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Independent Auditor's Report

To the Members of Akums Drugs and Pharmaceuticals Limited

Report on the Audit of Standalone financial statements

Opinion

1. We have audited the accompanying standalone financial statements of **Akums Drugs and Pharmaceuticals Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit 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 Standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the 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 is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and Auditor's Report thereon

4. The Company's Board of Directors are responsible for the other information. Other information does not include the standalone financial statements and our auditor's report thereon.

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



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Independent Auditor's Report to the members of Akums Drugs and Pharmaceuticals Limited on the standalone financial statements for the year ended 31 March 2024 (cont'd)

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. The Director's report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those charged with Governance for the Standalone financial statements

5. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's 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 standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone financial statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing 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 financial statements.
9. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to 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;



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Independent Auditor's Report to the members of Akums Drugs and Pharmaceuticals Limited on the standalone financial statements for the year ended 31 March 2024 (cont'd)

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

11. The standalone financial statements include the Company's share of net profit (including other comprehensive income) of Rs 89.35 million for the year ended 31 March 2024 from a Limited Liability Partnership Firm ('LLP') in which the Company has invested, whose financial statements have not been audited by us. These financial statements have been audited by another auditor, which has been furnished to us by the management. Our opinion on the accompanying standalone financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid LLP is based solely on the report of the other auditor.

Our opinion above on the standalone financial statements is not modified in respect of the above matter with respect to our reliance on the work done by and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

12. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
13. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
14. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, 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 purpose of our audit of the accompanying standalone financial statements;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except for the matters stated in paragraph 14(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);
 - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;



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Independent Auditor's Report to the members of Akums Drugs and Pharmaceuticals Limited on the standalone financial statements for the year ended 31 March 2024 (cont'd)

- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act;
- f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 14(b) above on reporting under section 143(3)(b) of the Act and paragraph 14(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);
- g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2024 and the operating effectiveness of such controls, refer to our separate report in Annexure II wherein we have expressed an unmodified opinion; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company, as detailed in note 35 to the standalone financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March 2024;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2024;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2024;
 - iv.
 - a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 58(e) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 58(f) to the standalone financial statements, no funds have been received by the Company from any person or entity, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
 - v. The Company has not declared or paid any dividend during the year ended 31 March 2024.



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Independent Auditor's Report to the members of Akums Drugs and Pharmaceuticals Limited on the standalone financial statements for the year ended 31 March 2024 (cont'd)

- vi. As stated in Note 57(a) to the standalone financial statements and based on our examination which included test checks, except for instances mentioned below, the Company, in respect of financial year commencing on 1 April 2023, have used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the exceptions given below:

Nature of exception noted	Details of Exception
Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not operated throughout the year for all relevant transactions recorded in the software.	The audit trail feature was not enabled at the database level for accounting software to log any direct data changes, used for maintenance of all accounting records by the Company.
Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature	The accounting software used for maintenance of payroll records of the Company which is operated by a third-party software service provider. In the absence of any information on existence of audit trail (edit logs) for any direct changes made at the database level in the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information), we are unable to comment on whether audit trail feature with respect to the database level of the said software was enabled and operated throughout the year.

For Walker Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013



Tarun Gupta
Partner
Membership No.: 507892
UDIN: 24507892BKEITL8026



Place: New Delhi
Date: 31 May 2024

Walker Chandiook & Co LLP

Annexure I referred to in paragraph 13 of the Independent Auditor's Report of even date to the members of Akums Drugs and Pharmaceuticals Limited on the standalone financial statements for the year ended 31 March 2024

