and joint ventures which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiaries, associates and joint ventures which are incorporated in India, in terms of their reports referred in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Group, it associate and joint ventures which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2022 based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to Nine subsidiary companies, four Joint ventures and one associate, which are incorporated in India, is based on the corresponding reports of the auditors of such companies.

for BRAHMAYYA & CO.
Chartered Accountants
Firm's Regn No. 000513S

(K. SHRAVAN)
Partner
Membership No. 215798
UDIN: 22215798AJLAMK5557

Place: Raichur
Date: 23.05.2022

Consolidated Balance Sheet

As at 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	As at 31 March, 2022	As at 31 March, 2021
ASSETS			
Non-Current Assets			
(a) Property, plant & equipment	2	118,243.34	96,663.57
(b) Right-of-use assets	2A	3,117.05	2,582.16
(c) Capital work- in- progress	3	19,004.20	30,213.50
(d) Goodwill		4,571.87	4,419.78
(e) Intangible assets	4	8,251.56	7,387.76
(f) Intangible assets under development	5	31,614.26	23,915.57
(g) Financial assets	6		
(i) Investments		3,422.86	2,121.81
(ii) Other financial assets		1,649.37	1,805.78
(h) Other non-current assets	7	8,955.89	3,849.80
Total Non-Current Assets		**198,830.41**	**172,959.73**
Current Assets			
(a) Inventories	8	35,523.84	31,683.73
(b) Financial assets	9		
(i) Investments		-	-
(ii) Trade receivables		38,632.58	21,749.80
(iii) Cash and cash equivalents		3,382.90	12,284.57
(iv) Other bank balance other than (iii) above		28.34	26.08
(v) Loans		-	122.22
(vi) Others financial assets		246.13	4,060.78
(c) Other current assets	10	10,001.23	11,110.19
(d) Current tax assets (net)	11	904.41	861.17
(e) Assets included in disposal group classified as held for sale			8,378.30
Total Current Assets		**88,719.43**	**90,276.84**
TOTAL ASSETS		**287,549.84**	**263,236.56**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	868.02	815.27
(b) Other equity	13	181,351.46	147,051.39
Equity attributable to owners of the Company		**182,219.48**	**147,866.66**
(c) Non-controlling interest		(1,104.78)	(1,117.00)
Total Equity		**181,114.70**	**146,749.66**
Liabilities			
Non- Current Liabilities			
(a) Financial liabilities	14		
(i) Borrowings		35,360.24	47,422.29
(ii) Lease liability		113.30	158.49
(iii) Others		500.00	500.00
(b) Provisions	15	1,907.63	1,547.57
(c) Deferred tax liabilities (Net)	16	5,473.75	4,728.24
(d) Other non-current liabilities	17	1,926.60	1,780.01
Total Non-Current Liability		**45,281.52**	**56,136.61**
Current Liabilities			
(a) Financial Liabilities	18		
(i) Borrowings		32,830.99	36,986.71
(ii) Trade Payables			
- Total outstanding dues of micro and small enterprises		2,609.91	1,355.27
- Total outstanding dues of other than micro and small enterprises		11,994.55	5,370.09
(iii) Other financial liabilities		8,074.35	7,256.12
(b) Other Current Liability	19	3,397.76	2,030.25
(c) Provisions	20	2,246.06	1,330.86
(d) Liabilities included in disposal group classified as held for Sale		-	6,020.99
Total Current Liabilities		**61,153.62**	**60,350.29**
TOTAL EQUITY & LIABILITIES		**287,549.84**	**263,236.56**

The accompanying notes form an integral part of the consolidated financial statements 01 to 46

As per our report of even date attached
for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 000513S

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

K. Shravan
Partner
M. No. 215798

Omprakash Inani
Chairman
DIN: 01301385

Vishnukant Bhutada
Managing Director
DIN: 01243391

Ritu Tiwary
Company Secretary

Alpesh Maheshkumar Dalal
Chief Financial Officer

Place: Raichur
Date: 23 May, 2022

Consolidated Statement of Profit and Loss

for the year ended 31 March, 2022
(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	For the year ended 31 March, 2022	For the year ended 31 March, 2021
INCOME			
Revenue from operations			
(a) Sales	21	108,837.94	85,920.78
(b) Service income and license fees	22	5,714.34	4,192.23
Total Revenue from operations		114,552.28	90,113.01
(c) Other income	23	1,424.55	3,014.16
Total Income		115,976.83	93,127.17
EXPENSES			
(a) Cost of materials consumed	24	38,174.89	31,888.45
(b) Purchases of stock-in trade	25	849.07	1,067.66
(c) Change in inventories of finished goods, work-in-progress and stock-in- trade	26	(702.14)	(5,883.03)
(d) Employee benefits expense	27	26,448.65	23,530.71
(e) Finance costs	28	4,116.52	2,186.87
(f) Depreciation and amortisation expenses	2 & 4	7,980.19	5,397.67
(g) Other expenses	29	29,396.24	21,344.06
Total Expenses		106,263.42	79,532.39
Profit before Share of Profit /(loss) in Associate/ Joint Venture, Exceptional item and tax		9,713.41	13,594.78
Share of Profit / (loss) in Associate/ Joint Venture, net of tax		(366.03)	(173.58)
Profit before Exceptional item and tax		9,347.38	13,421.20
Exceptional (income)/ expense	30	(879.11)	(6,084.00)
Profit before tax		10,226.49	19,505.20
Tax Expenses			
a) Current Tax		3,404.31	4,523.00
b) Deferred Tax (net of MAT credit)		763.96	361.83
Total Tax Expenses		4,168.27	4,884.83
Profit for the year		6,058.22	14,620.37
Other comprehensive Income/ (Expenses)			
(a) Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit (liability)/asset (net of tax)		(159.06)	10.48
(b) Items that will be reclassified to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges (net of tax)		22.73	16.59
Total Other Comprehensive Income/(Loss) for the year		(136.33)	27.07
Total Comprehensive Income/(Loss) for the year		5,921.89	14,647.44
Profit for the year attributable to:			
a) Owners of the Company		6,066.24	14,778.03
b) Non-Controlling Interest		(8.02)	(157.67)
Other Comprehensive Income for the year attributable to:			
a) Owners of the Company		(136.33)	27.07
b) Non-Controlling Interest		-	-
Total Comprehensive Income for the year attributable to:			
a) Owners of the Company		5,929.92	14,805.10
b) Non-Controlling Interest		(8.02)	(157.67)
Earning per equity share , par value of Re. 1/- each			
Basic (Rs.)		7.26	18.13
Diluted (Rs.)		7.26	18.13

The accompanying notes form an integral part of the consolidated financial statements 01 to 46

As per our report of even date attached
for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 000513S

K. Shravan
Partner
M. No. 215798

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN: 01301385

Vishnukant Bhutada
Managing Director
DIN: 01243391

Ritu Tiwary
Company Secretary

Alpesh Maheshkumar Dalal
Chief Financial Officer

Place: Raichur
Date: 23 May, 2022

Consolidated Statement of Changes in Equity

As at 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

A. Equity Share Capital

Particulars	Total
Balance as at 01 April, 2020	815.27
Changes in equity share capital during the year	-
Balance as at 31 March, 2021	815.27
Changes in equity share capital during the year	52.75
Balance as at 31 March, 2022	868.02

B. Other Equity

Particulars	Securities Premium	General Reserves	Retained Earnings	Other Comprehensive Income: Cash flow hedge reserve	Other Comprehensive Income: Remeasurement of defined benefit plan	Foreign Currency-Monetory Translation Difference Account	Gain on forfeiture of equity shares	Total
Balance as at 01 April, 2020	**42,688.70**	**5,182.68**	**84,299.78**	**(41.91)**	**(274.92)**	**257.91**	**8.76**	**132,121.00**
Addition/Deletion during the year	175.23	-	73.25	-		(123.19)	-	**125.29**
Profit for the year	-	-	14,778.03		-	-	-	**14,778.03**
Other Comprehensive income, net of tax		-		16.59	10.48			**27.07**
Dividend including dividend distribution tax	-	-		-	-		-	-
Balance as at 31 March, 2021	**42,863.93**	**5,182.68**	**99,151.06**	**(25.32)**	**(264.44)**	**134.72**	**8.76**	**147,051.39**
Addition/Deletion during the year	29,631.21	-				(364.24)		**29,266.97**
Profit for the year		-	6,066.22	22.73	(159.06)			**5,929.89**
Dividend paid	-	-	(896.79)	-	-		-	(896.79)
Balance as at 31 March, 2022	**72,495.14**	**5,182.68**	**104,320.49**	**(2.59)**	**(423.50)**	**(229.52)**	**8.76**	**181,351.46**

The accompanying notes form an integral part of the standalone financial statements 01 to 46

Note:

1. **Securities premium:** This reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.
2. **General Reserve:** This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilised in accordance with the provisions of the Companies Act, 2013.
3. **Retained Earnings:** This Reserve represents the cumulative profits of the Company. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.
4. **Cash flow hedge reserve:** This Reserve represents the cumulative effective portion of changes in Fair Value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the Company's accounting policy.
5. **Remeasurements of the net defined benefits plan:** This reserve comprises the cumulative net gains/ losses on actuarial valuation of post-employment obligations.

As per our report of even date attached
for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 000513S

K. Shravan
Partner
M. No. 215798

Place: Raichur
Date: 23 May, 2022

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN: 01301385

Vishnukant Bhutada
Managing Director
DIN: 01243391

Ritu Tiwary
Company Secretary

Alpesh Maheshkumar Dalal
Chief Financial Officer

Consolidated Statement of Cash Flow

for the year ended 31 March, 2022
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
A. Cash Flow From Operating Activities		
Profit/ (Loss) before tax	10,226.49	19,505.20
Adjustments for:		
Depreciation and amortization expense	7,980.19	5,397.66
Interest income	(206.66)	(353.17)
Liabilities/ Provision Written back	(501.46)	(701.64)
Finance Cost	4,116.52	2,186.87
(Profit)/Loss on sale of Asset	160.22	57.68
Share of (profit)/loss of associates and joint ventures	366.03	173.58
Bad Debts/ Advances written off	419.25	53.04
Unrealised foreign exchange (gain)/loss	(379.70)	(108.23)
Net gain recognized on sale of stake in Group Company	(879.11)	(6,084.00)
Government Grant	(141.05)	(45.57)
Operating Profit before working capital changes	**21,160.73**	**20,081.41**
Movement in Working Capital		
Decrease/(increase) in inventories	(3,840.10)	(10,634.32)
Decrease/(increase) in trade receivables	(16,827.15)	1,304.82
Increase / (decrease) trade payables	8,372.57	(630.22)
Decrease / (Increase) in financial and non-financial assets	1,969.29	(3,395.81)
Increase / (decrease) in financial liabilities and other liabilities	3,126.27	2,726.91
Cash Generated from Operations	**13,961.61**	**9,452.78**
Taxes Paid	(3,448.27)	(4,760.00)
Net Cash flow generated /(used) from operating activities (A)	**10,513.34**	**4,692.78**
Cash Flow From Investing Activities		
Purchase of Property plant and equipment and intangible assets (refer note ii)	(33,182.61)	(35,424.21)
Proceeds from sale of Property plant and equipment	61.11	480.94
Acquisition of Subsidiaries, net of cash acquired	-	(6,243.93)
(Increase)/ Decrease in Investment	(1,732.38)	(1,416.70)
(Investment in)/ Redemption of Fixed Deposits	3,163.60	(4,151.61)
Movement in other bank balances	(2.26)	(1.22)
Proceeds from sale of stake in Group Company	2,841.27	6,084.00
Interest Received	201.42	196.66
Dividend Received from equity accounted investees	100.02	48.47
Net cash flow generated/(used) from investing activities (B)	**(28,549.84)**	**(40,427.61)**

Consolidated Statement of Cash Flow (Conti..)

for the year ended 31 March, 2022
(All amounts are in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Cash flows from Financing Activities		
Proceeds from Issue of Shares	29,683.96	-
Proceeds from/(repayment of) long-term loans and borrowings (net)	(12,149.26)	38,052.39
Proceeds from/(repayment of) short-term loans and borrowings (net)	(4,155.72)	7,813.05
Payment of lease liabilities	(58.36)	(41.16)
Dividend paid	(896.80)	-
Interest paid	(4,137.98)	(2,186.87)
Net cash flow generated/(used) from financing activities (C)	**8,285.83**	**43,637.41**
Net increase in cash and cash equivalents (A+B+C)	**(9,750.66)**	**7,902.59**
Cash and cash equivalents at the beginning of the year (refer note iv)	12,284.57	4,431.43
Cash and cash equivalents at the end of the year	**2,533.91**	**12,334.02**
Component of Cash and Cash Equivalent	**2,533.91**	**12,334.02**
Cash in Hand	33.86	34.46
Balance with Banks in current account	3,004.15	1,318.04
Deposits with original maturity of less than 3 month	344.89	10,932.06
Bank overdraft	(849.01)	-
Cash balance included in disposal group classified as held for sale	-	49.46

The accompanying notes form an integral part of the standalone financial statements 01 to 46

Note:

i. Previous year figures have been reclassed wherever necessary.
ii. Purchase and sale of property, plant and equipment and intangibles represents additions and deletions to property, plant and equipment, intangibles, intangibles under development further adjusted for movement of capital work in progress, capital advances, capital creditors during the year.
iii. Adjusted for bank-overdraft of Rs.849.01 lakhs for the period ended 31 March 2022.
iv. Adjusted for Rs. 49.44 included in Disposal group held for sale for the year ended 31 March 2021
v. Cash flow Statement has been prepared under Indirect method as per IND AS-7 "Statement of Cash flows" as prescribed under Companies (Accounting Standard) Rules, 2015

As per our report of even date attached
for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 000513S

K. Shravan
Partner
M. No. 215798

Place : Raichur
Date : 23 May, 2022

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN : 01301385

Vishnukant Bhutada
Managing Director
DIN : 01243391

Ritu Tiwary
Company Secretary

Alpesh Maheshkumar Dalal
Chief Financial Officer

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

I. Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act 2013 read together with the Rule 4 of Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable and the other relevant provisions of the Act, pronouncements of the regulatory bodies applicable to the Company.

These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date March 31, 2022.The accounting policies are applied consistently to all the periods presented in the financial statements. The consolidated financial statements of the Company for the year ended March 31, 2022 were approved by the Board of Directors on May 23, 2022.

II. Basis of Measurement

The consolidated financial statements have been prepared on the historical cost convention and on accrual basis, except for the following assets and liabilities which have been measured at fair value wherever applicable

- Derivative financial instruments
- Certain financial assets / liability measured at fair value,
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

III. Current Vs Non-current classification

The assets and liabilities in the balance sheet are presented based on current/non-current classification.

An asset is current when it satisfies the below mentioned criteria:

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle, or

(ii) Held primarily for the purpose of trading, or

(iii) Expected to be realised within twelve months after the reporting period, or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it satisfies the below mentioned criteria:

(i) Expected to be settled in normal operating cycle, or

(ii) Held primarily for the purpose of trading, or

(iii) Due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non-current

IV. Principles of consolidation

The consolidated financial statements relate to Shilpa Medicare Limited ('the Company'), and its subsidiaries, associates and joint ventures ("the Group").

The Consolidated financial statements have been prepared on the following basis:

Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. The net assets and results of acquired businesses are included in the consolidated financial statements from their respective dates of acquisition, being the date on which the Group obtains control. The results of disposed businesses are included in the consolidated financial statements up to their date of disposal, being the date control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group Companies are eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Other Equity' in the consolidated financial statements.

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity. Non-controlling interests in the net assets of consolidated subsidiaries consists of:

(a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and

(b) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively

Investment in Associates and Joint Ventures has been accounted under the equity method as per Ind AS 28 –

The Company accounts for its share of post-acquisition changes in net assets of associates and joint ventures, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates Statement of Profit and Loss and through its reserves for the balance based on available information.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

I) The subsidiaries considered in the Consolidated Financial Statements are as under:

Sl. No.	Name of the Subsidiary	Country	Extent of Holding
1	Zatortia Holding Limited ('Zatortia')	Cyprus	100.00%
2	Loba Feinchemie GmbH ('Loba') (Step-down Subsidiary)	Austria	99.99%
3	Shilpa Therapeutics Pvt. Ltd. (Shilpa Therapeutics')	India	100.00%
4	Makindus. Inc. ('Makindus')	Delaware (USA)	55.78%
5	INM Technology Private Limited ('INM')	India	100.00%
6	INM Nuvent Paint Pvt Ltd (Step-down Subsidiary)	India	75.00%
7	Koanna Healthcare Limited	United Kingdom	100.00%
8	Koanna Healthcare GmbH	Austria	100.00%
9	Shilpa Pharma Inc.	USA	100.00%
10	Shilpa Biologicals Private Limited	India	100.00%
11	Shilpa Biocare Pvt. Ltd.(Erstwhile Shilpa Albumin Private Limited)	India	100.00%
12	Shilpa Pharma Life Sciences Limited (Previously referred Shilpa Corporate Holdings Pvt. Ltd.)	India	100.00%
13	FTF Pharma Private Limited	India	100.00%
14	Koanna Healthcare Canada Inc.	Canada	100.00%
15	Koanna International FZ LLC	Dubai	100.00%
16	Indo Biotech SDN. BHD	Malaysia	100.00%
17	Koanna Healthcare Spain S.L	Spain	100.00%
18	Vegil Labs Private Limited	India	100.00%

II) The Associates considered in the Consolidated Financial Statements are as under:

Sl. No.	Name of the Associate	Country Extent of Holding
1	Maia Pharmaceuticals INC. USA New Jersey (USA)	34.79%

III) The Joint Venture considered in the Consolidated Financial Statements are as under:

Sl. No.	Name of the Subsidiary	Country	Extent of Holding
1	Reva Medicare Pvt. Ltd.	India	50.001%
2	Sravathi Advance Process Tech Private Limited	India	65.00%

1.1 Significant Accounting Policies

a) Critical accounting estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognised prospectively.

The areas involving critical estimates or judgments are:

- Measurement of defined benefit obligation (Note 1.1 (h))
- Estimation of useful life of property, plant and equipment and intangibles (Note 1.1(a))
- Recognition of deferred taxes (Note 1.1 (r))
- Estimation of impairment (Note 1.1 (d))

- Estimation of provision and contingent liabilities (Note 1.1 (s))
- Business Combination (Note-1.1(e))

a) Property, Plant and Equipment & Depreciation:

i. Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

ii. Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

iii. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iv. Depreciation on Fixed Assets is provided on ascertain useful life of assets under Straight Line Method (SLM) prescribed in Schedule II of the Companies Act 2013, with exception of those assets whose useful life is ascertain by the management.

v. The Company follows the policy of charging depreciation on pro-rate basis on the assets acquired or disposed off during the year.

b) Intangible Assets:

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

Intangible Assets are stated at cost less accumulated amortization. Cost includes only such expenditure that is directly attributable to making the asset ready for its intended use.

Intangible assets are amortized over their useful life.

Intangible Assets include capitalized expenditure on filing and registration of any Drug Master File (DMF) or Abbreviated New Drug Application (ANDA) and compliance with regulatory procedures of the USFDA, in filing such DMF or ANDA, which are in respect of products for which commercial value has been established by virtue of third party agreements/ arrangements. The cost of each DMF/ANDA is amortized over its estimated useful life from the date on which the amount has been capitalized.

c) Research and Development:

All expenditure on research activities are recognized in the Profit and Loss Statement when incurred. Expenditure on development activities are also recognized in the Profit and Loss Statement in the year such expenditure is incurred. However, development expenditure is capitalized only in cases where such costs can be measured reliably, the technological feasibility has been established in respect of the product or process for which costs are incurred, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed product are capitalized. The Company's criteria for capitalization of such assets are consistent with the guidance given in paragraph 25 of Ind AS 38 (receipt of economic benefit out of the separately purchased transaction is considered to be probable).

Acquired research and development intangible assets that are under development are recognized as Intangible Assets under Development. These assets are not amortized, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Where a determination of impairment in respect of any such asset is made, the impairment of such asset is recognized in the Profit and Loss Statement in the year in which such determination is made. Where a determination is made to the effect that future economic benefits are probable, the total cost is capitalized in the year in which such determination is made.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Amortization of capitalized development expenditure is recognized on a straight-line basis, over the useful life of the asset

d) **Impairment of Assets:**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable value being higher of value in use and fair value less cost of disposal. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired.

e) **Business Combination and Goodwill**

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets acquired and liabilities assumed.

Any goodwill that arises on account of such business combination is tested annually for impairment.

f) **Non-Current assets held for sale:**

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented separately in the Balance Sheet as "Assets Held for Sale".

g) **Inventory:**

Inventories are valued at the lower of cost and net realisable value. The cost is determined on FIFO basis. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

h) **Employee Benefits:**

Short term employee benefits

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

Defined Contribution plans

Contribution towards Provident Fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Defined benefit plans

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contributions to LIC.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss

i) Cash and Cash Equivalent.

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk. Cash flow statement is prepared under the indirect method as per Ind AS 7, For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of book overdraft.

j) Dividend to Shareholders:

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors, Dividend payable and corresponding tax on dividend distribution is recognised directly in other equity.

k) Leases

The Company assesses whether a contract contains a lease, at the inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control use of an identified asset, the Company assesses whether:

a) The contract involves use of an identified asset;

b) The Company has substantially all the economic benefits from the use of the asset through the period of lease; and

c) The Company has the right to direct the use of an asset.

At the date of commencement of lease, the Company recognises a Right-of-use asset (“ROU”) and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the Company recognises the lease payment as an operating expense on straight line basis over the term of lease.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

Lease liability and ROU asset have been separately presented in the Balance Sheet and the lease payments have been classified as financing cash flows.

l) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of products:

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, Amount disclosed as revenue are inclusive of excise duty, excluding goods and service tax (GST), sales tax or value added taxes or service taxes or duties collected on behalf of the government, and net off returns, trade discounts, rebates and any amount

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

collected on behalf of third parties.

(ii) Development Revenue:

Development revenue are recognized over the time period of the development activity and are recognized on the completion of each mile- stones as per term of the agreement.

(iii) Recognition of Export benefits

Export benefit entitlements in respect of incentive schemes including Merchandise Export Incentive Scheme (MEIS) and Focus Product Scheme (FPS) of the government of India are recognized in the period in which they are approved.

m) Other Income

i. Interest Income is recognized using the Effective interest rate (EIR) method.

ii. Dividend income is recognized when right to receive is established.

iii. The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with and the grants is received. Government grants received in relation to assets are recognised as deferred income and amortized over the useful life of such asset. Grants related to income are recognised in the profit & loss account under other income.

n) Foreign Currency Transactions/Translations:

Initial Recognition

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

Translations

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange Differences

The exchange difference arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized in the Statement of Profit and Loss in the period in which they arise as income or as expense.

o) Government Grant

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Grants related to revenue items are presented as part of profit or loss under general heading such as other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as 'Deferred Government Grant' and are credited to profit & loss account under other income on a straight-line basis over the expected lives of the related assets.

The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

p) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred. Further, interest earned out of borrowed funds from temporary investments are reduced from the borrowing cost.

q) Financial Instrument:

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Financial Asset:

Initial recognition and measurement

All financial instruments are recognized initially at fair value plus, in case of financial assets not recorded at fair value through P&L, transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the company commits to purchase or sell the asset.

Subsequent Measurement

For the purpose of subsequent measurement financial assets are classified as measured at:

- Amortised cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI).

(a) Financial Asset measured at amortized cost

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss. The company while applying above criteria has classified the following at amortized cost:

- Trade receivables
- Loans
- Other Financial Assets

(b) Financial Assets Measured at fair value through other comprehensive income (FVTOCL)

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(c) Financial Assets at fair value through profit or loss (FVTPL)

Financial Assets are measured at Fair value through Profit & Loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of Profit & Loss.

Equity Instruments

All investments in equity instruments classified under financial assets are initially measured at fair value, the group may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL. The classification is based on initial recognition and is irrevocable

De-recognition of Financial Assets:

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for Derecognition. On Derecognition of a financial asset in its entirety, the difference between the carrying amount (measured on the date of recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the statement of Profit & Loss.

Impairment of Financial Assets:

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model by adopting the simplified approach using a provision matrix reflecting current condition and forecasts of future economic conditions for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial Assets that are debt instruments,

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for the year ended 31 March, 2022

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and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance

- Financial Assets that are debt instruments and are measured at FVTOCI.
- Lease receivables under Ind AS 17.
- Trade receivables or any contractual right to receive cash or another financial asset
- Loan commitments which are not measured at FVTPL
- Financial guarantee contracts which are not measured at FVTPL

II) Financial Liability

Initial recognition and measurement

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Financial Liabilities at amortized cost:

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

The company is classifying the following under amortized cost

- Borrowings from banks
- Borrowings from others
- Trade payables
- Other financial liabilities

Derecognition:

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

III) Derivative financial instrument and hedge accounting

The Company uses derivative financial instruments, such as foreign exchange forward contracts, interest rate swaps and currency options to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

r) Taxes on Income:

Tax expense comprises of current and deferred tax.

i. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Tax Act

ii. Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

iii. Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

s) Provisions, Contingent Liabilities and Contingent Assets.