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, capital work-in-progress, investment property and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The property, plant and equipment, investment property, capital work-in-progress and relevant details of right-of-use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification programme adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties including investment properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in Note 2a to the standalone financial statements, are held in the name of the Company.
- (d) The Company has adopted cost model for its Property, Plant and Equipment (including right-of-use assets) and intangible assets. Accordingly, reporting under clause 3(i)(d) of the Companies (Auditor's Report) Order, 2020 (hereinafter referred to as 'the Order') is not applicable to the Company.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records and in respect of goods-in-transit, these have been confirmed from corresponding receipt and/or dispatch inventory records.
- (b) As disclosed in Note 21 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of Rs. 50.00 million, by banks based on the security of current assets. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and such returns/statements are in agreement with the books of account of the Company for the respective periods, which were not subject to audit/review.
- (iii) (a) The Company has provided loan and guarantees to Subsidiaries during the year as per details given below:

Particulars	₹ in million	
	Guarantees	Loans
Aggregate amount provided/granted during the year:		
- Subsidiaries	114.09	27,274.35
Balance outstanding as at balance sheet date in respect of above cases:		
- Subsidiaries	114.09	10,655.50

Chartered Accountants



Annexure I referred to in Paragraph 13 of the Independent Auditor's Report of even date to the members of Akums Drugs and Pharmaceuticals Limited on the standalone financial statements for the year ended 31 March 2024 (cont'd)

- (b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided and terms and conditions of the grant of all loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company.
- (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular.
- (d) There is no overdue amount in respect of loans granted to such companies, firms, LLPs or other parties.
- (e) The Company has not granted any loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan that existed as at the beginning of the year.
- (f) The Company has not granted any loan, which is repayable on demand or without specifying any terms or period of repayment.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of loans and investments made and guarantees and security provided by it, as applicable. Further, the Company has not entered into any transaction covered under section 185 of the Act.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred to in subclause (a) above that have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross amount (₹) in million	Amount paid under Protest (₹) in million	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax	Income Tax	11.51	1.11	FY 2016-17	CIT (A)	-
		6.25	0.90	FY 2017-18	CIT (A)	-
		11.09	-	FY 2019-20	CIT (A)	-
		13.37	-	FY 2021-22	CIT (A)	-

Annexure I referred to in Paragraph 13 of the Independent Auditor's Report of even date to the members of Akums Drugs and Pharmaceuticals Limited on the standalone financial statements for the year ended 31 March 2024 (cont'd)

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary companies.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.



Annexure I referred to in Paragraph 13 of the Independent Auditor's Report of even date to the members of Akums Drugs and Pharmaceuticals Limited on the standalone financial statements for the year ended 31 March 2024 (cont'd)

- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system which is commensurate with the size and nature of its business as required under the provisions of section 138 of the Act.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information in the financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) According to the information and explanations given to us, the Company has met the criteria as specified under sub-section (1) of section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, however, in the absence of average net profits in the immediately three preceding years, there is no requirement for the Company to spend any amount under sub-section (5) of section 135 of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013



Tarun Gupta
Partner
Membership No.: 507892
UDIN: 24507892BKEITL8026



Place: New Delhi
Date: 31 May 2024

Chartered Accountants

Walker Chandiook & Co LLP

Annexure II to the Independent Auditor's Report of even date to the members of Akums Drugs and Pharmaceuticals Limited on the standalone financial statements for the year ended 31 March 2024

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Akums Drugs and Pharmaceuticals Limited ('the Company') as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statement criteria established by the Company considering the essential component of internal control stated in Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the 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 for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note 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 financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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



Walker Chandiook & Co LLP

Annexure II to the Independent Auditor's Report of even date to the members of Akums Drugs and Pharmaceuticals Limited on the standalone financial statements for the year ended 31 March 2024 (cont'd)

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Tarun

Tarun Gupta

Partner

Membership No.: 507892

UDIN: 24507892BKEITL8026

Place: New Delhi

Date: 31 May 2024



Akums Drugs and Pharmaceuticals Limited
CIN - U24239DL2004PLC125888
Standalone Balance Sheet as at 31 March 2024
(All amounts in ₹ million unless otherwise stated)

Particulars	Notes	As at 31 March 2024	As at 31 March 2023
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	2a	2,507.76	2,032.84
(b) Right-of-use assets	54	446.24	477.50
(c) Capital work-in-progress	2b	85.66	161.29
(d) Investment property	3	188.63	192.57
(e) Intangible assets	4a	30.82	21.12
(f) Intangible assets under development	4b	0.86	1.22
(g) Financial assets			
(i) Investments	5	1,389.24	1,391.60
(ii) Loans	6	10,716.68	9,148.94
(iii) Others financial assets	7	93.67	118.76
(h) Non-current tax assets (net)	8	46.87	53.33
(i) Deferred tax assets (net)	20	-	31.34
(j) Other non-current assets	9	115.41	100.74
Total non-current assets		15,621.84	13,731.25
(2) Current assets			
(a) Inventories	10	1,617.03	1,971.20
(b) Financial assets			
(i) Trade receivables	11	2,337.94	2,561.33
(ii) Cash and cash equivalents	12a	689.57	72.33
(iii) Bank balances other than (ii) above	12b	43.53	16.12
(iv) Others financial assets	13	246.31	91.94
(c) Current tax assets (net)	14a	-	114.05
(d) Other current assets	14b	397.00	383.85
Total current assets		5,331.38	5,210.82
(3) Assets held for sale			
	14c	1.03	-
Total Assets		20,954.25	18,942.07
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	286.13	286.13
(b) Other equity	16	1,152.65	2,828.91
Total equity		1,438.78	3,115.04
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	156.25	218.75
(ii) Lease liability	54	387.15	407.75
(iii) Other financial liabilities	18	13,738.05	10,152.89
(b) Provisions	19	113.52	82.07
(c) Deferred tax liabilities (net)	20	103.13	-
Total non-current liabilities		14,498.10	10,861.46
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	2,106.61	1,237.10
(ii) Lease liability	54	20.60	17.43
(iii) Trade payables	22		
Total outstanding dues to micro and small enterprises; and		121.99	143.89
Total outstanding dues of creditors other than micro and small enterprises		1,527.15	1,635.83
(iv) Other financial liabilities	23	1,031.13	970.09
(b) Other current liabilities	24	155.90	903.76
(c) Provisions	25	53.99	57.47
Total current liabilities		5,017.37	4,965.57
Total equity and liabilities		20,954.25	18,942.07

Summary of the material accounting policies and other explanatory information

1-58

This is the Standalone Balance Sheet referred to in our report of even date

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/ N500013



Tarun Gupta
Partner
Membership No: 507892



For and on behalf of Board of Directors of
Akums Drugs and Pharmaceuticals Limited



Sanjeev Jain
Director
DIN: 00323433



Sandeep Jain
Director
DIN: 00323476



Dharamvir Malik
Company Secretary
Mem. No.: FCS 8596



Sumeet Sood
Chief Financial Officer

Place : New Delhi
Date : 31 May 2024

Place : New Delhi
Date : 31 May 2024

Akums Drugs and Pharmaceuticals Limited
CIN - U24239DL2004PLC125888
Standalone Statement of Profit and Loss for the year ended 31 March 2024
(All amounts in ₹ million unless otherwise stated)