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. Contingent Liabilities are not recognized but are disclosed in the notes.

t) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

u) Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period,

v) Exceptional Items:

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are nonrecurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

1.2 Recent Indian Accounting Standards (Ind AS):

Standards Issued But Not Yet Effective

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification, and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to de recognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

2 PROPERTY, PLANT & EQUIPMENT

Particulars		Gross Block					Depreciation / Adjustment					Net Block
		As at 01 April, 2021	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2022	As at 01 April, 2021	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2022	As at 31 March, 2022
a)	Borewell	25.79	2.80	-	-	28.59	20.11	1.65	-	-	21.76	6.84
b)	Building	23513.53	5548.82	-	-	29,062.35	3,239.12	838.37	-	-	4,077.49	24,984.86
c)	Canteen Equipment	54.75	24.14	-	-	78.89	15.94	9.64	-	-	25.58	53.31
d)	Computer	1417.02	295.87	83.77	0.14	1,629.12	1,003.52	247.37	(79.06)	0.01	1,171.83	457.29
e)	Electrical Installation	7998.27	1499.28	65.22	-	9,432.33	2,698.27	726.96	(28.42)	-	3,396.80	6,035.52
f)	ETP Building	565.85	-	-	-	565.85	205.47	17.73	-	-	223.19	342.66
g)	ETP Machinery	911.97	1.01	-	-	912.98	184.40	43.84	-	-	228.24	684.74
h)	EHS Equipment	165.44	28.16	0.48	-	193.11	23.51	16.61	(0.18)	-	39.93	153.18
i)	Furniture	2707.16	521.69	214.46	0.29	3,014.38	1,016.77	244.69	(80.04)	(0.03)	1,181.42	1,832.96
j)	Land & Green Field	2525.96	346.78	-	-	2,872.73	-	-	-	-	-	2,872.73
k)	Lab Equipment	14050.93	9260.43	996.94	-	22,314.42	5,207.71	1,461.04	(407.61)	-	6,261.14	16,053.28
l)	Network Server equipment	241.23	117.66	-	-	358.88	85.31	44.21	-	-	129.52	229.36
m)	Office Equipment	420.84	31.04	10.63	0.14	441.24	152.86	67.10	(5.27)	(0.02)	214.69	226.55
n)	P/M (Power Generation Unit)	3843.04	-	-	-	3,843.04	2,211.88	103.97	-	-	2,315.86	1,527.18
o)	Pipeline	4921.54	3189.65	2.60	-	8,108.58	1,386.80	269.52	(2.47)	-	1,653.85	6,454.73
p)	Plant & Machinery	61940.84	8710.84	134.82	-	70,516.86	11,273.05	3,092.78	47.26	-	14,413.09	56,103.76
q)	Pollution Control Equip.	37.34	9.17	0.27	-	46.24	31.48	0.43	(0.10)	-	31.81	14.43
r)	Vehicle	201.60	147.60	11.48	-	337.72	112.21	31.35	(6.68)	-	136.87	200.85
s)	Vehicles Electrical Operated	40.92	-	-	-	40.92	30.34	3.64	-	-	33.98	6.94
t)	Weigh bridge	8.42	-	-	-	8.42	5.79	0.47	-	-	6.23	2.18
Total		**125,592.41**	**29,734.91**	**1,520.68**	**0.57**	**153,806.64**	**28,904.52**	**7,221.37**	**(562.58)**	**(0.04)**	**35,563.29**	**118,243.34**

4 INTANGIBLE ASSET

Particulars		Gross Block					Depreciation / Adjustment					Net Block
		As at 01 April, 2021	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2022	As at 01 April, 2021	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2022	As at 31 March, 2022
a)	Computer software	1,280.94	520.84	8.381	(0.74)	1,792.66	701.69	215.89	(4.14)	-	913.44	879.22
b)	DMF/ANDA/Patents Fees	1,509.74	375.84	-	-	1,885.58	703.53	193.55	-	-	897.08	988.50
c)	Non-compete Agreement	1,245.00	-	-	-	1,245.00	653.90	172.85	-	-	826.75	418.25
d)	Acquired Assets through fair valuation	245.03	2.45	-	-	247.48	-	-	-	-	-	247.48
e)	Other	5,255.52	756.37	81.25	(20.39)	5,910.25	93.50	99.35	(0.00)	(0.70)	192.13	5,718.11
Total		**9,536.23**	**1,655.50**	**89.63**	**(21.13)**	**11,080.97**	**2,152.62**	**681.65**	**(4.14)**	**(0.70)**	**2,829.40**	**8,251.56**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

2 PROPERTY, PLANT & EQUIPMENT

Particulars	Gross Block					Depreciation / Adjustment					Net Block
	As at 01 April, 2020	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2021	As at 01 April, 2020	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2021	As at 31 March, 2021
a) Borewell	25.79	-	-	-	25.79	18.31	1.79	-	-	20.10	5.69
b) Building	15,675.57	11,315.98	(3,478.02)	-	23,513.53	5,450.14	477.55	(2,688.58)	-	3,239.11	20,274.42
c) Canteen Equipment	19.97	34.88	(0.10)	-	54.75	12.56	3.40	(0.02)	-	15.94	38.81
d) Computer	1,190.42	242.68	(16.13)	0.05	1,417.02	812.27	168.80	23.88	0.03	1,004.98	412.04
e) Electrical Installation	4,737.95	3,298.57	(38.25)	-	7,998.27	2,264.12	436.96	(2.82)	-	2,698.26	5,300.01
f) ETP Building	565.85	-	-	-	565.85	187.75	17.73	-	-	205.48	360.37
g) ETP Machinery	530.58	381.39	-	-	911.97	158.80	25.60	-	-	184.40	727.57
h) EHS Equipment	51.10	114.40	(0.06)	-	165.44	16.76	6.76	(0.01)	-	23.51	141.93
i) Furniture	3,994.24	837.53	(2,124.42)	(0.22)	2,707.13	2,556.94	219.71	(1,759.75)	(0.16)	1,016.74	1,690.39
j) Land & Green Field	1,602.56	1,059.72	(136.32)	-	2,525.96	-	-	-	-	-	2,525.96
k) Lab Equipment	10,675.30	3,916.80	(541.17)	-	14,050.93	4,467.86	887.44	(116.01)	-	5,239.29	8,811.64
l) Network Server equipment	160.92	98.78	(18.47)	-	241.23	58.76	30.40	(3.84)	-	85.32	155.91
m) Office Equipment	341.81	183.20	(104.21)	(0.11)	420.69	202.46	45.56	(95.18)	(0.12)	152.72	267.97
n) P/M (Power Generation Unit)	3,843.04	-	-	-	3,843.04	2,107.90	103.97	-	-	2,211.87	1,631.17
o) Pipeline	4,076.28	845.25	-	-	4,921.53	1,198.53	188.27	-	-	1,386.80	3,534.73
p) Plant & Machinery	39,774.05	25,348.65	(3,181.88)	-	61,940.82	12,173.96	1,904.51	(2,814.15)	-	11,264.32	50,676.50
q) Pollution Control Equip.	37.34	-	-	-	37.34	30.65	0.84	-	-	31.49	5.85
r) Vehicle	233.13	30.97	(62.49)	-	201.61	99.48	32.96	(20.23)	-	112.21	89.40
s) Vehicles Electrical Operated	40.92	-	-	-	40.92	25.39	4.92	0.03	-	30.34	10.58
t) Weigh bridge	8.42	-	-	-	8.42	5.32	0.47	-	-	5.79	2.63
Total	**87,585.24**	**47,708.80**	**(9,701.52)**	**(0.28)**	**125,592.24**	**31,847.96**	**4,557.64**	**(7,476.68)**	**(0.25)**	**28,928.67**	**96,663.57**

4 INTANGIBLE ASSET

Particulars	Gross Block					Depreciation / Adjustment					Net Block
	As at 01 April, 2020	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2021	As at 01 April, 2020	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2021	As at 31 March, 2021
a) Computer software	1,261.39	151.96	(129.83)	1.57	1,285.09	628.97	180.11	(100.66)	-	708.42	576.67
b) DMF/ANDA/Patents Fees	1,485.09	24.65	-	-	1,509.74	552.27	151.27	-	-	703.54	806.20
c) Non-compete Agreement	1,045.00	200.00	-	-	1,245.00	482.54	164.63	-	-	647.17	597.83
d) Acquired Assets through fair valuation	-	245.03	-	-	245.03	-	-	-	-	-	245.03
e) Other	926.15	4,535.70	(239.40)	33.07	5,255.52	86.13	58.87	(51.51)	-	93.49	5,162.03
Total	**4,717.63**	**5,157.34**	**(369.23)**	**34.64**	**9,540.38**	**1,749.91**	**554.88**	**(152.17)**	**-**	**2,152.62**	**7,387.76**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Lease hold land & Building	3,117.05	2,582.16
Total	**3,117.05**	**2,582.16**

Description of the property	Gross Carrying value (in lakhs)	Held in the name of	Whether promoter, director or their relative or employee	Period held	Reason for not held in name
Leasehold land located in Jadcherla, Telangana admeasuring 9 acres	349.26	Raichem Lifesciences Pvt. Ltd.	No	Since 2012	The title deeds are in the name of the erstwhile Company that was amalgamated with the Company pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Andhra Pradesh dated August , 31, 2012.

3 CAPITAL WORK-IN-PROGRESS

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Machinery under errection	4,869.20	3,169.38
b) Projects under errection	14,135.00	27,044.12
Total	**19,004.20**	**30,213.50**

Additional disclosure pursuant to amendment of revised schedule III are in note 45

5 INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Software under installation	52.39	86.52
b) Product under development	31,145.81	23,054.40
c) DMF /ANDA/Patents Fees	416.06	774.65
Total	**31,614.26**	**23,915.57**

Additional disclosure pursuant to amendment of revised schedule III are in note 45

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

6 FINANCIAL ASSETS

(i) Non-Current Investments

Particulars	As at 31 March, 2022	As at 31 March, 2021
Trade Investments (At Cost) fully paid up		
I) In Joint Venture/Associate Companies		
a) Investments in Equity Instruments (Unquoted)		
i) 5,001 (5,001) share of Rs. 10 each in Reva Medicare Pvt. Ltd., Raichur.	273.46	268.93
ii) Investment in Auxilla Pharmaceuticals & Research LLP (40% Capital Contribution)	516.56	565.02
b) Investments in Preference Instruments (Unquoted)		
i) 2843500 (1535,000) Non-cumulative, Non-participating, convertible preference shares of Rs. 100 each in Sravathi Advance Process Technologies Pvt. Ltd., Bangalore.	2,102.90	1,061.07
ii) 441000 (165000) Non-cumulative shares of Rs. 100 each in Sravathi AI Tech Pvt. Ltd., Bangalore.	276.08	120.79
II) Investments in Government securities (Unquoted)		
i) National Savings Certificate.	0.20	0.20
III) Others		
i) 741,362 (741,362) shares of Rs. 14 each of Prathijna Sustainable Solutions Pvt. Ltd., Bangalore.	103.80	103.80
ii) 2,000 (2000) shares of Rs. 100 each of Mana Effluent Treatment Plant Ltd., Hyderabad.	2.00	2.00
iii) Investment in Debenture application money pending for allotment in Atria Wind power (Chitradurga) Private Limited.	70.53	
iv) 30,813 (Nil) Shares of Rs. 251 each of Atria Wind power (Chitradurga) Private Limited	77.34	
Total value of unquoted investment	**3,422.86**	**2,121.81**
Aggregate value of unquoted investment	**3,422.86**	**2,121.81**

(ii) Other Financial Assets

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Security deposits (unsecured considered good)		
(i) Electricity deposits	462.14	461.82
(ii) Rental deposits	19.03	42.33
(iii) Telephone deposits	0.92	0.92
(iv) Miscellaneous deposits	86.55	92.11
Total (a)	**568.64**	**597.18**
b) Cross currency swap account		174.27
Total (b)	**-**	**174.27**
c) Fixed deposit with bank		
(i) Fixed deposited having maturity more than 12 month held has Security	1,080.73	1,034.33
Total (c)	**1,080.73**	**1,034.33**
Total (a + b + c)	**1,649.37**	**1,805.78**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

7 OTHER NON-CURRENT ASSETS

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Capital advances		
(i) Unsecured, considered good	8,773.24	3,623.11
Less: Written off	-	-
Total (a)	**8,773.24**	**3,623.11**
b) Others		
(i) Income Tax paid under protest	43.33	43.32
(ii) VAT on Capital Goods & Others Item	4.69	46.47
(iii) Prepaid Expenses	134.63	136.90
Total (b)	**182.65**	**226.69**
Total (a+b)	**8,955.89**	**3,849.80**

8 INVENTORIES

Particulars	As at 31 March, 2022	As at 31 March, 2021
(i) Raw materials	15,269.90	13,629.71
(ii) Work-in-progress	4,493.94	3,412.72
(iii) Finished goods	7,538.23	8,860.16
(iv) Stock-in-trade	1,595.64	669.98
(v) Stores and Spares	5,291.53	3,766.09
(vi) Packing materials	1,334.60	1,345.07
Total	**35,523.84**	**31,683.73**

9 FINANCIAL ASSETS

(i) Current Investment

Particulars	As at 31 March, 2022	As at 31 March, 2021
Investment in mutual funds/ bonds		
Investment in Bonds	1,437.39	1,437.39
Total	**1,437.39**	**1,437.39**
Less : Provision for diminishing in the value of Investment	1,437.39	1,437.39
Total value of unquoted investment	-	-
Aggregate value of unquoted investment	**-**	**-**

(ii) Trade Receivables (Refer Note 44)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Unsecured		
(a) Considered good	39,032.07	21,802.84
Total (a)	**39,032.07**	**21,802.84**
(b) Significant increase in credit risk	-	
Less Written-off	399.49	53.04
Total (b)	399.49	53.04
Total (a+b)	**38,632.58**	**21,749.80**

Note: Trade receivable in above note no: 9 (ii) (a) includes Rs. 192.28 (PY Rs. 177.75) is receivable from related parties (refer note no: 41 Related Party Transaction)

Additional disclosure pursuant to amendment of revised schedule III are in note 45

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(iii) Cash and Cash Equivalents

Particulars	As at 31 March, 2022	As at 31 March, 2021
i) Cash on Hand	33.86	34.47
ii) Balance with Banks in Current Account	3,004.15	1,318.04
iii) Deposit with original maturity of less than 3 months	344.89	10,932.06
Total	**3,382.90**	**12,284.57**

(iv) Other Bank Balance other than (iii) above

Particulars	As at 31 March, 2022	As at 31 March, 2021
Earmarked Balances		
(i) Unclaimed dividend Accounts	28.34	26.08
Total	**28.34**	**26.08**

(v) Loans

Particulars	As at 31 March, 2022	As at 31 March, 2021
(a) Unsecured, considered good		
(i) Koanna Healthcare Spain. S. L.,	-	122.22
Total	**-**	**122.22**

(vi) Other Financial Assets

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Income accrued and due	42.89	640.91
b) Staff advance	36.71	48.80
c) Tender deposits	8.94	8.74
d) Fixed deposit having maturity less than 12 months and held as margin money	-	3,210.00
e) Interest accrued on fixed deposits/others	157.59	152.33
Total	**246.13**	**4,060.78**

10 OTHER CURRENT ASSETS

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) CENVAT receivable	0.17	0.17
b) Prepaid Expenses	649.65	626.65
c) VAT, Entry Tax ESI, & Professional Tax	-	0.26
d) Advances to supplier/ receivables	2,753.84	2,030.05
e) CGST /IGST /SGST receivable	6,512.08	8,342.88
f) Export Incentive Receivables	85.49	110.18
Total	**10,001.23**	**11,110.19**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Income tax (Net)	904.41	861.17
Total	**904.41**	**861.17**

11 EQUITY SHARE CAPITAL

Particulars	As at 31 March, 2022	As at 31 March, 2021
Authorized share capital		
95,000,000 (PY 95,000,000) shares face value of Re. 1/- each.	950.00	950.00
	950.00	**950.00**
Issued, subscribed & fully paid up capital		
Opening Balance	**815.27**	**815.27**
Changes During the Year	**52.75**	**-**
Closing Balance	**868.02**	**815.27**
86,801,898 (P.Y. 81,526,898) shares face value of Re. 1/- each.		
	868.02	**815.27**

(a) Reconciliation of the number of shares.

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Nos	Amount	Nos	Amount
Shares outstanding at the beginning of the year	81,526,898	815.27	81,526,898	815.27
Add : Issued during the year face value of Re. 1/- each.	5,275,000	52.75	-	-
Shares outstanding at the end of the year	**86,801,898**	**868.02**	**81526898**	**815.27**

(b) Rights, preference and restriction attached to each class of shares:

Equity Shares:

The Company has only one class of equity shares having par value of Re .1/- per share. Each holder of equity shares is entitle to one vote per share.

In the event of liquidation, the holders of equity are entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shareholders holding more than 5% shares in the Company

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	No. of Shares	% Holding	No of Shares	% Holding
(i) Vishnukant .C. Bhutada	6,365,610	7.33	6,365,610	7.81
(ii) Dharmavati Bhutada	6,207,796	7.15	6,207,796	7.61
(iii) Tano Mauritius India FVCI II	-	-	4,979,605	6.11

(d) Details of Equity Shares allotted as fully paid-up pursuant to contracts without payment being received in cash during the period of five years immediately preceding the Balance Sheet date.

Particulars	31-Mar-21	31-Mar-20	31-Mar-19	31-Mar-18	31-Mar-17
Shares issue to Director of Navya Biological Pvt. Ltd. on account of merger	-	-		1,399,994	-

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(e) Preferential allotment of equity shares

During the year ended 31 March 2022, the Company has raised additional capital aggregating to Rs. 29683.95 lakhs (net of expenses of Rs. 67.05 lakhs) by way of preferential allotment of equity shares. The Company has issued 52,75,000 shares at a price of Rs. 564/- per share whereby equity share capital has increased by Rs. 52.75 lakhs and securities premium account is increased by Rs. 29631.20 lakhs (net of expenses of Rs. 67.05 lakhs).

Details of utilization of preferential allotment proceeds are as follows:

Objects of the issue	Proceeds from preferential allotment	Utilized upto 31 March 2022	Unutilised amount as on 31 March 2022
Working capital requirement, reduction in debt, investment in subsidiaries and joint ventures, to fund capex investment and towards corporate general purpose	29683.95	29683.95	-

(f) Promoters Share Holding

S No.	Name of the Shareholders	Number of shares held at the beging of the year 2021	Shareholding as a % of total no. of shares as on 31.03.2021	Number of shares held at the end of the year 2022	Percentage of shares held to total shares 31.03.2022	Change in Share-holding in the year 2021-22	Change in percentage of shares held to total shares in the year 2021-22
1	VISHNUKANTH C BHUTADA (HUF)	1,336,130	1.64	1,336,130	1.54	-	-0.10
2	BRIJGOPAL INNANI	2,174,866	2.67	1,174,866	1.35	-1,000,000	-1.32
3	OM PRAKASH INANI	2,867,691	3.52	2,867,691	3.30	-	-0.22
4	MANJULATHA INNANI	157,546	0.19	157,546	0.18	-	-0.01
5	NATAMAL INNANI	1,131,232	1.39	1,131,232	1.30	-	-0.09
6	RAMAKANT INNANI	3,497,778	4.29	1,497,778	1.73	-2,000,000	-2.56
7	KANTADEVI INANI	2,540,096	3.12	2,540,096	2.93	-	-0.19
8	KAMALKISHORE INNANI	165,236	0.20	165,236	0.19	-	-0.01
9	SHAKUNTALABAI INNANI	1,129,186	1.39	1,129,186	1.30	-	-0.09
10	TARADEVI INNANI	249,998	0.31	1,249,998	1.44	-1,000,000	1.13
11	DEEPAK KUMAR INNANI	2,733,960	3.35	2,733,960	3.15	-	-0.20
12	TRIVENI INANI	294,810	0.36	294,810	0.34	-	-0.02
13	VISHNUKANTA INANI	212,498	0.26	1,212,498	1.40	-1,000,000	1.14
14	RAVI KUMAR INNANI	4,006,370	4.91	4,006,370	4.62	-	-0.29
15	SURAJ KUMAR INNANI	3,980,695	4.88	3,980,695	4.59	-	-0.29
16	KEERTI INNANI	155,021	0.19	155,021	0.18	-	-0.01
17	VISHNUKANT CHATURBHUJ BHUTADA	6,365,610	7.81	6,365,610	7.33	-	-0.48
18	DHARMAVATI BHUTADA	6,207,796	7.61	6,207,796	7.15	-	-0.46
19	PRIYA INNANI	180,696	0.22	180,696	0.21	-	-0.01
20	KESHAV BHUTADA	2,000,000	2.45	2,000,000	2.30	-	-0.15
21	MADHAV VISHNUKANT BHUTADA	2,000,000	2.45	2,000,000	2.30	-	-0.15
22	NAMRATA BHUTADA	22,500	0.03	22,500	0.03	-	0.00
23	SAGAR INNANI	-	0	1,000,000	1.15	1,000,000	1.15
	TOTAL	**43,409,715**	**53.25**	**43,409,715**	**50.01**		

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

13 OTHER EQUITY

Particulars		As at 31 March, 2022	As at 31 March, 2021
(a)	Securities Premium Account	72,495.14	42,863.93
(b)	General Reserves	5,182.68	5,182.68
(c)	Retained Earning	104,320.49	99,151.06
(d)	Others		
	i) Cash flow hedge reserve	(2.59)	(25.32)
	ii) Remeasured of defined benefit plan	(423.50)	(264.44)
(e)	Gain on forfeiture of equity shares	8.76	8.76
(f)	Foreign Currency Monetary Translation Difference Account	(229.52)	134.72
Total		**181,351.46**	**147,051.39**

14 FINANCIAL LIABILITIES

(i) Long Term Borrowings

Particulars		As at 31 March, 2022	As at 31 March, 2021
Term Loans			
a)	**From Banks (secured)**		
I)	**HDFC - Term Loan**	15,930.35	19,881.00
	Nature of Security		
	Shilpa Medicare: Term loan of Rs. 1000 MN taken from HDFC, Hyderabad and is secured by first pari passu charge on the movable and immovable fixed assets of Unit -I, Raichur, second pari passu charge on SEZ unit, Jadcherla and personal guarantees given by two (02) of its Directors. Shilpa Biological : Term loan taken from HDFC is secured by charge on the Plant & Machinery, Factory Land and Building, Current Assets of the company and Corporate Guarantee from Shilpa Medicare Limited (Holding Co) and personal guarantee of 2 Director of the company.		
	Terms of Repayment & Interest Rate:		
	Shilpa Medicare: 5% Repayment is payable in the first year in equal quarterly installment and remaining 95% in four (04) years in equal quarterly installment from the date of disbursement. Interest chargeable at 8% linked to repo rate with reset on every three months. Shilpa Biological : The said loan is originally repayable in 4 years and 11 months starting from 30.08.2021.		
II)	**HSBC - Term Loan**	6,875.00	10,000.00
	Nature of Security		
	Term loan of Rs. 1000 MN taken from HSBC, Bangalore and is secured by first pari passu charge on the movable and immovable fixed assets of Unit -I situated at Deosugur and exclusive charge on Unit-II situated at Chicksugur and personal guarantee given by two (02) of its Directors.		