Particulars	Note	Year ended 31 March 2024	Year ended 31 March 2023
INCOME			
Revenue from operations	26	14,441.19	12,868.26
Other income	27	941.21	961.53
Total Income		15,382.40	13,829.79
EXPENSES			
Cost of materials consumed		8,672.35	7,912.11
Change in inventories of finished goods and work-in-progress	28	64.42	(30.55)
Employee benefits expense	29	1,752.80	1,472.97
Finance costs	31	183.13	131.76
Depreciation and amortisation expense	32	326.94	300.03
Fair value changes on financial instruments	18.1	3,577.74	(439.70)
Other expenses	30	1,640.46	1,534.65
Total expenses		16,217.84	10,881.27
(Loss)/ Profit before exceptional items and tax		(835.44)	2,948.52
Exceptional items	33	(193.89)	(1,445.33)
(Loss)/ Profit before tax		(1,029.33)	1,503.19
Tax expense:			
Current income tax			
for current period		469.90	413.29
for earlier years		13.50	(3.32)
Deferred tax (credit)/ charge		141.78	(161.08)
Total tax expense		625.18	248.89
(Loss)/ Profit for the period		(1,654.51)	1,254.30
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
Re-measurement gains/(losses) on defined benefit plans		(29.07)	7.16
Tax effect relating to these items		7.32	(1.80)
Total other comprehensive income, net of tax		(21.75)	5.36
Total comprehensive income (comprising of profit for the period and other comprehensive income for the period)		(1,676.26)	1,259.66
Earnings per equity share of ₹ 2 (31 March 2023: ₹ 2) each			
Basic and diluted	34	(11.56)	8.77

Summary of the material accounting policies and other explanatory information 1-58

This is the Standalone Statement of Profit and Loss referred to in our report of even date


For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/ N500013


Tarun Gupta
Partner
Membership No: 507892

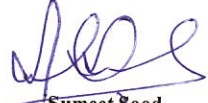


For and on behalf of Board of Directors of
Akums Drugs and Pharmaceuticals Limited


Sanjeev Jain
Director
DIN: 00323433


Sandeep Jain
Director
DIN: 00323476


Dharamvir Malik
Company Secretary
Mem. No.: FCS 8596


Sumeet Sood
Chief Financial Officer

Place : New Delhi
Date : 31 May 2024

Place : New Delhi
Date : 31 May 2024



Akums Drugs and Pharmaceuticals Limited
CIN - U24239DL2004PLC125888
Statement of Changes in Equity for the year ended 31 March 2024
(All amounts in ₹ million unless otherwise stated)

a. Equity share capital

Particulars	Amount
As at 1 April 2022	143.07
Changes in equity share capital	143.06
As at 31 March 2023/ 1 April 2023	286.13
Changes in equity share capital (refer note 15.1 for details)	-
As at 31 March 2024	286.13

b. Other equity

Particulars	Reserves and surplus			Total
	Retained earnings	Share options outstanding account	Put option reserve	
Balance as at 1 April 2022	3,513.55	-	(1,801.24)	1,712.31
Add: Profit for the year	1,254.30	-	-	1,254.30
Less: Utilisation on account of bonus issue	(143.06)	-	-	(143.06)
Add: Other comprehensive income for the year, net of tax				
- Remeasurement of defined benefit plans	5.36	-	-	5.36
Balance as at 31 March 2023/ 1 April 2023	4,630.15	-	(1,801.24)	2,828.91
Add: Loss for the year	(1,654.51)	-	-	(1,654.51)
Add: Other comprehensive income for the year, net of tax				
- Remeasurement of defined benefit plans net	(21.75)	-	-	(21.75)
Total comprehensive income for the year	2,953.89	-	(1,801.24)	1,152.65
Add: Employee stock options granted during the year	-	6.91	-	6.91
Less: Employee stock options cancelled during the year	-	(6.91)	-	(6.91)
Balance as at 31 March 2024	2,953.89	-	(1,801.24)	1,152.65

Summary of the material accounting policies and other explanatory information

1-58

This is the Statement of Changes in Equity referred to in our report of even date

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/ N500013



Tarun Gupta
Partner
Membership No: 507892



For and on behalf of Board of Directors of
Akums Drugs and Pharmaceuticals Limited