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars		As at 31 March, 2022	As at 31 March, 2021
	Terms of Repayment & Interest Rate:		
	Repayment of term loan from HSBC with a moratorium period of 12 months and would be repayable in 16 rear ended quarterly installments of Rs. 62.50 MN with the final installment falling due at the end of the January- 2024 interest payable 03 month MCLR payable monthly.		
III)	**Axis Bank - Term Loan**	5,625.00	8,125.00
	Nature of Security		
	Term loan of Rs. 1000 MN taken from Axis Bank, Bangalore and is secured by exclusive charge, by way of equitable mortgage, on immovable fixed assets of Dobaspet, Bangalore unit, both present and future and also exclusive charge, by way of hypothecation, on movable fixed assets of Dobaspet, Bangalore unit, both present and future and secured by personal guarantee given by two (02) of its Directors.		
	Terms of Repayment & Interest Rate:		
	Repayment of term loan from Axis Bank with a moratorium period of 12 months and would be repayable in 16 equal quarterly installments of Rs. 62.50 MN with the final installment falling due at the end of the June- 2025. Interest payable monthly rests even during moratorium period.		
IV)	**SCB - Term Loan**	5,512.25	7,350.00
	Nature of Security		
	Term loan of Rs. 735 MN taken from SCB, Bangalore and is secured by first pari passu charge on the movable fixed assets at Jedcherla, Formulation unit and first pari passu charge on Land and building of Formulation unit at Jedcherla and secured by personal guarantee given by two (02) of its Directors.		
	Terms of Repayment & Interest Rate:		
	Repayment of term loan from SCB would be repayable within 5 years in 16 equal quarterly installments starting from 15th month from the date of draw down and the final installment falling due at the end of the January - 2026. Interest payable monthly in arrears.		
V)	**Citi Bank - Term Loan**	1,406.25	2,031.25
	Nature of Security		
	Term Loan from Citibank NA is secured by exclusive charge on present & future current assets and movable and immovable assets of the company. Exclusive charge by way of equitable mortgage on land & buildings situated at 118, cherlapally, IDA Phase III, Hyderabad along with Corporate Guarantee by holding company Shilpa Medicare Limited		

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Terms of Repayment & Interest Rate:		
Repayment of Term Loan from Citibank NA have a moratorium period of 12 Months and repayable in 16 equal quarterly installments. . and final installment on 23.04.2025. Interest payable monthly in arrears.		
b) From others (Unsecured)		
I) Loan under SBIRI Scheme	11.39	32.44
Loan from Department of Biotechnology, Ministry of Science and Technology, New Delhi. Under Scheme Small Business Innovative Research Initiative (SBIRI)		
Terms of Repayment & Interest Rate:		
The loan is repayable in 10 equal yearly installments starting from 17.08.2013 of Rs. 21.05 Lakhs with final installment falling due on 17.08.2022. Interest is payable @ 1% P.A. on amount drawn up to Rs. 100 Lakhs and @ 2% above Rs. 100 Lakhs, and is payable in 02 equal installment after principal repayment.		
Preference Share Capital		
I) Shilpa Medicare Limited, Raichur		2.60
Total	**35,360.24**	**47,422.29**

(ii) Lease liability

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Land & Building	113.30	158.49
Total	**113.30**	**158.49**

(iii) Others

Particulars	As at 31 March, 2022	As at 31 March, 2021
(a) Deferred Consideration Payable on acquisition of FTF Pharma Pvt Ltd	500.00	500.00
Total	**500.00**	**500.00**

15 PROVISIONS

Particulars	As at 31 March, 2022	As at 31 March, 2021
(i) Provision for gratuity	1,708.62	1,340.77
(ii) Provision for leave encashment	199.01	206.80
Total	**1,907.63**	**1,547.57**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

16 DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31 March, 2022	As at 31 March, 2021
(i) Deferred tax liability	17,303.18	11,208.91
(Difference in tax base of property, plant, equipment & others)		
(ii) Deferred tax asset	(5,288.19)	(2,964.39)
(On account of disallowable items under Income Tax Act)		
(iii) MAT Credit Entitlement	(6,541.24)	(3,516.28)
Total	**5,473.75**	**4,728.24**

17 OTHER NON-CURRENT LIABILITIES

Particulars	As at 31 March, 2022	As at 31 March, 2021
(a) Deferred revenue	12.44	12.44
(b) Capital subsidy / Deferred Government grant	1,914.16	1,767.57
Total	**1,926.60**	**1,780.01**

18 FINANCIAL LIABILITIES

(I) Borrowings

Particulars	As at 31 March, 2022	As at 31 March, 2021
Secured Loan		
a) Working capital loan		
From Banks		
i) Standard Chartered Bank (PCFC) [refer note 'a' & 'f (i)' below]	5,048.01	6,232.09
ii) Citi Bank (PCFC) [refer note 'b' & 'f - (ii)' below]	119.21	5,475.71
iii) HSBC (PCFC) [refer note 'c' & 'f (iii)' below]	2,990.35	2,932.58
iv) Axis Bank (PCFC) [refer note (vii) below]	2,308.66	-
v) ICICI Bank PCFC	4,624.23	-
vi) HDFC (WCL) [refer note 'f' & 'f (viii)' below]	1,200.00	-
vii) HDFC (WCL) [refer note 'e' & 'f (iv)' below]	-	5,000.00
viii) HSBC (WCDL) [refer note 'c' & 'f (v)' below]	-	2,000.00
ix) Citi Bank (WCDL) [refer note 'b' & 'f (vi)' below]	4,000.00	2,700.00
x) Current maturity of long term debt	12,540.53	12,646.33
Nature of Security		
a) Working capital loan from Standard Chartered Bank (SCB) is secured by first pari passu charge on current assets and first charge on certain fixed assets movable & immovable (except those created through other loans) in line with other working capital lenders and personal Guarantee of 02 Directors		
b) Working capital loan from Citi bank (CB) is secured by first pari passu charge on current assets and charge on fixed assets (except those created through other loans) in line with other working capital lenders and personal guarantee of 02 Directors. The sanction facility is interchangeably as PCFC/Cash credit and applicable interest will be charge.		

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2022	As at 31 March, 2021
c) Working capital loan from HSBC is secured by first pari passu charge on current assets and charge on moveable fixed assets (except those created through other loans) in line with other working capital lenders and personal Guarantee of 02 Directors.		
d) Working capital loan from HDFC is secured by first pari passu charge on current assets of the company. Second pari passu charge on Factory land and building of Jadcherla SEZ unit. Second pari passu charge on Factory movable and immovable fixed assets of Jadcherla SEZ unit and personal Guarantee of 02 Directors.		
e) The Working capital loan was sanctioned by the bank on 29.09.2021. The said loan was initial repayable on bullet basis on 31.03.2022. However, the bank has extended the credit period by 178 days. The working capital loan is secured by way of first charge on the entire fixed assets of the company (both present and future), Factory Land & Building, exclusive charge on entire current asset of company (both present and future) and Corporate Guarantee from Shilpa Medicare Limited (Holding Co) and personal guarantee of Non-Executive Nominee Director of the company.		
f) Interest rate as at March 31, 2022 is as under:		
(i) On PSFC/PCFC - LIBOR + 1.42%		
(ii) On PSFC/PCFC - LIBOR + 1.62%		
(iii) On PSFC/PCFC - LIBOR + 1.88%		
(iv) CY NA (PY 2021) 5.20% per annum		
(v) CY NA (PY 2021) 6.35 % per annum		
(vi) 5.25% per annum		
(vii) PSFC/PCFC LIBOR + 0.90 per annum		
(viii) HDFC (WCL) 5.25% per annum		
Total	**32,830.99**	**36,986.71**

(II) Trade Payable (Refer Note 44 & 45)

Particulars	As at 31 March, 2022	As at 31 March, 2021
a) Trade payables due to micro and small enterprises	2,609.91	1,355.27
b) Trade payables due to other than micro and small enterprises	11,994.55	5,370.09
Total	**14,604.46**	**6,725.36**

Note: Trade payable in above note no: 18 (ii) (b) includes Rs. 284.34 (PY Rs. 120.85) is payable to related parties (refer note no: 41 Related Party Transaction)

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Additional disclosure pursuant to amendment of revised schedule III are in note 45

(III) Other financial liabilities

Particulars		As at 31 March, 2022	As at 31 March, 2021
a)	Interest accrued but not due on borrowings	229.02	263.65
b)	Unclaimed dividends	28.34	26.08
c)	Employee benefit liability	3,120.20	2,789.01
d)	Books overdraft	849.01	-
e)	Unclaimed Bonus & Salary	1.13	0.75
f)	Capital creditors	3,787.55	4,115.92
g)	Lease liability	24.32	28.20
h)	Others	34.78	32.51
Total		**8,074.35**	**7,256.12**

19 OTHER CURRENT LIABILITIES

Particulars		As at 31 March, 2022	As at 31 March, 2021
a)	Advances from customers	1,636.56	748.19
b)	Tax deduction at source	1,186.38	941.12
c)	ESI, Professional tax Etc.	35.01	11.82
d)	Security trade deposit	244.40	154.40
e)	Provident fund payable	193.54	150.04
f)	Unclaimed bonus & salary	67.79	15.69
g)	Custom duty	34.08	8.99
Total		**3,397.76**	**2,030.25**

20 PROVISIONS

Particulars		As at 31 March, 2022	As at 31 March, 2021
i)	Compensated absences (Leave Encashment)	55.31	14.71
ii)	Gratuity	402.65	184.93
iii)	Others	1788.10	1131.22
Total		**2,246.06**	**1,330.86**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

21 REVENUE FROM OPERATIONS-SALES

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
a) Sales of products	107,827.68	85,312.01
b) Export Incentives	547.35	97.11
c) Energy sales	462.91	511.66
Total	**108,837.94**	**85,920.78**
Abstract		
(i) Bulk Drugs/Intermediates	72,218.11	56,223.27
(ii) Formulation	32,639.68	26,519.14
(iii) Export Incentives	547.35	97.11
(iv) Power	462.91	511.66
(v) Trading	1,813.12	1,751.65
(vi) Others	1,156.77	817.95
Total	**108,837.94**	**85,920.78**

22 REVENUE FROM OPERATIONS-SERVICE AND LICENCE FEES

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Product development & License fees	5,714.34	4,192.23
Total	**5,714.34**	**4,192.23**

23 OTHER INCOME

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
a) Interest Income on :		
i) Deposit with bank	178.30	313.19
ii) Others	28.36	30.56
b) Liabilities written back	501.46	701.64
c) Government grant	141.05	45.57
d) Claim received	-	1,377.68
e) Miscellaneous income	575.38	545.52
Total	**1,424.55**	**3,014.16**

24 COST OF MATERIAL CONSUMED

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Inventory at the beginning of the year	14,689.40	11,367.14
Add: Purchases	39,754.91	35,210.71
Less: Inventory at the end of the year	16,269.42	14,689.40
Cost of raw materials and packing materials consumed	**38,174.89**	**31,888.45**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

25 PURCHASE OF STOCK-IN-TRADE

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Purchase of Medicines/Bulk Drugs/Others	849.07	1,067.66
Total	**849.07**	**1,067.66**

26 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Opening Inventories		
(i) Finished goods	10,443.62	6,073.41
(ii) Work-In-process	3,412.72	1,899.89
Less Reclassified to Asset held for sale	(1,168.17)	
Closing Inventories		
(i) Finished goods	8,896.37	10,443.62
(ii) Work-In-process	4,493.94	3,412.72
(Increase) / decrease in inventory	**(702.14)**	**(5,883.03)**

27 EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
a) Salaries, wages and bonus	24,487.68	21,473.78
b) Contribution to provident fund /gratuity and other funds	1,504.84	1,660.91
c) Staff welfare expenses	456.13	396.02
Total	**26,448.65**	**23,530.71**

28 FINANCE COSTS

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Interest expense on :		
a) Working capital facility	615.70	497.42
b) Finance cost on lease Liability (IND AS 116)	13.17	18.21
c) Term loans	3,450.53	1,637.69
d) Dividend on cumulative preference shares	17.62	16.16
c) Others	19.50	17.39
Total	**4,116.52**	**2,186.87**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

29 OTHER EXPENSES

Particulars		For the year ended 31 March, 2022	For the year ended 31 March, 2021
a)	Power and fuel	5,242.69	4,025.06
b)	Repairs & Maintenance		
	i) Buildings	601.28	703.87
	ii) Plant and machinery	3,706.27	3,067.08
	iii) Others	518.51	520.56
c)	Rent	115.94	146.06
d)	Exchange Loss / (Gain) Net	(665.76)	(994.94)
e)	Rates and taxes,	244.69	229.02
f)	Insurance	386.57	363.04
g)	Traveling and Conveyance	325.57	174.36
h)	Contractor Labour Charges	1,374.19	1,035.16
i)	Legal and Professional Fees	5,104.49	3,036.09
j)	Facility Fees	691.79	645.21
k)	Payment to auditors	31.63	24.51
l)	Research and Development expenses	5,506.05	3,380.90
m)	Transportation Charges	208.63	200.95
n)	Brokerage and Commission	1,235.76	840.57
o)	Job work charges	88.01	3.81
p)	Directors Sitting Fees	5.60	4.20
q)	Sales Promotion and Advertisement	565.89	351.73
r)	Advance Written-off	122.96	-
s)	Bad Debts written-off	419.25	53.04
t)	Clearing and Forwarding expenses	727.11	670.49
u)	(Profit) Loss on sale /Discard of Assets.	160.22	59.32
v)	Custom Duty & Vat Exp	407.61	216.64
w)	CSR Expenses	372.51	347.62
x)	Product Filing Fees /patent application fees	251.35	148.43
y)	Miscellaneous Expenses	1,647.43	2,091.28
TOTAL		**29,396.24**	**21,344.06**

30 EXCEPTIONAL (INCOME) / EXPENSE

Particulars		For the year ended 31 March, 2022	For the year ended 31 March, 2021
a)	Gain on sale of preference shares (RMPL)	-	(6084.00)
b)	Gain on account of reduction of Investment of Foreign Subsidiary	(880.91)	-
c)	Loss on sale of subsidiary	20.12	-
d)	Gain on sale of asset	(18.32)	-
Total		**(879.11)**	**(6084.00)**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

31 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars		As at 31 March, 2022	As at 31 March, 2021
a)	Foreign letter of credit	182.96	340.19
b)	Bank guarantees / Corporate guarantee*	259.78	244.50
c)	Claims against the Company not acknowledged as debt	5,780.00	*
d)	Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	4,163.41	4,199.82
Total		**10,386.15**	**4,784.51**

- The Company is involved in disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that above matters are not tenable and will not have any material adverse effect on the Company's financial position and results of operations.

32 EMPLOYEE BENEFIT DEFINED CONTRIBUTION PLANS

i) Provided fund

Particulars	As at 31 March, 2022	As at 31 March, 2021
Defined Contribution Plan		
Provided fund	985.05	582.79

ii) Defined benefit Plan (Gratuity)

a) Holding Company

Movement of present value of the defined benefit obligation		As at 31 March, 2022	As at 31 March, 2021
i)	**Change in defined benefit obligation**		
	Obligations at year beginning	1,786.01	1,319.42
	Service cost	355.97	238.22
	Interest on defined benefit obligation	117.63	88.11
	Benefits settled	(59.74)	(58.50)
	Divestures (Demerger)	-	
	Actuarial (gain)/loss	146.40	15.92
	Obligations at year end	**2,346.27**	**1,603.17**
ii)	**Change in plan assets**		
	Plans assets at year beginning, at fair value	261.77	230.33
	Expected return on plan assets	19.80	14.06
	Actuarial gain/(loss)	(1.51)	1.11
	Benefits payout	(34.71)	(50.02)
	Plans assets at year end, at fair value	**245.35**	**195.48**

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Movement of present value of the defined benefit obligation	As at 31 March, 2022	As at 31 March, 2021
iii) Amount recoginised in the balance sheet		
Closing BPO	2,346.27	1,603.17
Closing fair value of plan assets	245.35	195.48
Net asset/(liability) recognized in the balance sheet	**2,100.92**	**1,407.69**
iv) Expenses recognised in the statement of P & L account		
Service cost	355.96	238.22
Interest cost	114.86	88.11
Expected return on plan assets	(17.03)	(14.06)
Expenses recognised in the statement of Other Comprehensive income	-	
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(88.84)	(334.56)
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	(44.53)	136.85
Actuarial (Gain)/ Losses due to Experience on DBO	279.76	213.62
Return on Plan Assets (Greater) / Less than Discount rate	(0.98)	(1.11)
Total actuarial (gain)/loss included in OCI	**145.41**	**14.80**
v) Assets Information		
i) Insured (fund is managed with Life insurance corporation of India)	245.35	195.48
%	100.82	12.19
ii) Non fund based (Company manages at its own)	2,100.92	1,407.69
%	199.18	87.81
vi) Principal actuarial assumptions		
Interest rate	-	-
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	7,24%	6.90%
Expected rate of return on assets	7,24%	6.90%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	9%	11%
Attrition rate of employees	15.00%	16.00%
Retirement age of employees (Years)	58	58

Actuarial gain / loss is recognised immediately. The estimates of salary increase, inflation, promotion, Seniority etc. taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

b) Indian Subsidiaries Companies

Defined benefit Plan (Gratuity)	As at 31 March, 2022	As at 31 March, 2021
i) Change in defined benefit obligation		
Obligations at year beginning	182.83	150.05
Service cost	59.55	26.79
Interest on defined benefit obligation	8.85	9.06
Benefits Settled	(6.57)	(13.51)
Actuarial (gain)/loss	4.64	(6.07)
Obligations at year end	**249.30**	**166.32**
ii) Change in plan assets		
Actuarial gain/(loss)	-	-
Plans assets at year end, at fair value	**65.60**	**36.32**
iii) Reconciliation of present value of the obligation and fair value of the plan assets		
Closing BPO	249.30	166.32
Closing fair value of plan assets	(65.60)	(36.32)
Closing funded status	183.70	130.00
Unrecognized actuarial (gains) / losses	-	-
Net asset/(liability) recognized in the balance sheet	**183.70**	**130.00**
iv) Expenses recognised in the statement of P & L account		
Service cost	59.54	26.79
Interest cost	6.08	9.06
Actuarial (gains) / losses	4.15	(6.07)
Net Gratuity Cost	**69.77**	**29.78**

c) Principal actuarial assumptions

Defined benefit Plan (Gratuity)	As at 31 March, 2022	As at 31 March, 2021
Interest rate	-	-
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	7.33%	6.73%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	9%	11%
Attrition rate of employees	13.00%	19.00%
Retirement age of employees (Years)	58	58

Actuarial gain / loss is recognised immediately. The estimates of salary increase, inflation, promotion, Seniority etc taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

Sensitivity Analysis

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

The Sensitivity of the defined benefit obligation to changes in the weighted principal assumption are as below:

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Decrease	Increase	Decrease	Increase
Discounted rate	7.63	6.67	6.40	5.70
Salary increase	5.91	6.61	5.60	6.00
Attrition rate	1.45	1.35	1.30	1.20

Sensitivity of signification actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by 100 basis points keeping all other actuarial assumption constant.

33 FAIR VALUE MEASURMENT HIERARCHY:

Particulars	As at 31 March, 2022					As at 31 March, 2021				
	Carrying Amount					Carrying Amount				
	Amor-tized cost	FVTPL Level 1	FVTPL Level 2	FVTPL Level 3	Total	Amortized cost	FVTPL Level 1	FVTPL Level 2	FVTPL Level 3	Total
FINANCIAL ASSETS										
I. At Amortized Cost										
Non-current investments	3,422.86	-	-	-	**3,422.86**	2,121.81	-	-	-	**2,121.81**
Loans	-	-	-	-	**-**	122.22	-	-	-	**122.22**
Trade receivable	38,632.58	-	-	-	**38,632.58**	21,749.80	-	-	-	**21,749.80**
Cash & bank balance	3,382.90	-	-	-	**3,382.90**	12,284.57	-	-	-	**12,284.57**
Other bank balance	28.34	-	-	-	**28.34**	26.08	-	-	-	**26.08**
Other financial assets	814.77	-	-	-	**814.77**	4,657.96	-	174.27	-	**4,832.23**
Total	**46,281.45**	**-**	**-**	**-**	**46,281.45**	**40,962.44**	**-**	**174.27**	**-**	**41,136.71**
FINANCIAL LIABILITIES										
Borrowings	68,179.84	-	11.39	-	**68,191.23**	82,309.24	-	2,099.76	-	**84,409.00**
Trade payables	14,604.46	-	-	-	**14,604.46**	6,725.36	-	-	-	**6,725.36**
Other financial liabilities	8,574.35	-	-	-	**8,574.35**	7,256.12			-	**7,256.12**
Total	**91,358.65**	**-**	**11.39**	**-**	**91,370.04**	**96,290.72**	**-**	**2,099.76**	**-**	**98,390.48**

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETFs and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

Notes Forming Part of Consolidated Financial Statement

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(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Valuation technique used to determine fair value:

1) The use of quoted market prices or dealer quotes for similar instruments
2) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
3) The fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

34 FINANCIAL RISK MANAGEMENT

The Company activities expose it to a variety of financial risks such as Market Risk, Credit Risk and Liquidity Risk. The company's focuses on minimizing potential adverse effect on its financial performance.

A) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The changes in the values of financial assets/liability may result from change in the foreign currency exchange rates (Foreign Currency Risk), change in interest rates (Cash flow & interest rate risk), and change in price of investments (Price Risk).

(i) Foreign Currency Risk

The Company operates internationally and a major portion of the business is transacted in USD, EURO & GBP currencies and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward, interest rate swaps and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

(Amount in lakhs)

Particulars	As at 31 March, 2022			As at 31 March, 2021		
	USD	EURO	GBP	USD	EURO	GBP
Trade receivables	213.56	61.08	-	140.95	39.66	0.05
Cash and cash equivalents	4.07	0.15	0.01	1.89	2.10	0.36
Short-term borrowings	(168.61)	(27.27)	-	(197.14)	-	-
Trade payables	(54.37)	(5.20)	-	(21.13)	(2.55)	(0.15)
Net Foreign Currency Risk	**(5.35)**	**28.76**	**0.01**	**(75.43)**	**39.21**	**0.26**

Sensitivity analysis

Sensitivity analysis of 1% change in exchange rate at the ending of the reporting period net of hedges

Particulars	Impact on Profit & Loss		Impact on other component of equity	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
USD-Sensitivity				
Increase by 1% (gain/(loss))	(4.06)	(55.44)	-	-
Decrease by 1% (gain/(loss))	4.06	55.44	-	-
Euro-Sensitivity				
Increase by 1% (gain/(loss))	24.35	33.76	-	-
Decrease by 1% (gain/(loss))	(24.35)	(33.76)	-	-
GBP-Sensitivity				
Increase by 1% (gain/(loss))	0.01	0.26	-	-
Decrease by 1% (gain/(loss))	(0.01)	(0.26)	-	-

Notes Forming Part of Consolidated Financial Statement

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(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest expenses/ income and to manage the interest rate risk, the Company weighted average balance manage its interest rate risk by having portfolio of fixed / variable interest rate on long / short term borrowings. The analysis is prepared assuming the amount of liability outstanding at the ending of the reporting period is the average weighted balance of the respective reporting period.

According to the Company interest rate risk exposure is only for floating rate borrowings, change in 0.5% in the interest rate component applicable to the short term borrowings would affect the Companies net profit before tax at the end of the reporting period year ended 31 March, 2022 and 31 March, 2021 respectively.

Particulars	31-Mar-22	31-Mar-21
Change in 0.50% interest on WCL	101.45	121.70

Note:

1. The Company has hedge ECB loan availed from Standard chartered bank. Therefore, not subject to interest risks defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

(iii) Price Risk

Company does not have any exposure to price risk, as there is no market based equity investment made by the Company.

(B) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk is arises from its operation activity primarily from trade receivable and from its financial activity. Customer credit risk is controlled by analysis of credit limit and credit worthiness of the customer on a continuous basis to whom the credit has been granted.

Long outstanding receivable from customer are regularly monitored and transaction with such customer are covered under letter of credit. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivable. Three customer are accounted for more than 10% of the trade receivable as of 31 March, 2022 and Two customer for 31 March, 2021. Since the Company is dealing with the customer from past several years, hence there is no concordant risk in dealing with said customers.

Expected credit loss assessment

The Group reviewed customers outstanding at the end of each reporting period and determine incurred and expected credit losses. Past trend of impairment of trade receivables do not reflect any significant credit losses. The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for Impairment	31 March, 2022	31 March, 2021
Impairment loss recognised - trade receivable	399.49	53.04
%	1.02	0.24

(C) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations of its financial liability. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for making liability when they are due, under normal and stressed condition without incurring losses and risk.

The present available working capital facility is sufficient to meet its current requirement. Accordingly, no liquidity risk is perceived. In addition, the Company maintains the following line of credit facility

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

March, 2022 :

Particulars	On Demand	< 01 year	01 to 05 Years	> 05 years
Short term borrowing	20,290.46	-	-	-
Long term borrowings	-	12,540.53	35,106.90	253.34
Trade and other payable	-	14,604.46	-	-
Total	**20,290.46**	**27,144.99**	**35,106.90**	**253.34**

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March, 2021:

Particulars	On Demand	< 01 year	01 to 05 Years	> 05 years
Short term borrowing	24,340.38	-	-	-
Long term borrowings	-	12,646.33	47,422.29	-
Trade and other payable	-	6,725.36	-	-
Total	**24,340.38**	**19,371.69**	**47,422.29**	**-**

35 CAPITAL MANAGEMENT

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus of safeguard their ability to continue as a going concern, benefits for stakeholders, creditors and market confidence. Continue to maintain excess liquidity to shareholders by distributing dividends in future.

Company's vision is to keep the ratio below 1.00 and its adjusted net debt to equity ratio was as follows

Particulars	31 March, 2022	31 March, 2021
Total Debts	68,191.23	84,409.00
Less : Cash and cash equivalents	3,382.90	12,284.57
Net Debt (A)	64,808.33	72,124.43
Total equity (B)	181,114.70	146,749.66
Net Debt to Equity Ratio A/B	0.36	0.49

36 EARNINGS PER SHARE ('EPS')

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Profit for the year before OCI	6,066.24	14,778.03
Shares		
Weighted average shares used for computing basic EPS	83,535,734	81,526,898
Weighted average shares used for computing diluted EPS	83,535,734	81,526,898
Earning Per Shares		
Basic (in Rs.)	7.26	18.13
Diluted (in Rs.)	7.26	18.13

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

37 RECONCILIATION OF TAX EXPENSES

(I) Income Tax

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Current tax on profit for the year	3404.31	4523.00
Deferred Tax (net of MAT credit)	763.96	361.83
Total Current Tax expenses	**4,168.27**	**4,884.83**
Profit before tax	10,226.49	19,678.77
Enacted tax rate in India (%) C.Y. 34.944% (P.Y. 34.944%)	3,573.54	6,876.55
Differences between tax rates	1415.28	(655.06)
Tax Holidays (Sec. 10AA Benefit)	(1,855.43)	(991.24)
Non-deductible expenses for tax purpose	14.53	79.16
Income which is chargeable at different rate	-	(644.18)
Others	1,020.34	219.61
Amount recoginised in statement of profit & loss account	**4,168.27**	**4,884.84**

(II) Recognised Deferred Tax Assets / Liabilities

Movement of Deferred Tax Assets / Liabilities	As at 31 March, 2022	As at 31 March, 2021
Deferred Tax Liabilities		
Property, plant and equipment, and intangible assets	17303.18	11180.18
Cross Currency Swap	-	22.14
Others	-	6.59
Gross Deferred Tax Liabilities	**17,303.18**	**11,208.91**
Deferred Tax Assets		
Defined benefit liability	675.04	487.75
Employees benefit liability	117.67	53.98
On unabsorbed loss of subsidiary	3365.68	2108.17
MAT Credit Entitlement	6,541.24	3516.28
On Grants	328.34	309.14
Others	801.46	5.35
Gross Deferred Tax Assets	**11,829.43**	**6,480.67**
Net Deferred Liabilities	**5,473.75**	**4,728.24**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Recognised Deferred Tax Assets / Liabilities	As at 31 March, 2021	Recognised in statement of profit & loss	Recognised in OCI	As at 31 March, 2022
Movement of Deferred Tax Assets / Liabilities				
Deferred Tax Liabilities				
Property, plant and equipment, and intangible assets	11,180.18	6,123.00	-	17,303.18
Cross Currency Swap	22.14	(22.14)	(7.94)	
Others	6.59	(6.59)	-	
Gross deferred tax liabilities	**11,208.91**	**6,094.27**	**(7.94)**	**17,303.18**
Deferred Tax Assets				
Defined benefit obligations	487.75	168.84	(18.45)	675.04
Employees benefit liability	53.98	63.69	-	117.67
On unabsorbed loss of subsidiaries	2,108.17	1,257.51	-	3,365.68
MAT Credit Entitlement Benefit	3,516.28	3,024.96	-	6,541.24
On Grants	309.14	19.20		328.34
Others	5.35	796.11		801.46
Gross Deferred Tax Assets	**6,480.67**	**5,330.31**	**(18.45)**	**11,829.43**
Net Liability	**4,728.24**	**763.96**	**26.39**	**5,473.75**

38 PAYMENTS TO AUDITORS

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
a) Statutory Audit	31.63	24.51
d) Reimbursement of expenses	0.34	-
Total	**31.97**	**24.51**

39 SEGMENT INFORMATION

The Company is mainly engage in the business of manufacturing of pharmaceutical product and wind power generation. The formulation and product development are inter related and integral part of business of "pharmaceutical products". In accordance with the provisions of IND AS - 108 power segment is not falling in the prescribed limit specified, hence segment reporting is not applicable.

(a) Information about Products and Services:

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Pharmaceutical product and services	113,542.02	89,504.24
Power sales	462.91	511.66
others	547.35	97.11
Total	**114,552.28**	**90,113.01**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(b) Information about geographical areas

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
(i) Revenues		
(A) Within India	48,801.54	33,135.20
(B) Outside India		
(i) USA	19,096.49	13,292.68
(ii) Europe	32,517.06	26,085.35
(iii) ROW	14,137.19	17,599.78
Total	**114,552.28**	**90,113.01**

Particulars	As at 31 March, 2022	As at 31 March, 2021
ii) Non-current Assets		
(A) Within India	192,887.61	167,934.67
(B) Outside India	1,951.30	2,131.80
Total	**193,758.18**	**169,032.14**

Note: Non-current Assets excludes financial assets

(c) Information about major customer

The Company has three customers who contributed more than 10% of the Company's total revenue during the current year and two customers during the previous year.

40 **OPERATING LEASE**

The Company has entered into lease agreements for use of land for its production and R&D facility which expires over a period. Future minimum lease payments and payment profile of non-cancellable operating leases are as under:

(a) Land

Particulars	As at 31 March, 2022	As at 31 March, 2021
Not later than one year	33.48	33.48
Later than one year and not later than five year	133.90	133.90
Later than five years	1,814.09	1,847.57
Total	**1,981.47**	**2,014.95**

(b) Building

Particulars	As at 31 March, 2022	As at 31 March, 2021
Not later than one year	30.78	52.80
One to Five Year	8.35	23.53
Total	**39.13**	**76.33**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

41. Related party transactions

Related parties where control exists and related parties with whom transactions have taken place during period 01st April 2021 to 31st March 2022 are listed below;

(All amounts are in Indian rupees in Lakhs unless otherwise stated)

List of Related Parties

1. Associates

a) Reva Pharmachem Pvt. Ltd.

b) Maia Pharmaceuticals INC. USA

c) Auxilla Pharmaceuticals and Research LLP

2. Joint Venture (JV)

a) Reva Medicare Pvt. Ltd.

b) Sravathi Advance Process Technologies Pvt. Ltd.

3. (i) Key Management Personnel-(KMP)

a) Vishnukant C. Bhutada - Managing Director

b) V.V. Krishna Chaitanya - Company Secretary (Resigned w.e.f. 16.03.2022)

c) Kalakota Sharath Reddy - Whole Time Director

d) Alpesh M Dalal - Chief Financial Officer

(ii) Remuneration paid to Directors

a) Omprakash Inani - Non-Executive Director

b) Pramod Kasat-Independent Director (Retired w.e.f. 28.09.2021)

c) Rajender Sunki Reddy-Independent Director (Retired w.e.f. 28.09.2021)

d) Sirisha Chintapalli - Independent Woman Director (Reappointment w.e.f. 28.09.2021)

e) Piyush Goenka - Independent Director (Resigned w.e.f. 07.02.2022)

f) Arvind Vasudev - Independent Director (Appointed w.e.f. 02.09.2021)

g) Hetal Madhukant Gandhi- Independent Director (Appointed w.e.f. 02.09.2021)

4. Relatives

a) Deepak Kumar Inani

b) Keshav Bhutada

c) Madhav Bhutada

d) Triveni Inani

5. Enterprises having common Directors/ Board of Trustees

a) Shilpa Foundation

b) Mohini Infra (P) Ltd

Notes Forming Part of Consolidated Financial Statement
for the year ended 31 March, 2022
(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01st April 2021 to 31st Mar 2022 (Income) / Expenses Other Transaction	Balance as at 31st Mar 2022 Payable / (Receivable)	01st April 2020 to 31st March 2021 (Income) / Expenses Other Transaction	Balance as at 31st March 2021 Payable / (Receivable)
A	**Remuneration paid to Key Management Personnel**						
i)	Vishnukant. C. Bhutada	Managing Director	Salary and perquisites*	966.98	455.52	966.98	454.76
ii)	Kalakota Sharath Reddy	Whole Time Director	Salary and perquisites	138.52	6.95	122.08	7.19
iii)	Sushil Bajaj	Chief Financial Officer	Salary and perquisites	-	-	36.97	-
iv)	V.V. Krishna Chaitanya	Company Secretary	Salary and perquisites	7.76	0.31	7.49	0.56
v)	Alpesh M Dalal	Chief Financial Officer	Salary and perquisites	91.83	4.88	-	-
B	**Remuneration paid to other Directors**						
i)	Omprakash Inani	Non-executive Director	Sitting Fees	1.90	0.45	0.50	-
ii)	Pramod Kasat	Independent Director	Sitting Fees	0.20	-	0.50	-
iii)	Rajender Sunki Reddy	Independent Director	Sitting Fees	0.20	-	0.30	-
iv)	Amit Chander	Independent Director	Sitting Fees	-	-	0.30	-
v)	Sirisha Chintapalli	Independent Woman Director	Sitting Fees	1.90	0.45	0.50	-
vi)	Piyush Goenka	Independent Director	Sitting Fees	0.90	-	0.50	-
vii)	Arvind Vasudev	Independent Director	Sitting Fees	1.20	-	-	-
viii)	Hetal Madhukant Gandhi	Independent Director	Sitting Fees	1.20	-	-	-
ix)	Arvind Vasudev	Independent Director	Professional Fees	16.30	6.30	-	-
x)	Hetal Madhukant Gandhi	Independent Director	Professional Fees	22.10	8.55	-	-
C	**Relative**						

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01st April 2021 to 31st Mar 2022 (Income) / Expenses Other Transaction	Balance as at 31st Mar 2022 Payable / (Receivable)	01st April 2020 to 31st March 2021 (Income) / Expenses Other Transaction	Balance as at 31st March 2021 Payable / (Receivable)
i)	Deepak Kumar Inani	Relative to Director	Salary	69.28	3.80	59.21	3.19
ii)	Keshav Bhutada	Relative to Managing Director	Salary	20.08	1.14	18.45	1.06
iii)	Madhav Bhutada	Relative to Managing Director	Salary	20.08	1.14	18.45	1.06
iv)	Keshav Bhutada	Relative to Managing Director	Rent	4.80	1.08	4.63	1.11
v)	Madhav Bhutada	Relative to Managing Director	Rent	4.80	1.08	4.63	1.11
vi)	Triveni Inani	Relative to Director	Rent	3.40	0.77	3.28	0.79
D	**Others**						
i)	Reva Medicare Pvt. Ltd.	Joint Venture					
			Commission	477.07	-	425.36	-
			Sales of Goods or Service	(4.20)	-	(30.45)	-
			Trade Payable	-	263.55	-	119.68
			Commission Accrued but not paid	-	40.93	-	88.51
			Trade Receivable	-	(0.41)	-	(0.41)
ii)	Maia Pharmaceuticals INC. USA	Associates					
			Trade Receivable	-	(182.90)	-	(177.34)
iii)	Sravathi Advance Process Technologies Pvt. Ltd.	Joint Venture					

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01st April 2021 to 31st Mar 2022 (Income) / Expenses Other Transaction	Balance as at 31st Mar 2022 Payable / (Receivable)	01st April 2020 to 31st March 2021 (Income) / Expenses Other Transaction	Balance as at 31st March 2021 Payable / (Receivable)
			Purchases of Goods or Service	209.25	-	90.00	-
			Trade Payable	-	19.43	-	-
iv)	Shilpa Foundation	Trust in which key management are the board of trustees or Director are Trustee					
			Corporate Social Responsibility Expenses	360.95	-	346.61	-
			Other Payable	-	-	-	337.19
v)	Mohini Infra (P) Ltd	Company in which key management are the board of trustees or Director					
			Godown Rent	10.16	-	14.96	-
			Trade Payable	-	0.70	-	1.17
vi)	Auxilla Pharmaceuticals and Research LLP	Investment Entity					
			Sales Goods & Services	(10.31)	-	(0.04)	-
			Purchases of Goods or Service	263.84	-	85.00	-
			Trade Receivable	-	(8.98)	-	-
			Trade Payable	-	0.66	-	-

a) The above disclosures include related parties as per Ind AS 24 on “Related Party Disclosures” and Companies Act, 2013.

b) As the provisions for gratuity are obtained on an actuarial basis for the Company as a whole amounts pertaining to the Key Management Personnel are not specifically identified and hence not included in the above.

*payable includes commission provision (net)

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

42. A sum of Rs. 2609.91 lakhs is payable to Micro, Small and Medium Enterprises as at 31st March, 2022 (Rs.1355.27 lakhs as at 31st March, 2021). There are no Micro, Small and Medium Enterprises, to whom the Company over dues, which are outstanding for more than 45 days during the year and also as at 31st March, 2022. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act has been determined to the extent such parties has been identified on the basis of information available with the Company and relied upon by the Auditors.

43. The Company has taken into account all the possible impacts of COVID-19 in preparation of these standalone financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition and impact on leases. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these standalone financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-1 on the standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements owing to the nature and duration of COVID-19.

44. Balance of trade receivables/ trade payables/advances and security deposits are subject to confirmation

45. Additional disclosures required by Schedule III (amendments dated 24 March 2021) to the Companies Act, 2013;

1) The Group do not have any Benami property and neither any proceedings have been initiated or is pending against the Company for holding any Benami property.

2) The Group do not have any transactions with companies struck off.

3) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

4) The Group has not been declared a willful defaulter by any bank or financial institution or any other lender during the current period.

5) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds), other than in the ordinary course of business by the Company to or in any other person(s) or entity(ies), including foreign entities = (“Intermediaries”) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

6) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year

7) The Group has not made any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

8) The Group has complied with number of layers prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

9) The quarterly returns of current assets filed by the group Companies with banks are in agreement with books of account.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Key Financial Ratio

Sr. No	Particulars	Numerator	Denominator	31st March 2022	31st March 2021	Change in ratio	Reasons for variance
1	Current Ratio (in times)	Current Assets	Current Liabilities	1.45	1.50	-3.02%	In respect of the said ratio there is no significant change (25% or more) in FY2021-22 as compared to FY2020-21
2	Debt Equity Ratio (in times)	Total Debt	Shareholder equity	0.38	0.58	-34.56%	Improvement in Debt equity ratio is on account of equity fund raise of Rs. 297 cr. on a preferential allotment basis resulting in reduction in debt
3	Debt service coverage ratio	Earnings available for debt service	Debt service	1.03	1.98	-47.93%	Decrease in the ratio was on account of commencement of repayment of term loans during FY2021-22 as compared to moratorium available in the previous year
4	Inventory turnover ratio (in times)	Cost of Goods sold	Average inventory	1.14	1.00	14.42%	In respect of the said ratio there is no significant change (25% or more) in FY2021-22 as compared to FY2020-21
5	Return on equity (in %)	Net profit after taxes	Average shareholders' equity	3.70%	10.48%	-64.75%	Reduction in ratio is mainly on account of decline in net profit in FY 2021-22
6	Trade receivable turnover ratio	Revenue	Average Trade Receivables	3.79	3.88	-2.25%	In respect of the said ratio there is no significant change (25% or more) in FY2021-22 as compared to FY2020-21
7	Trade payable turnover ratio	Purchase of trade and services	Average Trade Payables	0.16	0.14	11.41%	In respect of the said ratio there is no significant change (25% or more) in FY2021-22 as compared to FY2020-21
8	Net Capital turnover ratio (in times)	Revenue	Working Capital	4.16	3.01	38.01%	Improvement in ratio is mainly on account higher Revenue realization along with lower working capital requirement
9	Net Profit ratio (in %)	Net Profit	Revenue	5%	16%	-67.40%	Decrease in ratio mainly on account of increase in expenditure & decrease in exceptional income.
10	Return on Capital Employed	Earnings Before Interest and Tax	Capital Employed	6.26%	7.63%	-17.88%	In respect of the said ratio there is no significant change (25% or more) in FY2021-22 as compared to FY2020-21
11	Return on investment	Income generated from investments	investments	NA	NA	-	The group Companies is not having any market linked investments

Notes Forming Part of Consolidated Financial Statement
for the year ended 31 March, 2022
(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Intangible assets under development (IAUD) as at March 31, 2022

Particulars	Amount in IAUD for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	8,742.58	5,947.91	10,632.48	6,291.30	31,614.26
Projects temporarily suspended	-	-	-	-	-
Total	**8,742.58**	**5,947.91**	**10,632.48**	**6,291.30**	**31,614.26**

Intangible assets under development (IAUD) as at March 31, 2021

Capital work in progress	Amount in IAUD for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	5,902.16	11,101.86	4,676.18	2,235.38	23,915.57
Projects temporarily suspended	-	-	-	-	-
Total	**5,902.16**	**11,101.86**	**4,676.18**	**2,235.38**	**23,915.57**

Capital work in progress ageing schedule as at March 31, 2022

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	12,745.20	4,500.79	915.71	558.39	18,720.10
Projects temporarily suspended	-	-	-	284.10	284.10
Total	**12,745.20**	**4,500.79**	**915.71**	**842.49**	**19,004.20**

Capital work in progress ageing schedule as at March 31, 2021

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	4,447.28	13,361.19	3,473.41	8,521.62	29,803.50
Projects temporarily suspended	-	-	-	410.00	410.00
Total	**4,447.28**	**13,361.19**	**3,473.41**	**8,931.62**	**30,213.50**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated) **Creditor ageing schedule for the year ended 2022**

S NO	Particulars	Outstanding for following periods from due date of payment				
		Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
		INR lacs	INR lacs	INR lacs	INR lacs	INR lacs
a)	MSME	2568.27	35.94	0.09	2.83	2607.14
b)	Disputed dues- MSME		2.77			2.77
	Total of MSME	**2568.27**	**37.71**	**0.09**	**2.83**	**2609.91**
c)	Others	11368.47	167.46	4.23	414.92	11955.08
d)	Disputed- others		39.47			39.47
	Total of Others	11368.47	206.93	4.23	414.92	**11994.55**

Creditor ageing schedule for the year ended 2021

S NO	Particulars	Outstanding for following periods from due date of payment				
		Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
		INR lacs	INR lacs	INR lacs	INR lacs	INR lacs
a)	MSME	1241.67	108	2.83	2.77	1355.27
	Total of MSME	**1241.67**	**108**	**2.83**	**2.77**	**1355.27**
b)	Others	4237.58	145.92	588.5	398.09	5370.09
	Total of Others	**4237.58**	**145.92**	**588.5**	**398.09**	**5370.09**

Trade receivables Ageing Schedule as at 31 March 2022

Sr No	Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
		INR lacs	INR lacs	INR lacs	INR lacs	INR lacs	INR lacs	INR lacs
a)	Undisputed Trade Receivables – considered good	12,925.47	14692.45	9,775.67	555.98	31.03	351.05	38,331.65
d)	Disputed Trade receivables - considered good					268.30	32.63	300.93
	Total	**12,925.47**	**14692.45**	**9,775.67**	**555.98**	**299.33**	**383.68**	**38,632.58**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2022

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Trade receivables Ageing Schedule as at 31 March 2021

Sr No	Particulars	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
		INR lacs	INR lacs	INR lacs	INR lacs	INR lacs	INR lacs	INR lacs
a)	Undisputed Trade Receivables – considered good	8,869.39	9851.55	1,479.02	893.405463	144.35	479.46	21,717.17
b)	Disputed Trade receivables - considered good						32.63	32.63
	Total	**8,869.39**	**9851.55**	**1,479.02**	**893.405463**	**144.35**	**512.09**	**21,749.80**

46. **Figures of the previous year have been regrouped /rearranged wherever necessary.**

As per our report of even date attached
for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 000513S

K. Shravan
Partner
M. No. 215798

Place : Raichur
Date : 23 May, 2022

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN: 01301385

Vishnukant Bhutada
Managing Director
DIN: 01243391

Ritu Tiwary
Company Secretary

Alpesh Maheshkumar Dalal
Chief Financial Officer

Independent Auditor’s Report

TO THE MEMBERS OF SHILPA MEDICARE LIMITED.

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **SHILPA MEDICARE LIMITED** (hereinafter referred to as the “Holding Company”), its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) its associates and joint Ventures, which comprise the Consolidated Balance sheet as at March 31, 2021, and the consolidated Statement of Profit and Loss (including other comprehensive income), consolidated Statement of changes in equity and consolidated statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements / consolidated financial statements and onthe other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (‘Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates and joint ventures as at March 31, 2021, and its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (‘ICAI’) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act andthe rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements andthe Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in “Other Matters” paragraph below is sufficient and appropriate to provide abasis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement and based on the consideration of the reports of the other auditors on separate financial statements / consolidated financial statements and on the other financial information of the subsidiaries, associates and joint ventures, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Auditor's Response
Accounting of business combination for acquisition of FTF Pharma Private Limited. During the year, the Company has acquired 100% of equity shares of FTF Pharma Private Limited against consideration of ₹ 70 Crores. The allocation of the purchase price to identifiable assets and liabilities acquired was performed by the Company with support from external advisors and lead to the recognition of Goodwill of ₹10.9 crores The acquisition accounting requires the management to identify and value acquired assets (including intangible assets) and liabilities at the acquisition date. Significant judgement is involved in such identification and complexity surrounding the accounting for transaction in accordance with Ind AS 103 this was a Key Audit Matter. The management has engaged external experts and valuers in this regard.	**Principal audit procedures** • Obtained an understanding of management's process and evaluated the design and tested operating effectiveness of management's internal controls around application of the principles of Ind AS 103 "Business Combinations". • We have read the relevant parts of the share purchase and governance agreement entered by the Company, obtained an understanding of the deal structure and evaluated the accounting treatment in accordance with Ind AS 103. This included the evaluation of the interpretation of specific sections of the agreements and the application of accounting policies to thereon. • We have evaluated the professional qualifications and competence of the experts and valuers involved in the process. • We assessed the adequacy of the disclosures made in note 45 to the financial statements.
Disposal Group Classified as held for sale On March 31, 2021, the board of directors of the company approved to sell the 100% stake in Loba feinchemie GMBH held by the group for a consideration of 3.3 million euros (approximately ₹ 28 crores) to ZR Pharma GMBH. On March 31, 2021, a share purchase agreement was entered between the Group and ZR Pharma GMBH for sale of the shares and certain other terms and conditions. As of March 31, 2021, the sale of the Subsidiary was not completed, Management has classified it has "disposal group held for sale".	**Principal audit procedures** • In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence. • We read the share purchase agreement entered into between the Group and the purchaser and assessed the key conditions precedent for completion of the sale transaction as documented in the agreement. • Evaluating the criteria required under Ind AS 105 for classification of a non-current asset as held for sale and an independent assessment of Management's evaluation of how each of such criteria is met. • We have validated the appropriateness of the related disclosures by reference to the relevant accounting standards in note 44 to the financial statements.

Other information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group, and its associates and joint ventures covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures is responsible for overseeing the financial reporting process of each company.

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

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

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

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

the financial information of such entities or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditor referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

a. We did not audit the financial statements of nine subsidiaries whose financial statement reflect total assets of ₹ 59347.06 Lakhs as at March 31, 2021, total revenue of ₹ 1750.41 Lakhs, total net (loss) after tax of ₹ (1913.04) Lakhs and net cash outflows amounting to ₹ (537.11) Lakhs for the year ended on that date as considered for the consolidated financial statements. Further, the consolidated financial statements also include the company's share of net (loss)/profit of ₹ (173.58) Lakhs for the year ended March 31, 2021, in respect of four Joint Ventures (JV) and two Associate which were not audited by us.

These financial statements have been audited by other auditors whose reports have been furnished to us bythe management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries,joint ventures and associates and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associate and joint ventures covered under the Act, is based solely on the reports of the other auditors.

We did not audit the financial statements of five subsidiaries whose financial statement reflect total assets of ₹ 1527.48 Lakhs as at March 31, 2021 and total revenue of ₹ 466.81 Lakhs, total net (loss) after tax of ₹ (758.00) Lakhs and net cash inflows amounting to ₹ 139.84 Lakhs for the year ended on that date as considered for the consolidated financial statements. Further, the financial results also include the company's share of net (loss)/ profit of ₹ NIL for the year ended March 31, 2021, in respect of one Associate which has not been audited by us.