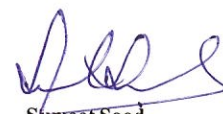
Sanjeev Jain
Director
DIN: 00323433



Sandeep Jain
Director
DIN: 00323476



Dharamvir Malik
Company Secretary
Mem. No.: FCS 8596



Sumeet Sood
Chief Financial Officer

Place : New Delhi
Date : 31 May 2024

Place : New Delhi
Date : 31 May 2024



Akums Drugs and Pharmaceuticals Limited
CIN - U24239DL2004PLC125888
Standalone Statement of Cash Flow for the year ended 31 March 2024
(All amounts in ₹ million unless otherwise stated)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
A. Cash flow from operating activities		
Net (loss)/ profit before tax	(1,029.33)	1,503.19
Adjustments for:		
Depreciation and amortisation	326.94	300.03
Bad debts	7.74	8.19
Diminution in the value of investment in subsidiaries	1.43	30.64
Loans given written off	192.46	710.00
Impairment of intangible assets under development	-	697.50
Loss on disposal of investment in subsidiaries	-	7.19
Fair value changes on financial instruments	3,577.74	(439.70)
Provision for expected credit loss on trade receivable	27.96	5.43
Provision on advance to suppliers	-	36.00
Loss on sale of property, plant and equipment	2.89	(46.37)
Interest expense	183.13	131.76
Interest income	(749.22)	(617.47)
Liability no longer required written back	(1.71)	(173.68)
Share of profit from investment in firm/ LLP	(89.35)	(51.80)
Rental income	(39.95)	(42.65)
Operating profit before working capital changes	2,410.73	2,058.26
Adjustments for movement in working capital changes:		
Inventories	354.17	(178.11)
Trade receivables	187.69	464.32
Other financial assets	(93.66)	72.46
Other assets	(20.43)	(127.32)
Trade payables	(130.58)	(741.43)
Other financial liabilities	54.92	59.11
Provisions	0.61	60.71
Other liabilities	78.51	(424.87)
Cash flow generated from operations (gross)	2,841.96	1,243.13
Less: taxes paid (net)	(362.89)	(303.00)
Net cash flow generated from operating activities (A)	2,479.07	940.13
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets (including investment property, capital work-in-progress, capital advances and payable towards property, plant and equipment)	(718.59)	(1,162.60)
Proceeds from sale of property plant and equipment	7.94	128.26
Advance against assets held for sale	1.03	-
Investment in subsidiaries and associate	(0.10)	(15.54)
Investment in deposits having original maturity of more than 3 months, net	3.32	(4.86)
Loan given to subsidiary companies / LLP	(27,274.35)	(20,471.34)
Loan repaid by subsidiary companies / LLP	25,514.15	18,827.21
Withdrawals from partnership firm	23.00	34.28
Interest received	749.22	600.26
Rent received	39.95	42.65
Net cash flow (used in) investing activities (B)	(1,654.43)	(2,021.68)
C. Cash flow from financing activities		
Proceeds from non-current borrowings	(31.25)	250.00
Proceeds from / (repayment of) current borrowings (net)	24.41	797.54
Payment of lease liabilities	(54.99)	(42.21)
Interest paid	(145.57)	(106.33)
Net cash flow (used in)/ generated from financing activities (C)	(207.40)	899.00
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	617.24	(182.55)
Cash and cash equivalents at the beginning of the year	72.33	254.88
Cash and cash equivalents at the end of the year	689.57	72.33

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Akums Drugs and Pharmaceuticals Limited

CIN - U24239DL2004PLC125888

Standalone Statement of Cash Flow for the year ended 31 March 2024*(All amounts in ₹ million unless otherwise stated)***Statement of cash flow (cont'd)**

Components of cash and cash equivalents are as below:

	As at 31 March 2024	As at 31 March 2023
Balance with scheduled banks		
in current accounts	68.68	72.08
in deposit accounts with original maturity of less than 3 months	620.29	-
Cash on hand	0.60	0.25
	689.57	72.33

Disclosures as required in terms of Ind AS 7 'Statement of cash flows' related to the change in financial liabilities arising from financing activity is as below:

Particulars	Current borrowings	Non-current borrowings	Lease liabilities	Put option liability	Total
Net debt as on 1 April 2022*	1,222.16	-	180.70	10,515.74	11,918.60
Cash flows					
(Repayments)/ Proceeds	797.54	250.00	(42.21)	-	1,005.33
Non cash changes					
Interest on lease liability	-	-	25.43	-	25.43
Put option measurement/ fair value changes (refer note 18.1)	-	-	-	(439.70)	(439.70)
New leases	-	-	261.26	-	261.26
Balance as on 31 March 2023/ 1 April 2023	2,019.70	250.00	425.18	10,076.04	12,770.92
Cash flows					
Proceeds					
(Repayments)/ Proceeds	24.41	(31.25)	(54.99)	-	(61.83)
Non cash changes					
Interest on lease liability	-	-	37.56	-	37.56
Put option measurement/ fair value changes (refer note 18.1)	-	-	-	3,577.74	3,577.74
Balance as on 31 March 2024	2,044.11	218.75	407.75	13,653.78	16,324.39

Summary of the material accounting policies and other explanatory information

1-58

This is the Standalone Statement of Cash Flow referred to in our report of even date.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/ N500013

**Tarun Gupta**

Partner

Membership No: 507892

For and on behalf of Board of Directors of
Akums Drugs and Pharmaceuticals Limited**Sanjeev Jain**

Director

DIN: 00323433

**Sandeep Jain**

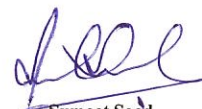
Director

DIN: 00323476

**Dharamvir Malik**

Company Secretary

Mem. No.: FCS 8596

**Sumeet Sood**

Chief Financial Officer

Place : New Delhi

Date : 31 May 2024

Place : New Delhi

Date : 31 May 2024



1 Company overview and summary of material accounting policies

1.1 Company overview

Akums Drugs and Pharmaceuticals Limited (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Delhi.

The Company is engaged in contract manufacturing which involves manufacturing of pharmaceutical formulations and specializes in developing new formulations, undertaking bio equivalence studies, clinical trials, obtaining Drug Controller General of India's (DCGI) approval for manufacturing and marketing new Fixed Dose Combinations (FDCs) & molecules and thereby offering new formulations with Company's own technology to its customers under their brand names.

1.2 Basis of preparation

The standalone financial statement of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 ("Act") read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The standalone financial statements have been prepared under the historical cost convention and amortised costs basis except for certain financial assets and liabilities which are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The standalone financial statements of the Company are presented in Indian Rupees (₹), which is also its functional currency and all amounts disclosed in the financial statements and notes have been rounded off to the nearest two decimals in million as per the requirement of Schedule III to the Act, unless otherwise stated.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The Company has prepared the standalone financial statements on accrual and going concern basis.

The standalone financial statements of the Company for the year ended 31 March 2024 were approved and authorised for issue by Board of Directors in their meeting held on 31 May 2024. The Board of Directors can permit revisions to these financial statements after obtaining necessary approvals or at the instance of regulatory authorities, as per provisions of the Act.

The standalone financial statements have been prepared using the material accounting policies and measurement bases summarised below. These accounting policies have been used throughout all periods presented in the standalone financial statements.

Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as amended from time to time. During the year ended 31 March 2024, MCA has not notified new standards or amendments to the existing standards applicable to the Company.

New and amended standard adopted by the Company

The Ministry of Corporate Affairs vide notification dated 31 March 2023 notified the Companies (Indian Accounting Standards) Amendment Rules, 2023, which amended certain accounting standards (see below), and are effective 1 April 2023:

- Disclosure of accounting policies - amendments to Ind AS 1
- Definition of accounting estimates - amendments to Ind AS 8
- Deferred tax related to assets and liabilities arising from a single transaction - amendments to Ind AS 12

The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

1.3 Use of judgment, estimates and assumptions

The preparation of financial statement is 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, income, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. Accounting estimates could change from period to period. Actual results may differ from these estimates.