These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far asit relates to the amounts and disclosures included in respect of these subsidiaries and associate and our report in terms of subsection (3) of Section 143 of theAct in so far as it relates to the aforesaid subsidiaries andassociate to the extent covered under the Act, are based solely on such unaudited financial statements.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below is not modified in respect of the above matters with respect to our reliance on the work done by and reports of other auditors and the financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

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

(b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statement have been kept so far as it appears from our examination of those books and reports of other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement and Consolidated Statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

(e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiaries, associates and joint ventures incorporated in India, none of the directors of the Group Companies, associates and joint ventures companies incorporated in India are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Companies Act;

(f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiaries, associates and joint venture incorporated in India, and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, associates and joint ventures incorporated in India, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company, its subsidiaries, associates and joint ventures incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the reportof the other auditors on the separate financial statementsand other financial information of the subsidiaries,associates and joint ventures.

i. The Consolidated financial statements disclosethe impact of pending litigations if any, on the consolidated financial position of the group and its associates and joint ventures.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company incorporated in India.

for **BRAHMAYYA & CO**.
Chartered Accountants
Firm's Regn No. 000513S

(K. SHRAVAN)
Partner
Membership No. 215798
UDIN: 21215798AAAAIA8819

Place: Hyderabad
Date: 31.05.2021

Annexure – A to the Auditor's Report

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

In conjunction with our audit of the consolidated financial statements of the **SHILPA MEDICARE LIMITED** (" the Holding Company) and its subsidiaries (the Holding Company and its subsidiaries together referred to as the Group), its associates and joint Ventures as at for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries, associates and joint ventures which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of Group, its associates and joint ventures which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, includingadherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors,the accuracy and completeness of the accounting records,and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiaries, associates and joint ventures which are incorporated in India, in terms of their reports referred in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Group, it associates and joint ventures which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2021 based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to Nine subsidiary companies, four Joint ventures and two associates, which are incorporated in India, is based on the corresponding reports of the auditors of such companies.

for **BRAHMAYYA & CO**.
Chartered Accountants
Firm's Regn No. 000513S

(K. SHRAVAN)
Partner
Membership No. 215798
UDIN: 21215798AAAAIA8819

Place: Hyderabad
Date : 31.05.2021

Consolidated Balance Sheet

As at 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	As at 31 March, 2021	As at 31 March, 2020
ASSETS			
Non-Current Assets			
(a) Property, plant & equipment	2	96,663.57	55,737.28
(b) Right-of-use assets		2,582.16	2,639.19
(c) Capital work- in- progress	3	30,213.50	48,208.23
(d) Goodwill		4,419.78	3,700.08
(e) Intangible assets	4	7,387.76	2,967.72
(f) Intangible assets under development	5	23,915.57	18,417.23
(g) Financial assets	6		
(i) Investments		2,121.80	1,045.11
(ii) Other financial assets		771.44	1,147.37
(h) Other non-current assets	7	3,874.52	2,672.84
Total Non-Current Assets		**171,950.10**	**136,535.05**
Current Assets			
(a) Inventories	8	31,683.74	22,643.36
(b) Financial assets	9		
(i) Investments		-	-
(ii) Trade receivables		22,268.70	24,679.47
(iii) Cash and cash equivalents		12,284.56	4,431.43
(iv) Other bank balance other than (iii) above		26.08	24.85
(v) Loans		122.22	-
(vi) Others financial assets		5,095.10	644.77
(c) Other current assets	10	11,085.49	9,337.18
(d) Current tax assets (net)	11	861.17	624.17
(e) Assets included in disposal group classified as held for sale		8,378.30	-
Total Current Assets		**91,805.36**	**62,385.23**
TOTAL ASSETS		**263,755.46**	**198,920.28**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	815.27	815.27
(b) Other equity	13	147,051.39	132,121.00
Equity attributable to owners of the Company		**147,866.66**	**132,936.27**
c) Non-controlling interest		(1,117.00)	(791.13)
Total Equity		**146,749.66**	**132,145.14**
Liabilities			
Non- Current Liabilities			
(a) Financial liabilities	14		
(i) Borrowings		48,047.29	16,501.85
(ii) Others		500.00	-
(b) Provisions	15	1,547.57	2,616.88
(c) Deferred tax liabilities (Net)	16	4,728.24	4,198.45
(d) Other non-current liabilities	17	1,966.70	2,376.38
Total Non- Current Liabilities		**56,789.80**	**25,693.56**
Current Liabilities			
(a) Financial liabilities	18		
(i) Borrowings		24,340.38	16,527.33
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises		1,355.27	1,078.38
- Total outstanding dues of other than micro and small enterprises		5,859.37	8,176.46
(iii) Other financial liabilities		19,478.52	11,974.34
(b) Other current liabilities	19	2,030.25	2,235.72
(c) Provisions	20	1,131.22	1,089.35
(d) Liabilities included in disposal group classified as held for sale		6,020.99	-
Total Current Liabilities		**60,216.00**	**41,081.58**
TOTAL EQUITY & LIABILITIES		**263,755.46**	**198,920.28**

The accompanying notes form an integral part of the consolidated financial statements 01 to 48

As per our report of even date attached
for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 000513S

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

K. Shravan
Partner
M. No. 215798

Omprakash Inani
Chairman
DIN: 01301385

Vishnukant Bhutada
Managing Director
DIN: 01243391

V.V. Krishna Chaitanya
Company Secretary
M. No. 49415

Place: Raichur
Date: 31 May, 2021

Consolidated Statement of Profit and Loss

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Notes	For the year ended 31 March, 2021	For the year ended 31 March, 2020
INCOME			
Revenue from operations			
(a) Sales	21	85,920.78	77,203.61
(b) Service and license fees	22	4,192.23	13,587.37
Total revenue from operations		**90,113.01**	**90,790.98**
(c) Other income	23	3,014.16	1,693.95
Total Income		**93,127.17**	**92,484.93**
EXPENSES			
(a) Cost of materials consumed	24	31,888.45	28,701.52
(b) Purchases of stock-in trade	25	1,067.66	676.29
(c) Change in inventories of finished goods, work-in-progress and stock-in- trade	26	(5,883.03)	(1,605.28)
(d) Employee benefits expense	27	23,530.71	19,659.10
(e) Finance costs	28	2,186.87	455.75
(f) Depreciation and amortization expenses	2 & 4	5,397.67	4,377.68
(g) Other expenses	29	21,344.07	21,379.55
Total Expenses		**79,532.40**	**73,644.61**
Profit before Share of Profit /(loss) in Associate/ Joint Venture, Exceptional item and tax		**13,594.77**	**18,840.32**
Share of Profit / (loss) in Associate/ Joint Venture, net of tax		(173.58)	(35.09)
Profit before exceptional item and tax		**13,421.19**	**18,805.23**
Exceptional (income) / expense	30	6,084.00	-
Profit before tax		**19,505.19**	**18,805.23**
Tax Expenses			
a) Current tax		**4,523.00**	**3,987.24**
b) Deferred tax		**361.83**	(533.46)
Less: Mat credit entitlement		-	(104.60)
Net Deferred tax		**361.83**	**(638.06)**
Total tax expenses		**4,884.83**	**3,349.18**
Profit for the year		**14,620.36**	**15,456.05**
Other comprehensive income/ (expense)			
(a) Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit (liability)/asset (net of tax)		10.48	(109.38)
(b) Items that will be reclassified to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges (net of tax)		16.59	4.83
Total Other Comprehensive Income/(Loss) for the year		**27.07**	**(104.55)**
Total Comprehensive Income/(Loss) for the year		**14,647.43**	**15,351.50**
Profit for the year attributable to:			
a) Owners of the Company		14,778.03	15,615.34
b) Non-Controlling Interest		(157.67)	(159.29)
Other Comprehensive Income for the year attributable to:			
a) Owners of the Company		27.07	(104.55)
b) Non-Controlling Interest		-	-
Total Comprehensive Income for the year attributable to:			
a) Owners of the Company		14,805.10	15,510.79
b) Non-Controlling Interest		(157.67)	(159.29)
Earning per equity share, par value of Re. 1/- each			
Basic (Rs)		18.13	19.15
Diluted (Rs)		18.13	19.15

The accompanying notes form an integral part of the consolidated financial statements 01 to 48

As per our report of even date attached
for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 000513S

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

K. Shravan
Partner
M. No. 215798

Omprakash Inani
Chairman
DIN: 01301385

Vishnukant Bhutada
Managing Director
DIN: 01243391

V.V. Krishna Chaitanya
Company Secretary
M. No. 49415

Place: Raichur
Date: 31 May, 2021

Consolidated Statement of Changes in Equity

As at 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

A. Equity Share Capital

Particulars	Total
Balance as at 01 April, 2019	815.27
Changes in equity share capital during the year	-
Balance as at 31 March, 2020	815.27
Changes in equity share capital during the year	-
Balance as at 31 March, 2021	815.27

B. Other Equity

Particulars	Securities Premium	General Reserves	Retained Earnings	Other Comprehensive Income (OCI): Cash flow hedge reserve	Other Comprehensive Income (OCI): Remeasurement of defined benefit plan	Foreign Currency Monitory Translation Difference Account	Gain on forfeiter of equity shares	Total
Balance as at 01 April, 2019	**42,863.93**	**5,182.68**	**70,748.45**	**(46.74)**	**(165.54)**	**354.36**	**8.76**	**118,945.90**
Addition/Deletion during the year	(175.23)	-	-	-	-	(96.45)	-	**(271.68)**
Profit for the year	-	-	15,615.34	-	-	-	-	**15,615.34**
Other Comprehensive income, net of tax	-	-	-	4.83	(109.38)	-	-	**(104.55)**
Dividend including dividend distribution tax	-	-	(2,064.01)	-	-	-	-	**(2,064.01)**
Balance as at 31 March, 2020	**42,688.70**	**5,182.68**	**84,299.78**	**(41.91)**	**(274.92)**	**257.91**	**8.76**	**132,121.00**
Addition/Deletion during the year	175.23	-	73.25	-	-	(123.19)	-	**125.29**
Profit for the year	-	-	14,778.03	-	-	-	-	**14,778.03**
Other Comprehensive income, net of tax	-	-	-	16.59	10.48	-	-	**27.07**
Dividend including dividend distribution tax	-	-	-	-	-	-	-	-
Balance as at 31 March, 2021	**42,863.93**	**5,182.68**	**99,151.06**	**(25.32)**	**(264.44)**	**134.72**	**8.76**	**147,051.39**

The accompanying notes form an integral part of the consolidated financial statements 01 to 48

Note:

1. **Securities premium:** This reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.
2. **General Reserve:** This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilised in accordance with the provisions of the Companies Act, 2013.
3. **Retained Earnings:** This Reserve represents the cumulative profits of the Company. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.
4. **Cash flow hedge reserve:** This Reserve represents the cumulative effective portion of changes in Fair Value of derivatives that are designated as Cash Flow Hedges. It will be reclassified to profit or loss or included in the carrying amount of the non-financial asset in accordance with the Company's accounting policy.
5. **Remeasurement of the net defined benefits plan:** This reserve comprises the cumulative net gains/ losses on actuarial valuation of post-employment obligations.

As per our report of even date attached
for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 000513S

K. Shravan
Partner
M. No. 215798

Place: Raichur
Date: 31 May, 2021

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN: 01301385

Vishnukant Bhutada
Managing Director
DIN: 01243391

V.V. Krishna Chaitanya
Company Secretary
M. No. 49415

Consolidated Statement of Cash Flow

for the year ended 31 March, 2021

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

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
A. Cash Flow From Operating Activities		
Profit/ (Loss) before tax	19,505.19	18,805.23
Adjustments for:		
Depreciation and amortisation expenses	5,397.67	4,377.68
Interest income	(353.17)	(149.61)
Liabilities/ Provision written back	(701.64)	(158.49)
Finance cost	2,186.87	455.76
(Profit) / Loss on sale of Asset	57.68	(1.37)
Share of (profit)/loss of associates and joint ventures	173.58	35.09
Advances/Bad Debts written off	53.04	32.81
Unrealised foreign exchange (gain)/loss	(93.91)	(387.00)
Net gain recognized on sale of stake in Associate Company	(6,084.00)	-
Corporate Guarantee fees	-	(6.02)
Government Grant	(45.57)	(31.68)
Operating Profit before working capital changes	**20,095.74**	**22,972.40**
Movement in Working Capital		
Decrease/(increase) in inventories	(10,634.32)	(4,116.07)
Decrease/(increase) in trade receivables	1,304.82	(3,256.68)
Increase / (decrease) trade payables	(630.22)	540.81
Decrease / (Increase) in financial and non-financial assets	(3,395.81)	(929.40)
Increase / (decrease) in financial liabilities and other liabilities	2,726.91	1,446.39
Cash Generated from Operations	**9,467.12**	**16,657.45**
Taxes Paid	4,760.00	4,219.63
Net Cash flow generated /(used) from operating activities (A)	**4,707.12**	**12,437.82**
Cash Flow From Investing Activities		
Purchase of property plant and equipment and intangible assets incl CWIP	(35,424.21)	(34,927.97)
Proceeds from sale of assets	480.94	473.50
Acquisition of subsidiaries, net of cash acquired	(6,243.93)	-
(Increase)/ Decrease in Investment	(1,416.70)	(896.50)
Investment in Fixed Deposit held as margin money	(4,151.61)	(65.35)
Movement in other bank balances	(1.22)	6,001.80
Proceeds from sale of stake in Associate company	6,084.00	-
Interest Received	196.66	462.73
Dividend Received	48.47	-
Net cash flow generated/(used) from investing activities (B)	**(40,427.60)**	**(28,951.79)**

Consolidated Statement of Cash Flow(Conti...)

for the year ended 31 March, 2021

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

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Cash flows from Financing Activities		
Proceeds from/(repayment of) long-term loans and borrowings (net)	38,052.39	8,167.20
Proceeds from/(repayment of) short-term loans and borrowings (net)	7,813.05	11,191.80
Payment of lease liabilities	(41.16)	(13.31)
Proceeds from government grant/capital subsidy	-	695.00
Dividend paid including DDT	-	(2,063.98)
Interest paid	(2,186.87)	(426.47)
Net cash flow generated/(used) from financing activities (C)	**43,637.41**	**17,550.24**
Net increase in cash and cash equivalents (A+B+C)	**7,916.93**	**1,036.27**
Effect of exchange rate changes on cash and cash equivalents	(14.32)	(17.87)
Cash and cash equivalents at the beginning of the period/year	4,431.43	3,413.03
Cash and cash equivalents at the end of the year	**12,334.04**	**4,431.43**
Component of Cash and Cash Equivalent	**12,334.04**	**4,431.43**
Cash in Hand	34.46	24.79
Balance with Banks in current account	1,318.04	4,404.41
Deposits with original maturity of less than 3 month	10,932.06	2.23
Cash balance included in disposal group classified as held for sale	49.48	-

The accompanying notes form an integral part of the consolidated financial statements 01 to 48

Note:

1. Previous year figures have been reclassed wherever necessary.
2. Cash Flow statement has been prepared under Indirect method as per Ind AS-7 "Statement of Cash flows" as prescribed under Companies (Accounting Standard) Rules, 2015.

As per our report of even date attached
for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 000513S

K. Shravan
Partner
M. No. 215798

Place: Raichur
Date: 31 May, 2021

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN: 01301385

Vishnukant Bhutada
Managing Director
DIN: 01243391

V.V. Krishna Chaitanya
Company Secretary
M. No. 49415

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

I. Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under section 133 of the Companies Act 2013 read together with the Rule 4 of Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable and the other relevant provisions of the Act, pronouncements of the regulatory bodies applicable to the Company.

These financial statements have been prepared by the Company as a going concern on the basisof relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date March 31, 2021.The accounting policies are applied consistently to all the periods presented in the financial statements. The consolidated financial statements of the Company for the year ended March 31, 2021 were approved by the Board ofDirectors on May 31, 2021.

II. Basis of Measurement

The consolidated financial statements have been prepared on the historical cost convention and on accrual basis, except for the following assets and liabilities which have been measured at fair value wherever applicable

- Derivative financial instruments
- Certain financial assets / liability measured at fair value,
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

III. Current Vs Non-current classification

The assets and liabilities in the balance sheet are presented based on current/non-current classification.

An asset is current when it satisfies the below mentioned criteria:

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle, or

(ii) Held primarily for the purpose of trading, or

(iii) Expected to be realised within twelve months after the reporting period, or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liabilityfor at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it satisfies the below mentioned criteria:

(i) Expected to be settled in normal operating cycle, or

(ii) Held primarily for the purpose of trading, or

(iii) Due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non-current

IV. Principles of consolidation

The consolidated financial statements relate to Shilpa Medicare Limited ('the Company'), and its subsidiaries, associates and joint ventures ("the Group").

The Consolidated financial statements have been prepared on the following basis:

Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to, or has rights, to variable returns fromits involvement with the entity, and has the ability to affect those returns through power over the entity. The net assets and results of acquired businesses are included in the consolidated financial statements from their respective dates of acquisition, being the date on which the Group obtains control. The results of disposed businesses are included in the consolidated financial statements up to their date of disposal, being the date control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

and expenses. Intercompany transactions, balances and unrealised gains on transactions betweengroup Companies are eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Other Equity' in the consolidated financial statements.

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity. Non-controlling interests in the net assets of consolidated subsidiaries consists of:

(a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and

(b) The non-controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this resultsin the non-controlling interests having a deficitbalance. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively

Investment in Associates and Joint Ventures has been accounted under the equity method as per Ind AS 28 –

The Company accounts for its share of post-acquisition changes in net assets of associates and joint ventures, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates Statement of Profit and Loss and through its reserves for the balance based on available information.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

I) The subsidiaries considered in the Consolidated Financial Statements are as under:

Sl. no.	Name of the Subsidiary	Country	Extent of Holding
1	Zatortia Holding Limited ('Zatortia')	Cyprus	100.00%
2	Loba Feinchemie GmbH ('Loba') (Step-down Subsidiary)	Austria	99.99%
3	Shilpa Therapeutics Pvt. Ltd. (Shilpa Therapeutics')	India	100.00%
4	Makindus. Inc ('Makindus')	Delaware (USA)	55.78%
5	INM Technology Private Limited ('INM')	India	100.00%
6	INM Nuvent Paint Pvt Ltd (Step-down Subsidiary)	India	75.00%
7	Koanaa Healthcare Limited	United Kingdom	100.00%
8	Koanaa Healthcare GmbH	Austria	100.00%
9	Shilpa Pharma Inc.	USA	100.00%
10	Shilpa Biologicals Private Limited	India	100.00%
11.	Shilpa Biocare Pvt. Ltd.(Erstwhile Shilpa Albumin Private Limited)	India	100.00%
12.	Shilpa Corporate Holdings Pvt. Ltd.	India	100.00%
13.	FTF Pharma Private Limited	India	100.00%
14.	Koanaa Healthcare Canada Inc.	Canada	100.00%
15.	Koanaa International FZ LLC	Dubai	100.00%
16.	Indo Biotech SDN. BHD	Malaysia	100.00%

II) The Associates considered in the Consolidated Financial Statements are as under:

Sl. no.	Name of the Associate	Country	Extent of Holding
1	Reva Pharmachem Pvt. Ltd.	India	33.33%
2	Maia Pharmaceuticals INC. USA	New Jersey (USA)	34.79%
3	Raichem Medicare Pvt. Ltd.	India	26.00%

III) The Joint Venture considered in the Consolidated Financial Statements are as under:

Sl. no.	Name of the Joint venture	Country	Extent of Holding
1	Reva Medicare Pvt. Ltd.	India	50.001%
2	Sravathi Advance Process Tech Private Limited	India	65.00%

1.1 Significant Accounting Policies

Critical accounting estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent liabilities atthe date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognised prospectively.

The areas involving critical estimates or judgments are:

- Measurement of defined benefit obligation (Note 1.1 (h))
- Estimation of useful life of property, plant and equipment and intangibles (Note 1.1(a))
- Recognition of deferred taxes (Note 1.1 (r))
- Estimation of impairment (Note 1.1 (d))
- Estimation of provision and contingent liabilities (Note 1.1 (s))
- Business Combination (Note-1.1(e))

a) Property, Plant and Equipment & Depreciation:

i. Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

ii. Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

iii. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iv. Depreciation on Fixed Assets is provided on ascertain useful life of assets under StraightLine Method (SLM) prescribed in Schedule IIof the Companies Act 2013, with exception of those assets whose useful life is ascertain by the management.

v. The Company follows the policy of charging depreciation on pro-rate basis on the assets acquired or disposed off during the year.

b) Intangible Assets:

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

Intangible Assets are stated at cost less accumulated amortization. Cost includes only such expenditure that is directly attributable to making the asset ready for its intended use.

Intangible assets are amortized over their useful life.

Intangible Assets include capitalized expenditure on filing and registration of any Drug Master File (DMF) or Abbreviated New Drug Application (ANDA) and compliance with regulatory procedures of the USFDA, in filing such DMF or ANDA, whichare in respect of products for which commercial value has been established by virtue of third party agreements/ arrangements. The cost of each DMF/ ANDA is amortized over its estimated useful life fromthe date on which the amount has been capitalized.

c) Research and Development:

All expenditure on research activities are recognized in the Profit and Loss Statement when incurred. Expenditure on development activities are also recognized in the Profit and Loss Statement in the year such expenditure is incurred. However, development expenditure is capitalized only incases where such costs can be measured reliably, the technological feasibility has been established in respect of the product or process for which costs are incurred, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed product are capitalized. The Company's criteria for capitalization of such assets are consistent with the guidance given in paragraph 25 of Ind AS 38 (receipt of economic benefit out of the separately purchased transaction is considered to be probable).

Acquired research and development intangible assets that are under development are recognized as Intangible Assets under Development. These assets are not amortized, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Where a determination of impairment in respect of any such asset is made, the impairment of such asset is recognized in the Profit and Loss Statement in the year in which such determination is made. Where a determination is made to the effect that future economic benefits are probable,the total cost is capitalized in the year in which such determination is made.

Amortization of capitalized development expenditure is recognized on a straight-line basis, over the useful life of the asset

d) Impairment of Assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable value being higher of value in use and fair value less cost of disposal. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired.

e) Business Combination and Goodwill

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity.

In assessing control, potential voting rights are considered only if the rights are substantive.

The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets acquired and liabilities assumed.

Any goodwill that arises on account of such business combination is tested annually for impairment.

f) Non-Current assets held for sale:

Assets are classified as held for sale and stated at the lower of carrying amount and fair value lesscosts to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented separately in the Balance Sheet as “Assets Held for Sale”.

g) Inventory:

Inventories are valued at the lower of cost and net realisable value. The cost is determined on FIFO basis. Cost of finished goods and work-in- progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

h) Employee Benefits:

Short term employee benefits

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

Defined Contribution plans

Contribution towards Provident Fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Defined benefit plans

Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contributions to LIC.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss

i) Cash and Cash Equivalent.

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk. Cash flow statement is prepared under the indirect method as per Ind AS 7, For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of book overdraft.

j) Dividend to Shareholders:

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors, Dividend payable and corresponding tax on dividend distribution is recognised directly in other equity.

k) Leases

The Company assesses whether a contract contains a lease, at the inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control use of an identified asset, the Company assesses whether:

a) The contract involves use of an identified asset;

b) The Company has substantially all the economic

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

benefits from the use of the asset through the period of lease; and

c) The Company has the right to direct the use of an asset.

At the date of commencement of lease, the Company recognises a Right-of-use asset (“ROU”) and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the Company recognises the lease payment as an operating expense on straight line basis over the term of lease.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

Lease liability and ROU asset have been separately presented in the Balance Sheet and the lease payments have been classified as financing cash flows.

l) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of products:

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably. The Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Revenue is measured at fair value of the consideration received or receivable, Amount disclosed as revenue are inclusive of excise duty, excluding goods and service tax (GST), sales tax or value added taxes or service taxes or duties collected on behalf of the government, and net off returns, trade discounts, rebates and any amount collected on behalf of third parties.

(ii) Development Revenue:

Development revenue are recognized over the time period of the development activity and are recognized on the completion of each mile-stones as per term of the agreement.

(iii) Recognition of Export benefits

Export benefit entitlements in respect of incentive schemes including Merchandise Export Incentive Scheme (MEIS) and Focus Product Scheme (FPS) of the government of India are recognized in the period in which they are approved.

m) other Income

i. Interest Income is recognized using the Effective interest rate (EIR) method.

ii. Dividend income is recognized when right to receive is established.

iii. The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with and the grants is received. Government grants received in relation to assets are recognised as deferred income and amortized over the useful life of such asset. Grants related to income are recognised in the profit & loss account under other income.

n) Foreign Currency Transactions/Translations:

Initial Recognition

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

Translations

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange Differences

The exchange difference arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized in the Statement of Profit and Loss in the period in which they arise as income or as expense.

o) Government Grant

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Grants related to revenue items are presented as part of profit or loss under general heading such as other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as 'Deferred Government Grant' and are credited to profit & loss account under other income on a straight-line basis over the expected lives of the related assets.

The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

p) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred. Further, interest earned out of borrowed fundsfrom temporary investments are reduced from the borrowing cost.

q) Financial Instrument:

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

I) Financial Asset:

Initial recognition and measurement

All financial instruments are recognized initially at fair value plus, in case of financial assets not recorded at fair value through P&L, transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the company commits to purchase or sell the asset.

Subsequent Measurement

For the purpose of subsequent measurement financial assets are classified as measured at:

- Amortised cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI).

(a) Financial Asset measured at amortized cost

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss. The company while applying above criteria has classified the following at amortized cost:

- Trade receivables
- Loans
- Other Financial Assets

(b) Financial Assets Measured at fair value through other comprehensive income (FVTOCL)

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income.

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Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(c) Financial Assets at fair value through profit or loss (FVTPL)

Financial Assets are measured at Fair value through Profit & Loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of Profit & Loss.

Equity Instruments

All investments in equity instruments classified under financial assets are initially measured at fair value, the group may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL. The classification is based on initial recognition and is irrevocable

De-recognition of Financial Assets:

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for Derecognition. On Derecognition of a financial asset in its entirety, the difference between the carrying amount (measured on the date of recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the statement of Profit & Loss.