Significant management judgement in applying accounting policies and estimation uncertainty

- a) **Recognition of deferred tax assets** - The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.
- b) **Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.
- c) **Useful lives of depreciable/amortisable assets** – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of Company's assets.
- d) **Provisions and contingent liabilities** – The Company is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Company often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the circumstances, when the outcome is not probable, company accounts for that as a contingent liability.
- e) **Employee benefits** – Management's estimate of the employee benefits is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the employee benefits amount and the annual defined benefit expenses.
- f) **Fair value measurement of financial instruments** – When the fair values of financial assets and financial liabilities recorded in the Standalone Financial Statements cannot be measured based on quoted prices in active markets, their fair value is measured using internal valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

1.4 Property, plant and equipment**Recognition and initial measurement**

Property, plant and equipment are stated at their cost of acquisition. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits attributable to such subsequent cost associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

In case an item of property, plant and equipment is acquired on deferred payment basis if any, interest expenses included in deferred payment is recognised as interest expense and not included in cost of asset.

Subsequent measurement (depreciation and useful lives)

Depreciation on property, plant and equipment is provided on the straight line method. The following useful life of assets has been taken by the Company:

Asset class	Useful lives
Buildings	30 years
Plant and equipments	15 years
Furniture and fittings	10 years
Vehicles	8/10 years
Office equipments	5 years
Computers	3/6 years
Research and development equipments	10 years
Electrical installations	10 years
Pollution control equipments	15 years

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

Where, during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'capital work-in-progress'.

De-recognition

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



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1.5 Intangible assets

Recognition and initial measurement

Intangible assets (including Brands/ Trademarks) that are acquired are recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of assets can be measured reliably. The intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortisation and impairment losses, if any.

Subsequent measurement (amortisation)

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The cost thereof is amortised over a period of 5 years. The amortisation period and the amortisation method for intangible assets are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Revenue expenditure on research is recognised as expense in the year in which it is incurred and are included with the respective nature of account heads in the standalone statement of profit and loss.

Capital expenditure on research is shown as addition to property, plant and equipment and depreciation is computed in a manner prescribed for property, plant and equipment.

De-recognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the standalone statement of profit and loss when the asset is derecognised.

1.6 Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

If the Company determines that the fair value at initial recognition differs from the transaction price, the Company accounts for that instrument at that date as follows:

- at the measurement basis mentioned above if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss.
- in all other cases, at the measurement basis mentioned above, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Subsequent measurement of financial assets and financial liabilities is described below.

Non-derivative financial assets

Classification and subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- (i) **Financial assets at amortised cost** – a financial instrument is measured at amortised cost if both the following conditions are met:

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

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

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(ii) **Financial assets at fair value**

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

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Non-Derivative financial liability:-

Initial recognition

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss.

Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using the effective interest method (EIR).

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are integral part of the EIR. The effect of EIR amortisation is included as finance cost in the statement of profit and loss.

De-recognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and Loss.

Offsetting of financial instruments

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

1.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial results are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

For the purpose of fair value disclosures, Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



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1.8 Investment in subsidiaries

An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, an investor controls an investee if and only if the investor has all the following:

- a) power over the investee;
- b) exposure, or rights, to variable returns from its involvement with the investee; and
- c) the ability to use its power over the investee to affect the amount of the investor's returns.

The Company has elected to recognise its investments in subsidiary at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

Investments carried at cost are tested annually for impairment as per requirements of Ind AS 36 - Impairment of Assets.

1.9 Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

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

ECL is the weighted average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider –

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

Trade receivables

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss, the calculation of which is based on historical data, on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

The Company writes off trade receivables after it is established beyond doubt that the account is uncollectible. Financial assets that are written-off are still subject to enforcement activity by the Company.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

1.10 Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed which is the higher of fair value less costs of disposal and value-in-use and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. Impairment losses previously recognised are accordingly reversed in the statement of profit and loss.

To determine value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future re-organisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessment of the time value of money and asset-specific risk factors.



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1.11 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation, as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When provisions are discounted, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised. However, when inflow of economic benefits is probable, related asset is disclosed.