Impairment of Financial Assets:

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model by adopting the simplified approach using a provision matrix reflecting current condition and forecasts of future economic conditions for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial Assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance
- Financial Assets that are debt instruments and are measured at FVTOCI.
- Lease receivables under Ind AS 17.
- Trade receivables or any contractual right to receive cash or another financial asset
- Loan commitments which are not measured at FVTPL
- Financial guarantee contracts which are not measured at FVTPL

II) Financial Liability

Initial recognition and measurement

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Financial Liabilities at amortized cost:

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

The company is classifying the following under amortized cost

- Borrowings from banks
- Borrowings from others
- Trade payables
- Other financial liabilities

Derecognition:

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

III) Derivative financial instrument and hedge accounting

The Company uses derivative financial instruments, such as foreign exchange forward contracts, interest rate swaps and currency options to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value ispositive and as financial liabilities when the fair value is negative.

r) Taxes on Income:

Tax expense comprises of current and deferred tax.

i. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Tax Act

ii. Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

iii. Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax duringthe specified period. Such asset is reviewed at each reporting date and the carrying amountof the MAT credit asset is written down to the extent there is no longer a convincing evidenceto the effect that the Company will pay normal income tax during the specified period.

s) Provisions, Contingent Liabilities and Contingent Assets.

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect ofthe time value of money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. Contingent Liabilities are not recognized but are disclosed in the notes.

t) Offsetting

Financial assets and financial liabilities are offsetand the net amount presented in the balance sheet when, and only when, the Company currently hasa legally enforceable right to set off the amountsand it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

u) Earnings per share

Basic earnings per share are computed usingthe weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period,

v) Exceptional Items:

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are nonrecurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

1.2 Recent accounting pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

2 PROPERTY, PLANT & EQUIPMENT

	Particulars	Gross Block					Depreciation / Adjustment					Net Block
		As at 01 April, 2020	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2021	As at 01 April, 2020	For the Year	Deduction/ Adjustment During the Year	FCTR	As at 31 March, 2021	As at 31 March, 2021
a)	Borewell	25.79	-	-	-	25.79	18.31	1.79	-	-	20.10	5.69
b)	Building	15,675.57	11,315.98	(3,478.02)	-	23,513.53	5,450.14	477.55	(2,688.58)	-	3,239.11	20,274.42
c)	Canteen Equipment	19.97	34.88	(0.10)	-	54.75	12.56	3.40	(0.02)	-	15.94	38.81
d)	Computer	1,190.42	242.68	(16.13)	0.05	1,417.02	812.27	168.80	23.88	0.03	1,004.98	412.04
e)	Electrical Installation	4,737.95	3,298.57	(38.25)	-	7,998.27	2,264.12	436.96	(2.82)	-	2,698.26	5,300.01
f)	ETP Building	565.85	-	-	-	565.85	187.75	17.73	-	-	205.48	360.37
g)	ETP Machinery	530.58	381.39	-	-	911.97	158.80	25.60	-	-	184.40	727.57
h)	EHS Equipment	51.10	114.40	(0.06)	-	165.44	16.76	6.76	(0.01)	-	23.51	141.93
i)	Furniture	3,994.24	837.53	(2,124.42)	(0.22)	2,707.13	2,556.94	219.71	(1,759.75)	(0.16)	1,016.74	1,690.39
j)	Land & Green Field	1,602.56	1,059.72	(136.32)	-	2,525.96	-	-	-	-	-	2,525.96
k)	Lab Equipment	10,675.30	3,916.80	(541.17)	-	14,050.93	4,467.86	887.44	(116.01)	-	5,239.29	8,811.64
l)	Network Server equipment	160.92	98.78	(18.47)	-	241.23	58.76	30.40	(3.84)	-	85.32	155.91
m)	Office Equipment	341.81	183.20	(104.21)	(0.11)	420.69	202.46	45.56	(95.18)	(0.12)	152.72	267.97
n)	P/M (Power Generation Unit)	3,843.04	-	-	-	3,843.04	2,107.90	103.97	-	-	2,211.87	1,631.17
o)	Pipeline	4,076.28	845.25	-	-	4,921.53	1,198.53	188.27	-	-	1,386.80	3,534.73
p)	Plant & Machinery	39,774.05	25,348.65	(3,181.88)	-	61,940.82	12,173.96	1,904.51	(2,814.15)	-	11,264.32	50,676.50
q)	Pollution Control Equip.	37.34	-	-	-	37.34	30.65	0.84	-	-	31.49	5.85
r)	Vehicle	233.13	30.97	(62.49)	-	201.61	99.48	32.96	(20.23)	-	112.21	89.40
s)	Vehicles Electrical Operated	40.92	-	-	-	40.92	25.39	4.92	0.03	-	30.34	10.58
t)	Weigh bridge	8.42	-	-	-	8.42	5.32	0.47	-	-	5.79	2.63
Total		**87,585.24**	**47,708.80**	**(9,701.52)**	**(0.28)**	**125,592.24**	**31,847.96**	**4,557.64**	**(7,476.68)**	**(0.25)**	**28,928.67**	**96,663.57**

4 INTANGIBLE ASSET

	Particulars	Gross Block					Depreciation / Adjustment					Net Block
		As at 01 April, 2020	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2021	As at 01 April, 2020	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2021	As at 31 March, 2021
a)	Computer software	1,261.39	151.96	(129.83)	1.57	1,285.09	628.97	180.11	(100.66)	-	708.42	576.67
b)	DMF/ANDA/Patents Fees	1,485.09	24.65	-	-	1,509.74	552.27	151.27	-	-	703.54	806.20
c)	Non-compete Agreement	1,045.00	200.00	-	-	1,245.00	482.54	164.63	-	-	647.17	597.83
d)	Acquired Assets through fair valuation	-	245.03	-	-	245.03	-	-	-	-	-	245.03
e)	Other	926.15	4,535.70	(239.40)	33.07	5,255.52	86.13	58.87	(51.51)	-	93.49	5,162.03
Total		**4,717.63**	**5,157.34**	**(369.23)**	**34.64**	**9,540.38**	**1,749.91**	**554.88**	**(152.17)**	**-**	**2,152.62**	**7,387.76**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

2 PROPERTY, PLANT & EQUIPMENT

Particulars		Gross Block					Depreciation / Adjustment					Net Block	
		As at 01 April, 2019	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2020	As at 01 April, 2019	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2020	As at 31 March, 2020
a)	Borewell	25.39	0.40	-	-	25.79	16.23	2.08	-	-	18.31	7.48
b)	Building	14,537.14	1,065.75	(147.08)	219.76	15,675.57	4,980.92	440.17	(147.08)	176.13	5,450.14	10,225.43
c)	Canteen Equipment	17.76	2.21	-	-	19.97	9.68	2.88	-	-	12.56	7.41
d)	Computer	921.64	297.98	(29.20)	-	1,190.42	691.33	139.66	(18.72)	-	812.27	378.15
e)	Electrical Installation	3,957.29	810.94	(30.28)	-	4,737.95	1,985.33	306.32	(27.53)	-	2,264.12	2,473.83
f)	ETP Building	565.85	-	-	-	565.85	170.02	17.73	-	-	187.75	378.10
g)	ETP Machinery	508.65	21.93	-	-	530.58	135.75	23.05	-	-	158.80	371.78
h)	EHS Equipment	46.75	4.35	-	-	51.10	12.10	4.66	-	-	16.76	34.34
i)	Furniture	3,621.71	312.54	(74.42)	134.41	3,994.24	2,266.14	229.84	(52.98)	113.94	2,556.94	1,437.30
j)	Land & Green Field	1,593.78	-	-	8.78	1,602.56	-	-	-	-	-	1,602.56
k)	Lab Equipment	10,461.92	1,148.39	(935.01)	-	10,675.30	3,896.60	889.28	(318.02)	-	4,467.86	6,207.44
l)	Network Server equipment	129.89	31.03	-	-	160.92	36.37	22.39	-	-	58.76	102.16
m)	Office Equipment	287.98	50.74	(4.11)	7.20	341.81	153.12	46.68	(2.81)	5.47	202.46	139.35
n)	P/M (Power Generation Unit)	3,843.04	-	-	-	3,843.04	2,003.93	103.97	-	-	2,107.90	1,735.14
o)	Pipeline	3,639.75	436.53	-	-	4,076.28	1,036.46	162.07	-	-	1,198.53	2,877.75
p)	Plant & Machinery	33,200.93	6,613.65	(238.23)	197.70	39,774.05	10,706.51	1,479.08	(196.11)	184.48	12,173.96	27,600.09
q)	Pollution Control Equip.	37.34	-	-	-	37.34	30.23	0.42	-	-	30.65	6.69
r)	Vehicle	270.82	-	(37.69)	-	233.13	103.98	27.52	(32.02)	-	99.48	133.65
s)	Vehicles Electrical Operated	34.87	6.05	-	-	40.92	20.89	4.50	-	-	25.39	15.53
t)	Weigh bridge	8.42	-	-	-	8.42	4.85	0.47	-	-	5.32	3.10
Total		**77,710.92**	**10,802.49**	**(1,496.02)**	**567.85**	**87,585.24**	**28,260.44**	**3,902.77**	**(795.27)**	**480.02**	**31,847.96**	**55,737.28**

4 INTANGIBLE ASSET

Particulars		Gross Block					Depreciation / Adjustment					Net Block	
		As at 01 April, 2019	Additions	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2020	As at 01 April, 2019	For the Year	Deduction/ Adjustment during the Year	FCTR	As at 31 March, 2020	As at 31 March, 2020
a)	Computer software	1,110.42	148.69	(8.76)	11.04	1,261.39	458.10	168.28	(6.64)	9.23	628.97	632.42
b)	DMF/ANDA/Patents Fees	1,456.60	32.88	(4.39)	-	1,485.09	405.60	147.60	(0.93)	-	552.27	932.82
c)	Non-compete Agreement	1,045.00	-	-	-	1,045.00	321.40	161.14	-	-	482.54	562.46
d)	Other	318.11	569.05	-	38.99	926.15	69.84	11.51	-	4.78	86.13	840.02
Total		**3,930.13**	**750.62**	**(13.15)**	**50.03**	**4,717.63**	**1,254.94**	**488.53**	**(7.57)**	**14.01**	**1,749.91**	**2,967.72**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

3 CAPITAL WORK-IN-PROGRESS

Particulars	As at 31 March, 2021	As at 31 March, 2020
a) Machinery under errection	3,169.38	2,667.98
b) Projects under errection	27,044.12	45,540.25
Total	**30,213.50**	**48,208.23**

5 INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 31 March, 2021	As at 31 March, 2020
a) Software under installation	86.52	120.56
b) Product under development	23,054.40	17,632.42
c) DMF /ANDA/Patents Fees	774.65	664.25
Total	**23,915.57**	**18,417.23**

6 FINANCIAL ASSETS

(i) Non-Current Investment

Particulars	As at 31 March, 2021	As at 31 March, 2020
Trade Investments (At Cost) fully paid up		
I) In Joint Venture/Associate Companies		
a) Investments in Equity Instruments (Unquoted)		
i) 5,001 (5,001) share of ₹10 each in Reva Medicare Pvt. Ltd.,Raichur.	268.93	149.36
ii) Investment in Auxilla Pharmaceuticals & Research LLP (40% Capital Contribution)	565.02	-
b) Investments in Preference Instruments (Unquoted)		
i) 1,535,000 (840,000) non-cumulative non-participating convertible preference shares of ₹100 each in Sravathi Advance Process Technologies Pvt. Ltd., Bangalore.	1,061.07	741.76
ii) Application money for NIL (50,000) non-cumulative non-participating convertible shares of ₹100 each in Sravathi Advance Process Technologies Pvt. Ltd., Bangalore.	-	50.00
iii) 165,000 (NIL) Non-cumulative shares of ₹100 each in Sravathi Advance Process Technologies Pvt. Ltd., Bangalore.	120.79	-
II) Investments in Government Securities (Unquoted)		
i) National Savings Certificate.	0.20	0.20
III) Others		
i) 741,362 (741,362) shares of ₹14 each of Prathijna Sustainable Solutions Pvt. Ltd., Bangalore.	103.79	103.79
ii) 2,000 (NIL) shares of ₹100 each of Mana Effluent Treatment Plant Ltd., Hyderabad.	2.00	-
Total value of unquoted investment	2,121.80	1,045.11
Aggregate value of unquoted investment	**2,121.80**	**1,045.11**

Notes Forming Part of Consolidated Financial Statement
for the year ended 31 March, 2021
(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(ii)Other Financial assets

Particulars	As at 31 March, 2021	As at 31 March, 2020
a) Security deposits (unsecured considered good)		
(i) Electricity deposits	461.82	451.31
(ii) Rental deposits	42.33	121.69
(iii) Telephone deposits	0.92	0.92
(iv) Miscellaneous deposits	92.10	29.64
Total (a)	**597.17**	**603.56**
b) Cross currency swap account	174.27	543.81
Total (b)	**174.27**	**543.81**
Total (a + b)	**771.44**	**1,147.37**

7 OTHER NON-CURRENT ASSETS

Particulars	As at 31 March, 2021	As at 31 March, 2020
a) Capital advances		
(i) Unsecured, considered good	3,623.11	2,548.43
Less: Written off	-	-
Total (a)	**3,623.11**	**2,548.43**
b) Others		
(i) Income Tax paid under protest	43.33	43.33
(ii) VAT on Capital Goods & Others Item (Refer Note. 43)	46.48	46.48
(iii) Prepaid Expenses	136.90	34.60
(iv) Excise duty	24.70	-
Total (b)	**251.41**	**124.41**
Total (a+b)	**3,874.52**	**2,672.84**

8 INVENTORIES

Particulars	As at 31 March, 2021	As at 31 March, 2020
(i) Raw materials	13,629.71	11,299.50
(ii) Work-in-progress	3,412.72	1,899.89
(iii) Finished goods	8,851.14	6,225.81
(iv) Stock-in-trade	679.01	234.55
(v) Stores and Spares	3,766.09	2,073.01
(vi) Packing materials	1,345.07	910.60
Total	**31,683.74**	**22,643.36**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

9 FINANCIAL ASSETS

(i) Current Investment

Particulars	As at 31 March, 2021	As at 31 March, 2020
Investment in mutual funds/ bonds		
Investment in Bonds	1,437.39	1,437.39
Total	**1,437.39**	**1,437.39**
Less : Provision for diminishing in the value of Investment	1,437.39	1,437.39
Total value of unquoted investment	**-**	**-**
Aggregate value of unquoted investment	**-**	**-**

(ii) Trade Receivables (Refer Note 47)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Unsecured		
(a) Considered good	22,268.70	24,679.47
Total (a)	**22,268.70**	**24,679.47**
(b) Significant increase in credit risk	-	46.35
Less : Written-off	-	(46.35)
Total (b)	-	-
Total (a+b)	**22,268.70**	**24,679.47**

Note: Trade receivable in above note no: 9 (ii) (a) includes ₹ 177.75 (PY ₹ 183.04) is receivable from related parties (refer note no: 41 Related Party Transaction)

(iii) Cash and Cash Equivalents

Particulars	As at 31 March, 2021	As at 31 March, 2020
i) Cash on Hand	34.46	24.79
ii) Balance with Banks in Current Account	1,318.04	4,404.41
iii) Deposit with original maturity of less than 3 months	10,932.06	2.23
Total	**12,284.56**	**4,431.43**

(iv) Other Bank Balance other than (iii) above

Particulars	As at 31 March, 2021	As at 31 March, 2020
Earmarked Balances		
(i) Unclaimed dividend accounts	26.08	24.85
Total	**26.08**	**24.85**

(v) Loans

Particulars	As at 31 March, 2021	As at 31 March, 2020
(a) Unsecured, considered good		
(i) Koanaa Healthcare Spain. S. L.,	122.22	-
Total	**122.22**	**-**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(vi) Other Financial Assets

Particulars	As at 31 March, 2021	As at 31 March, 2020
a) Income accrued and due	640.91	72.77
b) CST receivable	-	34.81
c) Staff advance	48.79	187.82
d) Tender deposits	8.74	8.49
e) Fixed deposits having maturity less than 12 months and held as margin money	4,244.33	92.71
f) Interest accrued on fixed deposits/others	152.33	17.95
g) Export incentives in hand	-	230.22
Total	**5,095.10**	**644.77**

10 OTHER CURRENT ASSETS

Particulars	As at 31 March, 2021	As at 31 March, 2020
a) CENVAT receivable	0.17	46.92
b) Prepaid Expenses	626.65	688.08
c) VAT , Entry Tax ESI, & Professional Tax	0.26	25.22
d) Advances to supplier/ receivables	2,115.53	1,986.42
e) CGST /IGST /SGST receivable	8,342.88	6,590.54
Total	**11,085.49**	**9,337.18**

11 CURRENT TAX ASSETS

Particulars	As at 31 March, 2021	As at 31 March, 2020
Income tax (Net)	861.17	624.17
Total	**861.17**	**624.17**

12 EQUITY SHARE CAPITAL

Particulars	As at 31 March, 2021	As at 31 March, 2020
Authorised share capital		
95,000,000 (PY 95,000,000) shares face value of Re. 1/- each.	950.00	950.00
	950.00	**950.00**
Issued, subscribed & fully paid up capital		
Opening Balance	**815.27**	**815.27**
Changes During the Year	-	-
Closing Balance	**815.27**	**815.27**
81,526,898 (P.Y. 81,526,898) shares face value of Re. 1/- each.		
	815.27	**815.27**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(a) Reconciliation of the number of shares.

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Nos	Amount	Nos	Amount
Shares outstanding at the beginning of the year	81,526,898	815.27	81,526,898	815.27
Add : Issued during the year face value of Re. 1/- each.	-	-	-	-
Shares outstanding at the end of the year	**81,526,898**	**815.27**	**81526898**	**815.27**

(a) Rights, preference and restriction attached to each class of shares:

Equity Shares:

The Company has only one class of equity shares having par value of Re .1/- per share. Each holder of equity shares is entitle to one vote per share.

In the event of liquidation, the holders of equity are entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Shareholders holding more than 5% shares in the Company

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	No. of Shares	% Holding	No of Shares	% Holding
(i) Vishnukant .C. Bhutada	6,365,610	7.81	8,086,012	9.92
(ii) Dharmavati Bhutada	6,207,796	7.61	6,207,796	7.61
(iii) Tano Mauritius India FVCI II	4,979,605	6.11	6,179,506	7.58
(iv) Baring India Private Equity III Limited	-	-	6,000,000	7.36

(c) Details of Equity Shares allotted as fully paid-up pursuant to contracts without payment being received in cash during the period of five years immediately preceding the Balance Sheet date.

Particulars	31 March, 2020	31 March, 2019	31 March, 2018	31 March, 2017	31 March, 2016
Shares issue to Director of Navya Biological Pvt. Ltd. on account of merger	-	-	1,399,994	-	-

13 OTHER EQUITY

Particulars	As at 31 March, 2021	As at 31 March, 2020
(a) Securities Premium Account	42,863.93	42,688.70
(b) General Reserves	5,182.68	5,182.68
(c) Retained Earning	99,151.06	84,299.78
(d) Others		
i) Cash flow hedge reserve	(25.32)	(41.91)
ii) Remeasured of defined benefit plan	(264.44)	(274.92)
(e) Gain on forfeiture of equity shares	8.76	8.76
(f) Foreign Currency Monetary Translation Difference Account	134.72	257.91
Total	**147,051.39**	**132,121.00**

Notes Forming Part of Consolidated Financial Statement
for the year ended 31 March, 2021
(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

14 FINANCIAL LIABILITIES
(i) Long Term Borrowings

Particulars	As at 31 March, 2021	As at 31 March, 2020
Term Loans		
a) From Banks (secured)		
I) SCB - External Commercial Borrowings	-	2,120.23
Nature of Security		
ECB of USD 15 MN is taken from Standard Chartered Bank, London (SCB) and the said facility is secured by first pari passu charge on moveable and immovable fixed asset of SEZ unit and plant & machinery of Deosugur unit, including proposed capex created out of such loan and personal guarantees given by two (02) of its Directors. The Company had entered into hedge contract with bank on the said facility.		
Terms of Repayment & Interest Rate:		
Repayment of ECB Loan from SCB have a moratorium period of 15 months and would be repayable in 16 quarterly installments with the final installment falling due at the end of the 60th month from the date of grant of loan. The loan is repayable of ₹ 62.34 MN quarterly. Further the Company has hedge principal amount of USD 15 MN @ 66.50 with fixed interest at 8.90% payable monthly.		
II) HDFC - Term Loan	19,881.00	6,828.13
Nature of Security		
Shilpa Medicare : Term loan of ₹ 1000 MN taken from HDFC, Hyderabad and is secured by first pari passu charge on the movable and immovable fixed assets of Unit -I, Raichur, second pari passu charge on SEZ unit, Jadcherla and personal guarantees given by two (02) of its Directors.		
Shilpa Biology : Term loan taken from HDFC is secured by charge on the Primary Plant & Machinery, Factory Land and Building , Current Assets of the company and Corporate Guarantee from Shilpa Medicare Limited (Holding Co) and personal guarantee of Director of the company.		
Terms of Repayment & Interest Rate:		
Shilpa Medicare: 5% Repayment is payable in the first year in equal quarterly installment and remaining 95% in four (04) years in equal quarterly installment from the date of disbursement. Interest chargeable at 8% linked to repo rate with reset on every three month.		
Shilpa Biology : The said loan was originally repayable in 4 years and 11 months starting from 30.08.2021.		
III) HSBC - Term Loan	10,000.00	7,500.00
Nature of Security		
Term loan of ₹ 1000 MN taken from HSBC, Bangalore and is secured by first pari passu charge on the movable and immovable fixed assets of Unit -I situated at Deosugur and exclusive charge on Unit-II situated at Chicksugur and personal guarantee given by two (02) of its Directors.		

Notes Forming Part of Consolidated Financial Statement
for the year ended 31 March, 2021
(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Terms of Repayment & Interest Rate:		
Repayment of term loan from HSBC with a moratorium period of 12 months and would be repayable in 16 rear ended quarterly installments of ₹ 62.50 MN with the final installment falling due at the end of the January- 2024 interest payable 03 month MCLR payable monthly.		
IV) Axis Bank - Term Loan	8,750.00	-
Nature of Security		
Term loan of ₹ 1000 MN taken from Axis Bank, Bangalore and is secured by exclusive charge, by way of equitable mortgage, on immovable fixed assets of Dobaspet, Bangalore unit, both present and future and also exclusive charge, by way of hypothecation, on movable fixed assets of Dobaspet, Bangalore unit, both present and future and secured by personal guarantee given by two (02) of its Directors.		
Terms of Repayment & Interest Rate:		
Repayment of term loan from Axis Bank with a moratorium period of 12 months and would be repayable in 16 equal quarterly installments of ₹ 62.50 MN with the final installment falling due at the end of the June-2025. Interest payable monthly rests even during moratorium period.		
V) SCB - Term Loan	7,350.00	-
Nature of Security		
Term loan of ₹ 735 MN taken from SCB, Bangalore and is secured by first pari passu charge on the movable fixed assets at Jedcherla, Formulation unit with 1.25X cover to be maintained and also first pari passu charge on Land and building of Formulation unit at Jedcherla with 1.25X cover to be maintained and also secured by personal guarantee given by two (02) of its Directors.		
Terms of Repayment & Interest Rate:		
Repayment of term loan from SCB would be repayable within 5 years in 16 equal quarterly installments starting from 15th month from the date of draw down and the final installment falling due at the end of the January - 2026. Interest payable monthly in arrears.		
VI) Citi Bank - Term Loan	2,031.25	-
Nature of Security		
Term Loan from Citibank NA is secured by exclusive charge on present & future current assets and movable and immovable assets of the company. Exclusive charge by way of equitable mortgage on land & buildings situated at 118, cherlapally, IDA Phase III, Hyderabad along with Corporate Guarantee by holding company Shilpa Medicare Limited		
Terms of Repayment & Interest Rate:		
Repayment of Term Loan from Citibank NA have a moratorium period of 12 Months and repayable in 16 equal quarterly installments. First installment falling due on 23.07.2021 and final installment on 23.04.2025. Interest payable monthly in arrears.		

Notes Forming Part of Consolidated Financial Statement
for the year ended 31 March, 2021
(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
b) From Others (unsecured)		
I) Loan under SBIRI Scheme	32.44	53.49
Loan from Department of Biotechnology, Ministry of Science and Technology, New Delhi. Under Scheme Small Business Innovative Research Initiative (SBIRI)		
Terms of Repayment & Interest Rate:		
The loan is repayable in 10 equal yearly installments starting from 17.08.2013 of Rs. 21.05 Lakhs with final installment falling due on 17.08.2022. Interest is payable @ 1% P.A. on amount drawn up to Rs.100 Lakhs and @ 2% above Rs.100 Lakhs, and is payable in 02 equal installment after principal repayment.		
Preference Share Capital		
I) Shilpa Medicare Limited, Raichur	2.60	-
Total	**48,047.29**	**16,501.85**

Particulars	As at 31 March, 2021	As at 31 March, 2020
a) Deferred Consideration Payable	500.00	-
Total	**500.00**	-

15 PROVISIONS

Particulars	As at 31 March, 2021	As at 31 March, 2020
(i) Provision for gratuity	1,340.77	2,542.07
(ii) Provision for leave encashment	206.80	74.81
Total	**1,547.57**	**2,616.88**

16 DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31 March, 2021	As at 31 March, 2020
(i) Deferred tax liability	11,208.91	10,119.49
(Difference in tax base of property, plant, equipment & others)		
(ii) Deferred tax asset	(2,964.39)	(1,641.93)
(On account of disallowable items under Income Tax Act)		
(iii) MAT Credit Entitlement	(3,516.28)	(4,279.11)
Total	**4,728.24**	**4,198.45**

17 OTHER NON-CURRENT LIABILITIES

Particulars	As at 31 March, 2021	As at 31 March, 2020
(a) Deferred revenue	12.44	187.55
(b) Capital subsidy / Deferred Government grant	1,767.57	1,979.19
(c) Lease Liability	186.69	209.64
Total	**1,966.70**	**2,376.38**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

18 FINANCIAL LIABILITIES

(i) Borrowings

Particulars	As at 31 March, 2021	As at 31 March, 2020
Secured Loan		
a) Working capital loan		
From Banks		
i) Standard Chartered Bank (PCFC) [refer note 'a' & 'f (i)' below]	6,232.09	6,350.89
ii) Citi Bank (PCFC) [refer note 'b' & 'f - (ii)' below]	5,475.71	4,674.83
iii) HSBC (PCFC) [refer note 'c' & 'f (iii)' below]	2,932.58	4,614.37
iv) Erste Bank Austria OCC-Loba (refer note 'd')	-	887.24
v) HDFC (WCDL) [refer note 'e' & 'f (iv)' below]	5,000.00	-
vi) HSBC (WCDL) [refer note 'c' & 'f (v)' below]	2,000.00	-
vii) Citi Bank (WCDL) [refer note 'b' & 'f (vi)' below]	2,700.00	-
Nature of Security		
(a) Working capital loan from Standard Chartered Bank (SCB) is secured by first pari passu charge on current assets and first charge on certain fixed assets movable & immovable (except those created through other loans) in line with other working capital lenders and personal Guarantee of 02 Directors		
b) Working capital loan from Citi bank (CB) is secured by first pari passu charge on current assets and charge on fixed assets (except those created through other loans) in line with other working capital lenders and personal guarantee of 02 Directors. The sanction facility is interchangeably as PCFC/Cash credit and applicable interest will be charge.		
c) Working capital loan from HSBC is secured by first pari passu charge on current assets and charge on moveable fixed assets (except those created through other loans) in line with other working capital lenders and personal Guarantee of 02 Directors.		
d) Working capital loan from Erste Bank is secured against property and open orders for the export promotion credit. Rate of Interest charges on such loan is @ 2.75%		
e) Working capital loan from HDFC is secured by first pari passu charge on current assets of the company. Second pari passu charge on Factory land and building of Jadcherla SEZ unit. Second pari passu charge on Factory movable and immovable fixed assets of Jadcherla SEZ unit and personal Guarantee of 02 Directors .		
f) Interest rate as at March 31, 2021 is as under:		
(i) On PSFC/PCFC - LIBOR + 0.90%		
(ii) On PSFC/PCFC - LIBOR + 1.50%		
(iii) On PSFC/PCFC - LIBOR + 1.25%		
(iv) 5.20% per annum		
(v) 6.35% per annum		
(vi) 6.00% per annum		
Total	**24,340.38**	**16,527.33**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(ii) Trade Payable (Refer Note 42 & 47)

Particulars	As at 31 March, 2021	As at 31 March, 2020
a) Trade payables due to micro and small enterprises	1,355.27	1,078.38
b) Trade payables due to other than micro and small enterprises	5,859.37	8,176.46
Total	**7,214.64**	**9,254.84**

Note: Trade payable in above note no: 18 (ii) (b) includes ₹.120.85 (PY ₹ 288.91) is payable to related parties (refer note no: 41 Related Party Transaction)

(iii) Other financial liabilities

Particulars	As at 31 March, 2021	As at 31 March, 2020
a) Current maturities of long-term debt	12,021.33	5,958.73
b) Interest accrued but not due on borrowings	263.65	88.93
c) Unclaimed dividends	26.08	24.85
d) Employee benefit liability	2,988.65	2,465.20
e) Books overdraft	-	0.92
f) Unclaimed bonus & salary	0.75	-
g) Capital creditors	4,145.55	3,404.57
h) Interim dividend payable	-	1.18
i) Others	32.51	29.96
Total	**19,478.52**	**11,974.34**

19 OTHER CURRENT LIABILITY

Particulars	As at 31 March, 2021	As at 31 March, 2020
a) Advances from customers	748.19	398.34
b) Tax deduction at source	941.12	1,541.18
c) ESI, Professional tax etc.	11.82	34.03
d) Security trade deposit	154.40	104.40
e) Provident fund payable	150.04	138.28
f) Unclaimed bonus & salary	15.69	17.92
g) Custom duty	8.99	1.57
Total	**2,030.25**	**2,235.72**

20 PROVISIONS

Particulars	As at 31 March, 2021	As at 31 March, 2020
Provision for expenses	1,131.22	1,089.35
Total	**1,131.22**	**1,089.35**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

21 REVENUE FROM OPERATIONS-SALES

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
a) Sales of products	85,312.01	75,701.15
b) Export Incentives	97.11	903.47
c) Energy sales	511.66	598.99
Total	**85,920.78**	**77,203.61**
Abstract		
(i) Bulk Drugs/Intermediates	60,765.92	55,440.74
(ii) Formulation	21,976.49	19,429.26
(iii) Export Incentives	97.11	903.47
(iv) Power	511.66	598.98
(v) Trading and others	2,569.60	831.16
Total	**85,920.78**	**77,203.61**

22 REVENUE FROM OPERATIONS-SERVICE AND LICENCE FEES

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Product development & License fees	4,192.23	13,587.37
Total	**4,192.23**	**13,587.37**

23 OTHER INCOME

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
a) Interest Income on :		
i) Deposit with bank	313.19	119.73
ii) Others	30.56	29.84
b) Liabilities written back	701.64	31.94
c) Provision written back	-	126.55
d) Corporate guarantee fees	-	6.02
e) Government grant	45.57	31.68
f) Claim received	1,377.68	1,125.75
g) Miscellaneous income	545.52	222.44
Total	**3,014.16**	**1,693.95**

Notes Forming Part of Consolidated Financial Statement
for the year ended 31 March, 2021
(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

24 COST OF MATERIAL CONSUMED

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Inventory at the beginning of the year	11,367.14	10,772.70
Add: Purchases	35,210.71	29,265.04
Less: Inventory at the end of the year	14,689.40	11,336.22
Cost of raw materials and packing materials consumed	**31,888.45**	**28,701.52**

25 PURCHASE OF STOCK -IN-TRADE

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Purchase of Medicines/Bulk Drugs/Others	1,067.66	676.29
Total	**1,067.66**	**676.29**

26 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK -IN-TRADE

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening Inventories		
(i) Finished goods	6,073.41	4,701.39
(ii) Work-In-process	1,899.89	1,701.08
Closing Inventories		
(i) Finished goods	10,443.61	6,107.86
(ii) Work-In-process	3,412.72	1,899.89
(Increase) / decrease in inventory	**(5,883.03)**	**(1,605.28)**

27 EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
a) Salaries, wages and bonus	21,473.78	17,973.60
b) Contribution to provident fund /gratuity and other funds	1,660.91	1,346.68
c) Staff welfare expenses	396.02	338.82
Total	**23,530.71**	**19,659.10**

28 FINANCE COSTS

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest expense on :		
a) Working capital facility	497.42	396.57
b) Finance cost on lease Liability	18.21	16.16
c) Term loans	1,637.69	-
d) Dividend on cumulative preference shares	16.16	-
e) Others	17.39	43.02
Total	**2,186.87**	**455.75**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

29 OTHER EXPENSES

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
a) Power and fuel	4,025.06	3,876.13
b) Repairs and maintenance		
i) Buildings	703.87	475.28
ii) Plant and machinery	3,067.08	2,277.50
iii) Others	520.56	285.09
c) Rent	146.06	244.34
d) Exchange loss/(gain) net	(994.64)	(527.69)
e) Rates and taxes	229.02	586.65
f) Insurance	360.24	242.43
g) Travelling and conveyance	174.04	361.84
h) Contract labour charges	1,022.11	1,029.69
i) Legal & Professional fees	3,035.78	5,156.79
j) Facility fees	645.21	412.31
k) Payments to auditors (Refer Note 38)	24.41	18.78
l) Quality control, research and development expenses	3,380.90	3,689.91
m) Transportation charges	200.95	160.91
n) Brokerage and commission	840.57	528.06
o) Job work charges	3.81	0.66
p) Directors sitting fees	4.20	2.40
q) Sales promotion and advertisement	351.73	114.33
r) Bad debts/advance written off	53.04	32.81
s) Clearing and forwarding expenses	670.49	347.33
t) (Profit)/Loss on sale/discard of assets	57.68	(1.37)
u) VAT and entry tax	216.64	50.08
v) CSR expenses	347.62	660.26
w) Product Filing Fees /patent application fees	148.43	-
x) Miscellaneous expenses	2,109.21	1,355.03
Total	**21,344.07**	**21,379.55**

30 EXCEPTIONAL INCOME/ (EXPENSES)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
a) Gain on sale of preference shares (RMPL)	6,084.00	-
Total	**6,084.00**	**-**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

31 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31 March, 2021	As at 31 March, 2020
a) Foreign letter of credit	340.19	476.91
b) Bank guarantees / Corporate guarantee	244.50	444.50
c) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	4,199.82	4,177.63
d) Others	-	-
Total	**4,784.51**	**5,099.04**

32 EMPLOYEE BENEFIT DEFINED CONTRIBUTION PLANS

i) Provided fund

Particulars	As at 31 March, 2021	As at 31 March, 2020
Defined Contribution Plan		
Provided fund	582.79	490.36

ii) Defined benefit Plan (Gratuity)

a) Holding Company

Movement of present value of the defined benefit obligation

	As at 31 March, 2021	As at 31 March, 2020
i) Change in defined benefit obligation		
Obligations at year beginning	1,319.43	989.56
Service cost	238.22	161.77
Interest on defined benefit obligation	88.12	65.44
Benefits settled	(58.50)	(62.92)
Divestures (Demerger)	-	(23.19)
Actuarial (gain)/loss	15.92	188.77
Obligations at year end	**1,603.19**	**1,319.43**
ii) Change in plan assets		
Plans assets at year beginning, at fair value	230.33	279.65
Expected return on plan assets	14.06	16.95
Actuarial gain/(loss)	1.11	(3.35)
Benefits payout	(50.02)	(62.92)
Plans assets at year end, at fair value	**195.48**	**230.33**
iii) Amount recognised in the balance sheet		
Closing BPO	1,603.18	1,319.43
Closing fair value of plan assets	(195.48)	(230.34)
Net asset/(liability) recognized in the balance sheet	**1,407.70**	**1,089.09**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

iv) Expenses recognised in the statement of P & L account		
Service cost	238.22	161.77
Interest cost	88.12	65.44
Expected return on plan assets	(14.06)	(16.95)
Expenses recognised in the statement of Other Comprehensive income		
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(334.56)	(56.13)
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	136.86	268.56
Actuarial (Gain)/ Losses due to Experience on DBO	213.62	(23.66)
Return on Plan Assets (Greater) / Less than Discount rate	(1.11)	3.35
Total actuarial (gain)/loss included in OCI	**14.81**	**192.12**
v) Assets Information		
i) Insured (fund is managed with Life insurance corporation of India)	195.48	230.34
%	12.19	17.46
ii) Non fund based (Company manages at its own)	1,407.70	1,089.09
%	87.81	82.54
vi) Principal actuarial assumptions		
Interest rate	-	-
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	**6.90%**	**6.83%**
Expected rate of return on assets	**6.90%**	**6.83%**
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	11%	10% FY5 & 8.5% there after
Attrition rate of employees	16.00%	14.00%
Retirement age of employees (Years)	60	60

Actuarial gain / loss is recognised immediately. The estimates of salary increase, inflation, promotion, Seniority etc. taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

b) Indian Subsidiaries Companies

Defined benefit Plan (Gratuity)	As at 31 March, 2021	As at 31 March, 2020
i) Change in defined benefit obligation		
Obligations at year beginning	150.05	156.32
Service cost	26.79	10.40
Interest on defined benefit obligation	9.06	3.68
Benefits Settled	(13.51)	-
Actuarial (gain)/loss	(6.07)	(20.35)
Obligations at year end	**166.32**	**150.05**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Defined benefit Plan (Gratuity)	As at 31 March, 2021	As at 31 March, 2020
ii) Change in plan assets		
Actuarial gain/(loss)	-	(18.73)
Plans assets at year end, at fair value	**36.32**	**9.30**
iii) Reconciliation of present value of the obligation and fair value of the plan assets		
Closing BPO	166.32	150.05
Closing fair value of plan assets	(36.32)	(9.30)
Closing funded status	130.00	140.75
Unrecognised actuarial (gains) / losses	-	-
Net asset/(liability) recognized in the balance sheet	**130.00**	**140.75**
iv) Expenses recognised in the statement of P & L account		
Service cost	26.79	10.40
Interest cost	9.06	3.68
Actuarial (gains) / losses	(6.07)	(18.73)
Net Gratuity Cost	**29.78**	**(4.65)**

c) Principal actuarial assumptions

Defined benefit Plan (Gratuity)	As at 31 March, 2021	As at 31 March, 2020
Interest rate	-	-
Discount rate (based on the market yields available on Government bond at the accounting date with a term that matches that of the Liabilities)	**6.73%**	**6.86%**
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	11%	12%
Attrition rate of employees	19.00%	8.00%
Retirement age of employees (Years)	58	58

Actuarial gain / loss is recognised immediately. The estimates of salary increase, inflation, promotion, Seniority etc. taken in account. The Company has various schemes (funded/unfunded) for payment of gratuity to all eligible employees calculated at specific no. of days (ranging from 15 days to 1 month) of the last drawn salary depending upon tenure of service for each year of completed service subject to minimum of five years payable at the time of separation upon superannuation or on exit otherwise.

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sensitivity Analysis

The Sensitivity of the defined benefit obligation to changes in the weighted principal assumption are as below:

Holding Company

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Decrease	Increase	Decrease	Increase
Discounted rate	6.40	5.70	9.34	8.10
Salary increase	5.60	6.00	6.94	7.19
Attrition rate	1.30	1.20	1.57	1.42

Sensitivity of signification actuarial assumptions is computed by varying one actuarial assumption used for the valuation ofdefined benefit obligation by 100 basis points keeping all other actuarial assumption constant.

33 FAIR VALUE MEASUREMENT HIERARCHY:

Particulars	As at 31 March, 2021					As at 31 March, 2020				
	Carrying Amount					Carrying Amount				
	Amortized cost	FVTPL Level 1	FVTPL Level 2	FVTPL Level 3	Total	Amortized cost	FVTPL Level 1	FVTPL Level 2	FVTPL Level 3	Total
FINANCIAL ASSETS										
I. At Amortized Cost										
Non-current investments	2,121.80	-	-	-	**2,121.80**	1,045.11	-	-	-	**1,045.11**
Loans	122.22	-	-	-	**122.22**	-	-	-	-	**-**
Trade receivable	22,268.70	-	-	-	**22,268.70**	24,679.47	-	-	-	**24,679.47**
Cash & bank balance	12,284.56	-	-	-	**12,284.56**	4,431.43	-	-	-	**4,431.43**
Other bank balance	26.08	-	-	-	**26.08**	24.85	-	-	-	**24.85**
Other financials assets	5,692.27	-	174.27	-	**5,866.54**	1,248.33	-	543.81	-	**1,792.14**
Total	**42,515.63**	**-**	**174.27**	**-**	**42,689.90**	**31,429.19**	**-**	**543.81**	**-**	**31,973.00**
FINANCIAL LIABILITIES										
Borrowings	72,355.23	-	32.44	-	**72,387.67**	30,855.46	-	2,173.72	-	**33,029.18**
Trade payables	7,214.64	-	-	-	**7,214.64**	9,254.84	-	-	-	**9,254.84**
Other financial liabilities	17,911.20	-	2,067.32	-	**19,978.52**	9,126.32	-	2,848.02	-	**11,974.34**
Total	**97,481.07**	**-**	**2,099.76**	**-**	**99,580.83**	**49,236.62**	**-**	**5,021.74**	**-**	**54,258.36**

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETFs and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

Valuation technique used to determine fair value:

1) The use of quoted market prices or dealer quotes for similar instruments
2) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
3) The fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date.

34 FINANCIAL RISK MANAGEMENT

The Company activities expose it to a variety of financial risks such as Market Risk, Credit Risk and Liquidity Risk. The company's focuses on minimizing potential adverse effect on its financial performance.

A) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The changes in the values of financial assets/liability may result from change in the foreign currency exchange rates (Foreign Currency Risk), change in interest rates (Cash flow & interest rate risk), and change in price of investments (Price Risk).

(i) Foreign Currency Risk

The Company operates internationally and a major portion of the business is transacted in USD, EURO & GBP currencies and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward, interest rate swaps and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

(Amount in lakhs)

Particulars	As at 31 March, 2021			As at 31 March, 2020		
	USD	EURO	GBP	USD	EURO	GBP
Trade receivables	140.95	39.66	0.05	201.74	22.97	-
Cash and cash equivalents	1.89	2.10	0.36	6.05	10.47	0.06
Short-term borrowings	(197.14)	-	-	(207.47)	(10.68)	-
Trade payables	(21.13)	(2.55)	(0.15)	(51.71)	(8.42)	(0.11)
Net Foreign Currency Risk	**(75.43)**	**39.21**	**0.26**	**(51.39)**	**14.34**	**(0.05)**

Sensitivity analysis

Sensitivity analysis of 1% change in exchange rate at the ending of the reporting period net of hedges

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Particulars	Impact on Profit & Loss		Impact on other component of equity	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
USD-Sensitivity				
Increase by 1% (gain/(loss))	(55.44)	(38.74)	-	-
Decrease by 1% (gain/(loss))	55.44	38.74	-	-
Euro-Sensitivity				
Increase by 1% (gain/(loss))	33.76	11.91	-	-
Decrease by 1% (gain/(loss))	(33.76)	(11.91)	-	-
GBP-Sensitivity				
Increase by 1% (gain/(loss))	0.26	(0.05)	-	-
Decrease by 1% (gain/(loss))	(0.26)	0.05	-	-

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest expenses/ income and to manage the interest rate risk, the Company weighted average balance manage its interest rate risk by having portfolio of fixed / variable interest rate on long / short term borrowings. The analysis is prepared assuming the amount of liability outstanding at the ending of the reporting period is the average weighted balance of the respective reporting period.

According to the Company interest rate risk exposure is only for floating rate borrowings, change in 0.5% in the interest rate component applicable to the short term borrowings would effect the Companies net profit before tax at the end of the reporting period year ended 31 March, 2021 and 31 March, 2020 respectively.

Particulars	31 March, 2021	31 March, 2020
Change in 0.50% interest on WCL	121.70	82.64

Note:

1. The Company has hedge ECB loan availed from Standard chartered bank. Therefore, not subject to interest risk as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

(iii) Price Risk

Company does not have any exposure to price risk, as there is no market based equity investment made by the Company.

B) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk is arises from its operation activity primarily from trade receivable and from its financial activity. Customer credit risk is controlled by analysis of credit limit and credit worthiness of the customer on a continuous basis to whom the credit has been granted.

Long outstanding receivable from customer are regularly monitored and transaction with such customer are covered under letter of credit. The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivable. Two customer are accounted for more than 10% of the trade receivable as of 31 March, 2021 and Three customer for 31 March, 2020. Since the Company is dealing with the customer from past several years, hence there is no concordant risk in dealing with said customers.

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Expected credit loss assessment

The Group reviewed customers outstanding at the end of each reporting period and determine incurred and expected credit losses. Past trend of impairment of trade receivables do not reflect any significant credit losses. The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for Impairment	31 March, 2021	31 March, 2020
Impairment loss recognised - trade receivable	53.04	32.81
%	0.24	0.14

C) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations of its financial liability. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for making liability when they are due, under normal and stressed condition without incurring losses and risk.

The present available working capital facility is sufficient to meet its current requirement. Accordingly, no liquidity risk is perceived. In addition, the Company maintains the following line of credit facility

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March, 2021:

Particulars	On Demand	< 01 year	01 to 05 Years	> 05 years
Short term borrowing	24,340.38	-	-	-
Long term borrowings	-	12,021.33	48,047.29	-
Trade and other payable	-	7,214.64	-	-
Total	**24,340.38**	**19,235.97**	**48,047.29**	**-**

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March, 2020:

Particulars	On Demand	< 01 year	01 to 05 Years	> 05 years
Short term borrowing	16,527.33	-	-	-
Long term borrowings	-	5,958.73	16,501.85	-
Trade and other payable	-	9,254.84	-	-
Total	**16,527.33**	**15,213.57**	**16,501.85**	**-**

35 CAPITAL MANAGEMENT

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus of safeguard their ability to continue as a going concern, benefits for stakeholders, creditors and market confidence. Continue to maintain excess liquidity to shareholders by distributing dividends in future.

Company's vision is to keep the ratio below 1.00 and its adjusted net debt to equity ratio was as follows

Particulars	31 March, 2021	31 March, 2020
Total equity attributable to the equity shareholders of the Company As a percentage of total capital	146,749.66	132,145.14
Long-term borrowings	60,068.62	22,460.58
Short-term borrowings	24,340.38	16,527.33
Total Debts	**84,409.00**	**38,987.91**
Net Debt to Equity Ratio	**0.58**	**0.30**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

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36 EARNINGS PER SHARE ('EPS')

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Profit for the year before OCI	14,778.03	15,615.34
Shares		
Weighted average shares used for computing basic EPS	81,526,898	81,526,898
Weighted average shares used for computing diluted EPS	81,526,898	81,526,898
Earning Per Shares		
Basic (in ₹)	18.13	19.15
Diluted (in ₹)	18.13	19.15

37 RECONCILIATION OF TAX EXPENSES

(I) Income Tax

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Current tax on profit for the year	4523.00	3987.24
MAT Credit Entitlement	1,128.02	(104.60)
Origination and reversal of temporary differences	(766.19)	(533.46)
	4,884.83	**3,349.18**
Amount recognised in statement of profit & loss account	19,505.19	18,805.23
Share of Profit / (loss) in Associate/ Joint Venture, net of tax	173.58	35.09
	19,678.77	**18,840.32**
Tax at enacted tax rate in India C.Y. @ 34.944% (P.Y. 34.944%)	6,876.55	6,583.56
Weighted deduction on research and development expenditure	(655.06)	(1,028.65)
Exempt income and other deductions (net)	(1,328.95)	(2,202.19)
Non-deductible expenses	79.16	171.30
Tax effect which is chargeable at different rate	(644.18)	(375.37)
Others	557.31	200.53
	4,884.83	**3,349.18**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

(II) Recognised Deferred Tax Assets / Liabilities

Movement of Deferred Tax Assets / Liabilities	As at 31 March, 2021	As at 31 March, 2020
Deferred Tax Liabilities		
Property, plant and equipment, and intangible assets	11,180.18	10,116.36
Cross Currency Swap	22.14	16.34
Others	6.59	(13.21)
Gross Deferred Tax Liabilities	**11,208.91**	**10,119.49**
Deferred Tax Assets		
Defined benefit obligations	487.75	441.53
Employees benefit liability	53.98	26.14
On unabsorbed loss of subsidiaries	2,108.17	1,172.83
MAT Credit Entitlement Benefit	3,516.28	4,279.10
On Grants	309.14	-
Others	5.35	1.44
Gross Deferred Tax Assets	**6,480.67**	**5,921.04**
Net Deferred Tax Liabilities	**4,728.24**	**4,198.45**

Movement of Deferred Tax Assets / Deferred Tax Liabilities	As at 01 April, 2020	Through Acquisition/ others	Recognised in statement of profit & loss	Recognised in OCI	As at 31 March, 2021
Deferred Tax Liabilities					
Property, plant and equipment, and intangible assets	10,116.36	502.18	566.51	(4.87)	11,180.18
Cross Currency Swap	16.34	-	-	5.80	22.14
Others	(13.21)	30.98	(8.32)	(2.86)	6.59
Gross Deferred Tax Liabilities	**10,119.49**	**533.16**	**558.19**	**(1.93)**	**11,208.91**
Deferred Tax Assets					
Defined benefit obligations	441.53	-	38.28	7.94	487.75
Employees benefit liability	26.14	-	27.84	-	53.98
On unabsorbed loss of subsidiaries	1,172.83	-	935.34	-	2,108.17
MAT Credit Entitlement Benefit	4,279.10	365.20	(1,128.02)	-	3,516.28
On Grants	-	-	309.14	-	309.14
Others	1.44	-	3.91	-	5.35
Gross Deferred Tax Assets	**5,921.04**	**365.20**	**186.49**	**7.94**	**6,480.67**
Net Deferred Tax Liabilities	**4,198.45**	**167.96**	**371.70**	**(9.87)**	**4,728.24**

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

38 PAYMENTS TO AUDITORS

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
a) Statutory Audit	24.41	18.14
b) Reimbursement of expenses	-	0.64
Total	**24.41**	**18.78**
Note : Excluding applicable tax.		

39 SEGMENT INFORMATION

The Company is mainly engage in the business of manufacturing of pharmaceutical product and wind power generation. The formulation and product development are inter related and integral part of business of "pharmaceutical products". In accordance with the provisions of IND AS - 108 power segment is not falling in the prescribed limit specified, hence segment reporting is not applicable.

(a) Information about Products and Services:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Pharmaceutical product and services	89,504.24	89,288.52
Power sales	511.66	598.99
others	97.11	903.47
Total	**90,113.01**	**90,790.98**

(b) Information about geographical areas

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(i) Revenues		
(A) Within India	33,135.20	29,487.26
(B) Outside India		
(i) Europe	26085.35	20169.67
(ii) USA	13292.68	19383.47
(iii) ROW	17599.78	21,750.58
Total	**90,113.01**	**90,790.98**

Particulars	As at 31 March, 2021	As at 31 March, 2020
ii) Non-current Assets		
(A) Within India	166,925.06	130,930.92
(B) Outside India	2,131.80	3,411.65
Total	**169,056.86**	**134,342.57**

Note: Non-current Assets excludes financial assets

(c') Information about major customer

The Company has two customers who contributed more than 10% of the Company's total revenue during the current year and three customers during the previous year.

Notes Forming Part of Consolidated Financial Statement
for the year ended 31 March, 2021
(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

40 OPERATING LEASE

The Company has entered into lease agreements for use of land for its production and R&D facility which expires over a period. Future minimum lease payments and payment profile of non-cancellable operating leases are as under:

(a) Land

Particulars	As at 31 March, 2021	As at 31 March, 2020
Not later than one year	33.48	33.48
Later than one year and not later than five year	133.90	133.90
Later than five years	1,847.57	1,914.57
Total	**2,014.95**	**2,081.95**

(b) Building

Particulars	As at 31 March, 2021	As at 31 March, 2020
Not later than one year	52.80	71.27
One to Five Year	23.53	145.94
Total	**76.33**	**217.21**

41 RELATED PARTY TRANSACTIONS

Related parties where control exists and related parties with whom transactions have taken place during period 01 April 2020 to 31 March 2021 are listed below:

List of Related Parties

1. Associates
- a) Reva Pharmachem Pvt. Ltd.
- b) Maia Pharmaceuticals INC. USA

2. Joint Venture (JV)
- a) Reva Medicare Pvt. Ltd.
- b) Sravathi Advance Process Technologies Pvt. Ltd.

3. (i) Key Management Personnel-(KMP)
- a) Vishnukant C. Bhutada - Managing Director
- b) Sushil Bajaj - Chief Financial Officer (Resigned w.e.f. 20.01.2021)
- c) V.V. Krishna Chaitanya - Company Secretary
- d) Kalakota Sharath Reddy - Whole Time Director

(ii) Remuneration paid to Directors
- a) Omprakash Inani - Non-Executive Director
- b) Pramod Kasat-Independent Director
- c) Rajender Sunki Reddy-Independent Director
- d) Amit Chander - Independent Director (Retired w.e.f. 02.10.2020)
- e) Sirisha Chintapalli - Independent Woman Director
- f) Piyush Goenka - Independent Director

4. Relatives
- a) Deepak Kumar Inani
- b) Keshav Bhutada
- c) Madhav Bhutada
- d) Triveni Inani

5. Enterprises having common Directors/ Board of Trustees
- a) Shilpa Foundation
- b) Mohini Infra (P) Ltd

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01 April 2020 to 31 March 2021 (Income) / Expenses OtherTransaction	Balance as at 31 March 2021 Payable / (Receivable)	01 April 2019 to 31 March 2020 (Income) / Expenses Other Transaction	Balance as at 31 March 2020 Payable / (Receivable)
A	**Remuneration paid to Key Management Personnel**						
i)	Vishnukant. C. Bhutada	Managing Director	Salary and perquisites*	966.98	454.76	991.98	469.52
ii)	Kalakota Sharath Reddy	Whole Time Director	Salary and perquisites	122.08	7.19	52.62	4.85
iii)	Sushil Bajaj	Chief FinancialOfficer	Salary and perquisites	36.97	-	46.00	2.15
iv)	Madhusudhan Reddy	Company Secretary	Salary and perquisites	-	-	0.06	-
v)	V.V. Krishna Chaitanya	Company Secretary	Salary and perquisites	7.49	0.56	4.08	0.44
B	**Remuneration paid to other Directors**						
i)	Omprakash Inani	Non-executive Director	Sitting Fees	0.50	-	0.40	-
ii)	Carlton Felix Pereira	IndependentDirector	Sitting Fees	-	-	0.20	-
iii)	Pramod Kasat	IndependentDirector	Sitting Fees	0.50	-	0.40	-
iv)	Rajender Sunki Reddy	IndependentDirector	Sitting Fees	0.30	-	0.40	-
v)	Amit Chander	IndependentDirector	Sitting Fees	0.30	-	0.40	-
vi)	Sirisha Chintapalli	Independent Woman Director	Sitting Fees	0.50	-	0.40	-
vii)	Piyush Goenka	IndependentDirector	Sitting Fees	0.50	-	0.20	-
C	**Relative**						
i)	Deepak Kumar Inani	Relative to Director	Salary and perquisites	59.21	3.19	36.88	2.43
ii)	Keshav Bhutada	Relative to Managing Director	Salary and perquisites	18.45	1.06	16.48	0.96
iii)	Madhav Bhutada	Relative to Managing Director	Salary and perquisites	18.45	1.06	16.48	0.96

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01 April 2020 to 31 March 2021 (Income) / Expenses Other Transaction	Balance as at 31 March 2021 Payable / (Receivable)	01 April 2019 to 31 March 2020 (Income) / Expenses Other Transaction	Balance as at 31 March 2020 Payable / (Receivable)
iv)	Keshav Bhutada	Relative to Managing Director	Rent	4.63	1.11	4.41	1.03
v)	Madhav Bhutada	Relative to Managing Director	Rent	4.63	1.11	4.41	1.03
vi)	Triveni Inani	Relative to Director	Rent	3.28	0.79	3.12	1.17
D	**Others**						
i)	Reva Pharmachem Pvt.Ltd.	Associates					
			Support services	-	-	(3.00)	-
			Interest Income (Loan)	-		(4.74)	
			Trade Receivable	-	-	-	(0.87)
ii)	Reva Medicare Pvt. Ltd.	Joint Venture					
			Commission	425.36	-	405.85	-
			Sales of Goodsor Service	(30.45)	-	(1.00)	
			Trade Payable	-	119.68	-	288.21
			Commission Accrued but notpaid	-	88.51	-	-
			Trade Receivable-		(0.41)		(0.29)
iii)	Maia PharmaceuticalsINC. USA	Associates				-	
			Trade Receivable	-	(177.34)	-	(181.88)
iv)	Sravathi Advance Process TechnologiesPvt. Ltd.						
		Interest Income (Loan)	-	-	(2.21)	-	(166.89)
		Purchases of Goods or Service	90.00	-	-	-	(166.89)

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

Sl. No.	Name of the related party	Relationship	Description of transaction	01 April 2020 to 31 March 2021 (Income) / Expenses Other Transaction	Balance as at 31 March 2021 Payable / (Receivable)	01 April 2019 to 31 March 2020 (Income) / Expenses Other Transaction	Balance as at 31 March 2020 Payable / (Receivable)
v)	Shilpa Foundation	Trust in which key managementare the board of trustees					
			Corporate Social Responsibility Expenses	346.61	-	326.33	-
			Expenses incurred on behalf of the related party	-	-	(0.60)	-
			Other Payable	-	337.19	-	-
vi)	Mohini Infra (P) Ltd	Company in which key management are the board ofdirector					
			Godown Rent	14.96	-	8.22	-
			Trade Payable	-	1.17	-	0.70
vii)	Auxilla Pharmaceuticalsand Research LLP	Investment Entity					
			Sales of Goodsor Service	(0.04)	-	-	-
			Purchases of Goods or Service	85.00	-	-	-

a) The above disclosures include related parties as per Ind AS 24 on "Related Party Disclosures" and Companies Act, 2013.

b) As the provisions for gratuity are obtained on an actuarial basis for the Company as a whole amounts pertaining to the Key Management Personnel are not specifically identified and hence not included in the above.

*payable includes commission provision (net)

42 A sum of ₹ 1355.27 lakhs is payable to Micro, Small and Medium Enterprises as at 31st March, 2021 (₹ 1078.38 lakhs as at 31st March, 2020). There are no Micro, Small and Medium Enterprises, to whom the Company overdues, which are outstanding for more than 45 days during the year and also as at 31st March, 2021. This information as required to be disclosed under Micro, Small and Medium Enterprises Development Act has been determined to the extent such parties has been identified on the basis of information available with the Company and relied upon by the Auditors.

43 Out of the sum of ₹ 41.78 lakhs (P.Y. ₹ 41.78 lakhs) the Company has filed appeal before the Karnataka Appellate Tribunal for refund of input tax paid on Capital Goods amounting to ₹ 26.48 lakhs (P.Y. ₹ 26.48 lakhs) and ₹ 2.43 lakhs paid on regular consumable items which in its opinion are allowable under the Act, however disallowed by the assessing authority under Karnataka Value Added Tax Act, 2003. The same is shown under note 7 b) (ii)

44 Disposal Group held for sale

On 31 March,2021, the board of directors of the company approved to sell the 100% stake in Loba feinchemie GMBH held by the group for a consideration of EUR 3.3 million (approximately ₹ 28 crores) to ZR Pharma GMBH. The associated assetsand liabilities were consequently presented as disposal group held for sale in the financial statements for the year ended 31 March, 2021.

Assets and Liabilities of disposal group classified as held for sale

Particulars	As at 31 March, 2021
Assets included in disposal group classified as held for sale	
Property Plant and Equipment	3,489.91
Capital work-in-progress	18.53
Goodwill	399.52
Other Intangible Assets	121.79
Inventories	1,634.91
Trade Receivables	1,604.31
Cash & Cash Equivalents	49.44
Other Assets	1,059.89
Total Assets of disposal group held for sale	**8,378.30**
Liabilities directly associated with disposal group classified as held for sale	
Borrowings	1,604.12
Trade Payables	928.44
Other Liabilities	3,488.43
Total Liabilities of disposal group held for sale	**6,020.99**

45 Business combination for acquisition of FTF Pharma Pvt. Ltd.

On 02 November, 2020, the Company has acquired 100% of equity shares (i.e. 307,697 equity shares of ₹10 each) and 3,900,012 convertible preference shares of ₹10 each of FTF Pharma Private Limited against consideration of ₹ 70 Crores.

The valuation was performed by the Company with support from external advisors to consider the purchase price. The accounting treatment was considered in accordance with Ind AS 103 and lead to the recognition of Goodwill of ₹10.90 Crores.

FTF Pharma has started operation in 2013 and completed successful 8 years of operation with global footprint. FTF has created a brand image in the industry as an experienced, capable and profitable company having vast experience and expertise in drug formulation development. It attracted competent and experienced technical manpower from large pharmaceutical companies to cater to its growth.

Notes Forming Part of Consolidated Financial Statement

for the year ended 31 March, 2021

(All amounts are in Indian Rupees in Lakhs, except share data and per share data, unless otherwise stated)

46 The Company has taken into account all the possible impacts of COVID-19 in preparation of these consolidated financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition and impact on leases. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these consolidated financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements owing to the nature and duration of COVID-19.

47 Balance of trade receivables/ trade payables/advances and security deposits are subject to confirmation

48 Figures of the previous year have been regrouped/rearranged wherever necessary.

As per our report of even date attached
for **Brahmayya & Co.,**
Chartered Accountants
Firm's Registration No. 000513S

K. Shravan
Partner
M. No. 215798

for and on behalf of the Board of Directors of
Shilpa Medicare Limited

Omprakash Inani
Chairman
DIN : 01301385

Vishnukant Bhutada
Managing Director
DIN : 01243391

V.V. Krishna Chaitanya
Company Secretary
M. No. 49415

Place : Raichur
Date : 31 May, 2021

DECLARATION

Our Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and all approvals and permissions required to carry on the Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

____

Omprakash Inani
Non-Executive Chairman
DIN: 01301385

Date: April 8, 2024

Place: Raichur, Karnataka

DECLARATION

We, the Board of Directors of the Company, certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

____

Vishnukant Chaturbhuj Bhutada

Managing Director

DIN: 01243391

I am authorized vide resolution passed by the Securities Issue Committee of the Board of Directors dated March 13, 2024 to sign this form and declare that all the requirements of the Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed:

____

Ritu Tiwary

Company Secretary and Compliance Officer

Date: April 8, 2024

Place: Raichur, Karnataka

SHILPA MEDICARE LIMITED

Registered and Corporate Office

12-6-214/A-1
Shilpa House, Hyderabad Road
Raichur 584 135
Karnataka, India
Tel: +91 85322 38704

Email: cs@vbshilpa.com | **Website:** www.vbshilpa.com
CIN: L85110KA1987PLC008739

Contact Person:

Ritu Tiwary
Company Secretary and Compliance Officer
12-6-214/A1
Shilpa House, Hyderabad Road
Raichur 584 135
Karnataka, India
Tel: +91 85322 38704 | **E-mail:** cs@vbshilpa.com

Lead Manager

DAM Capital Advisors Limited
One BKC, Tower C, 15th Floor
Unit No. 1511
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Maharashtra, India

Statutory Auditors to the Company

Bohara Bhandari Bung and Associates LLP, Chartered Accountants
Anagha Complex, 12-10-89/1
Second Floor
Sath Kacheri Road
Raichur 584 101
Karnataka, India

Monitoring Agency

India Ratings and Research Private Limited
Wockhardt Towers
4th Floor, West Wing
Bandra Kurla Complex, Bandra (E)
Mumbai 400 051, Maharashtra, India

Legal Counsel to the Lead Manager as to Indian law

S&R Associates
One World Center
1403 Tower 2B
841, Senapati Bapat Marg
Lower Parel
Mumbai 400 013
Maharashtra, India

International Legal Counsel to the Lead Manager with respect to Selling and Transfer Restrictions

Hogan Lovells Lee & Lee
50 Collyer Quay
#10-01 OUE Bayfront
Singapore - 049321

SAMPLE APPLICATION FORM

<table>
<tr><td>

SHILPA MEDICARE LIMITED
LEI: 3358002PKUL8S2RNJO60</td><td>APPLICATION FORM

Name of the Bidder
___________________________________</td></tr>
<tr><td>(Incorporated in the Republic of India under the provisions of the Companies Act, 1956)

Registered and Corporate Office: 12-6-214/A-1, Shilpa House, Hyderabad Road, Raichur, 584 135, Karnataka, India; Tel: +91 85 3223 8704;
CIN: L85110KA1987PLC008739; Website: www.vbshilpa.com;
Email: cs@vbshilpa.com; ISIN: INE790G01031</td><td>Form. No.
____

Date:
___________________________________</td></tr>
</table>

QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹1 EACH (THE "EQUITY SHARES") FOR CASH, AT A PRICE OF ₹[●] PER EQUITY SHARE (THE "ISSUE PRICE"), INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE AGGREGATING UP TO ₹[●] LAKH UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT, 2013"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER BY SHILPA MEDICARE LIMITED (THE "COMPANY" AND SUCH ISSUE, THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹[●] PER EQUITY SHARE AND THE COMPANY MAY OFFER A DISCOUNT OF UP TO 5% ON THE FLOOR PRICE, AS APPROVED BY THE SHAREHOLDERS AND IN TERMS OF THE SEBI ICDR REGULATIONS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; or (b) restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws; or (c) unregistered under the applicable laws in India (as applicable); are eligible to invest in the Issue and submit this Application Form. The Equity Shares offered in the Issue have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the Securities Act ("Regulation S") and the applicable laws of the jurisdictions where those offers and sales are made. You should note and observe the solicitation and distribution restrictions contained in "*Selling Restrictions*" and "*Transfer Restrictions*" of the preliminary placement document dated April 8, 2024 (the "PPD")

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdictions.

ELIGIBLE NON-RESIDENT QIBS CAN PARTICIPATE IN THE ISSUE IN COMPLIANCE WITH FEMA RULES. ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER THE RESPECTIVE SCHEDULES OF FEMA RULES, IN THIS ISSUE, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIS DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. ALLOTMENTS MADE TO AIFs AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY. PURSUANT TO THE FDI POLICY READ ALONG WITH PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY FROM A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE, AS PRESCRIBED IN THE FEMA RULES AND SHALL HAVE TO BE IN CONFORMITY WITH THE APPLICABLE PROVISIONS OF THE FEMA RULES.

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To,

The Board of Directors
Shilpa Medicare Limited
12-6-214/A-1, Shilpa House
Hyderabad Road
Raichur, 584 135
Karnataka, India

Dear Sir/ Ma'am,

STATUS (Please ✓)			
FI	Banks & Financial Institutions	FPI	Foreign Portfolio Investor*
MF	Mutual Funds	NIF	National Investment Fund
AIF	Alternative Investment Funds	SI-NBFC	Systematically Important Non-Banking Financial Company
VCF	Venture Capital Funds		
IC	Insurance Companies	OTH	Others
IF	Insurance Funds		______________ ______________ (Please Specify**)**

**Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 excluding individuals, corporate offices and family offices who are not allowed to apply in the Issue.*

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, on the terms and price indicated below. We confirm that we are an Eligible QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) prohibited from participating in the Issue under the SEBI ICDR Regulations and other applicable laws and that we are not a promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the Promoters of the Company, directly or indirectly, and this Application Form does not, directly or indirectly, represent the Promoters or Promoter Group or persons related to the Promoters. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with Promoters or members of the Promoter Group of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company. We confirm that we are either a QIB which is a resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. We confirm that we are not an FVCI. We confirm that the bid size / aggregate number of Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid does not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**"). We further understand and agree that (i) our names, address, phone number, PAN and bank account details will be recorded by the Company as required in terms of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended ("**PAS Rules**"); (ii) in the event that any Equity Shares are Allocated to us in the Issue, our names (as proposed Allottees) and the percentage of our to be post-Issue shareholding in the Company will be disclosed in the Placement Document pursuant to the requirements under Form PAS-4 of the PAS Rules; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Karnataka at Bangalore (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company will disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of National Stock Exchange of India Limited and BSE Limited (together referred to as the "**Stock Exchanges**"), and we consent to such disclosure. In addition, we confirm that we are eligible to invest in Equity Shares under the relevant SEBI regulations and other applicable laws.

We confirm that, we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate offices and family offices), and including persons who have been registered under these regulations (such FPIs, the "**Eligible FPIs**"), has submitted a separate Application Form, and asset management companies or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the price and amount to be Allotted under each such scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals. We note that the Board of Directors of the Company, or any duly authorized committee thereof, is entitled, in consultation with DAM Capital Advisors Limited (the "**Lead Manager**"), in its absolute discretion, to accept or reject this Application Form without assigning any reason thereof. We hereby accept the Equity Shares that may be Allocated to us pursuant to the Confirmation of Allotment Notice ("**CAN**") and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of Application Form and Bid Amount towards the Equity Shares that may be Allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form within the Issue Closing Date and such Bid Amount has been/will be transferred from a bank account maintained in our name. We acknowledge and agree that we have not/ shall not make any payment in cash or cheque. We also agree that the amount payable for the Equity Shares in the Issue is being made from the bank account maintained in our name, and in case we are joint holders, from the bank account of the person whose name appears first in the Application Form. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the Lead Manager; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount has been paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in requirements, if any. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in requirements, if any, as may be applicable to us.

By signing and submitting this Application Form, we hereby confirm and agree that the representations, warranties, agreements and acknowledgements as provided in the "*Notice to Investors*", "*Representations by Investors*", "*Issue Procedure*", "*Selling Restrictions*" and "*Transfer Restrictions*" sections of the PPD are true and correct and acknowledge and agree that these representations, warranties and agreements are given by us for the benefit of the Company and the Lead Manager, each of which is entitled to rely on and is relying on these representations, warranties and agreements in consummating the Issue.

By signing and submitting this Application Form, we hereby represent, warrant and acknowledge to and agree with the Company and the Lead Manager as follows: (1) we have been provided a serially numbered copy of the PPD, have read it in its entirety including, in particular, the section titled "*Risk Factors*" therein, and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the

Lead Manager or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the CAN and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares issued pursuant to the Issue are received from the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the discretion of the Company in consultation with the Lead Manager and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, 2013, upon Allocation, the Company will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document and we acknowledge that for such information, the Lead Manager has relied on the information provided by the Registrar for obtaining details of our shareholding, and we consent to and authorize such disclosure in the Placement Document; however, we acknowledge that the disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment shall continue to be at the sole discretion of the Company, in consultation with the Lead Manager; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue (for the purposes of this representation; the expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations, *i.e.*, entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, among the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations); (9) we agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, the applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below; (10) we are located outside the United States and purchasing the Equity Shares in an "offshore transaction" as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where such offers and sales are made; (11) we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares; (12) no action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction; (13) we satisfy any and all relevant suitability standards for investors in the Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in the Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares; (14) we acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date; and (15) in case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB.

BIDDER DETAILS (In Block Letters)	
NAME OF BIDDER*	
NATIONALITY	
REGISTERED ADDRESS	
CITY AND CODE	
COUNTRY	
PHONE NO.	
EMAIL	
FOR FPIs**	SEBI FPI REGISTRATION NO. ________________
FOR AIFs***	SEBI AIF REGISTRATION NO. ________________
FOR MFs	SEBI MF REGISTRATION NO.________________
FOR VCFs***	SEBI VCF REGISTRATION NO. ________________
FOR SI-NBFC	RBI REGISTRATION DETAILS. ________________
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS. ________________
FOR PENSION FUNDS	PFRDA REGISTRATION DETAILS.________________

**Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Mutual Fund bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the Lead Manager.*

*** In case you are an FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI registration number.*

**** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

DEPOSITORY ACCOUNT DETAILS

Depository Name (Please ✓)	National Securities Depository Limited								Central Depository Services (India) Limited
Depository Participant Name									
DP – ID	I	N							
Beneficiary Account Number									(16-digit beneficiary A/c. No. to be mentioned above)

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purposes of refund, if any, only the bank details as mentioned below, from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

ESCROW ACCOUNT - BANK ACCOUNT DETAILS FOR PAYMENT OF BID

REMITANCE BY WAY OF ELECTRONIC FUND TRANSFER

By 3.00 p.m. (IST), [day] [Closing date]

BANK ACCOUNT DETAILS FOR PAYMENT OF BID AMOUNT THROUGH ELECTRONIC FUND TRANSFER

Name of the Account	SHILPA MEDICARE LIMITED QIP ESCROW ACCOUNT 2024	**Account Type**	Escrow Account
Name of Bank	Axis Bank Limited	**Address of the Branch of the Bank**	MPL NO 1-10-151 ,RANJITHA PALACE, STATION ROAD, RAICHUR-584101
Account No.	924020019168682	**IFSC**	UTIB0000412
Phone No.	+91 85 3223 8704		

Kindly make your payment only by way of electronic fund transfers, towards the Escrow Account**.** Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Issue Period, *i.e.,* within the Issue Closing Date. All payments must be made in favour of "[●]". The payment for subscription to the Equity Shares to be allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE

Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	

NO. OF EQUITY SHARES APPLIED FOR		PRICE PER EQUITY SHARE (RUPEES)	
(In Figures)	(In Words)	(In Figures)	(In Words)

BID AMOUNT (RUPEES)	
(In Figures)	(In Words)

DETAILS OF CONTACT PERSON

Name:

Address:

Tel. No:

Email:

OTHER DETAILS	
PAN*	
Legal Entity Identifier Code	
Signature of Authorized Signatory	

ENCLOSURES ATTACHED
☐ Copy of the PAN Card or PAN Allotment Letter ☐ FIRC ☐ Copy of the SEBI registration certificate as a Mutual Fund ☐ Copy of the SEBI registration certificate as an Eligible FPI ☐ Copy of the SEBI registration certificate as an AIF ☐ Copy of the SEBI registration certificate as a VCF ☐ Certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached, in case of SI-NBFC/ Banks/public financial institutions ☐ Copy of the IRDAI registration certificate ☐ Certified true copy of power of attorney ☐ Others, please specify_______________________________

**Please note that the Bidder should not submit the GIR number or any other identification number instead of the PAN as the application is liable to be rejected on this ground.*

Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD and Placement Document.
Note 2: The Application Form is liable to be rejected if any information provided is incomplete or inadequate.
Note 3: The duly filed Application Form along with all enclosures shall be submitted to the Lead Manager either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in the PPD.

The Application Form, the PPD and the Placement Document sent to you, either in physical form or in electronic form or both, are specific to you and you may not distribute or forward the Application Form, the PPD or the Placement Document and are subject to the disclaimers and restrictions contained or accompanying these documents.

(Note: The format of the Application Form included above is indicative and for illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. Our Company, in consultation with the Lead Manager, shall identify Eligible QIBs and circulate serially numbered copies of this Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should be made only upon receipt of serially numbered copies of this Preliminary Placement Document and the Application Form and not on the basis of the indicative format above)