1.12 Operating expenses

Operating expenses are recognised in the standalone statement of profit or loss upon utilisation of the service or as incurred.

1.13 Foreign currency transactions and translations

i. Initial recognition

The Company's standalone financial statements are presented in Indian Rupee (₹), which is also the Company's functional currency. Transactions in foreign currencies are recorded on initial recognition in the functional currency at the exchange rates prevailing on the date of the transaction.

ii. Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

iii. Treatment of exchange difference

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise.

1.14 Earnings per share

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

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

1.15 Taxes

Current income-tax

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

Current income-tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

The Company's ability to recover the deferred tax assets is assessed by the management at the close of each financial year which depends upon the forecasts of the future results and taxable profits that Company expects to earn within the period by which such brought forward losses may be adjusted against the taxable profits as governed by the Income-tax Act, 1961. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset deferred tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle deferred tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.



1.16 Employee benefits

The Company provides post-employment benefits through various defined contribution and defined benefit plans:

Defined contribution plans

The Company's contribution to provident fund and employee state insurance fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees. The Company has no legal or constructive obligation to pay contribution in addition to its fixed contribution.

Defined benefit plans - unfunded

The Company operates a gratuity plan wherein every employee is entitled to the benefit. Gratuity is payable to all eligible employees (who have completed 5 years or more of service) of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payments of Gratuity Act, 1972.

Gratuity is post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of profit and loss under other comprehensive income in the year in which such gains or losses are determined.

Other long-term employee benefits

Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering services (such as, salaries, wages, short-term compensated absences, performance incentives, expected cost of bonus, ex-gratia, etc.) are classified as short-term employee benefits. Expense in respect of short-term employee benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

Equity settled share based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Restated Consolidated Statement of Profit and Loss. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

1.17 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. Cash and Cash Equivalents for the purposes of cash flow statement comprise cash at bank and on hand and bank deposit with banks where original maturity is three months or less.

1.18 Inventories

Inventories include raw material, stores and spares, finished goods, work in progress and packing material.

Inventories are stated at lower of cost or net realisable value. The cost in respect of the various items of inventory is computed as under:

(i) Raw materials and packing materials are valued at lower of cost or net realisable value. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost. The cost includes direct expenses and is determined on the basis of weighted average method.

(ii) Stores and spares - at cost or net realisable value, whichever is less. Cost is computed on weighted average basis.

(iii) Work in progress - includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads as applicable and other costs incurred in bringing the inventories to their present location and condition.

(iv) Finished goods - includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads as applicable 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 any applicable selling expenses. Provision for expired stock and slow moving inventory, if required is made based on management's best estimates of net realisable value of such inventories.



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1.19 Investment property

Investment properties are properties, either land or building or both, held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transactions costs. Subsequent to initial recognition, investment properties are measured in accordance with requirement for cost model.

The Company depreciates building component of investment property over 30 years from the date of original purchase.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Though the Company measures investment property using cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use.

1.20 Revenue recognition

The five step model of Ind AS 115 - 'Revenue from Contracts from Customers' is used to determine whether revenue should be recognised at a point in time or over time, and at what amount is as below:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue from sale of goods is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products and which coincides with the dispatch of goods.

Revenue from services is recognized in accordance with the terms of contract when the services are rendered and the related costs are incurred.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, price concessions and incentives, if any, as specified in the contract with the customer.

Revenue also excludes goods and service tax (GST) collected from customers, since GST not received by the Company on its own account. Rather, it is collected tax on value added to the commodity/services by the seller, on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Accordingly, it is excluded from revenue. Revenue from the sale of goods is net of returns.

1.21 Other income

Other income is comprised primarily of interest income, exchange gain/loss on translation of monetary assets and liabilities etc.

Interest

Interest income is recognised as and when due on the time proportion basis by using effective interest method. Interest income is included under the head "other income" in the standalone statement of profit and loss.

1.22 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

1.23 Borrowings costs

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



1.24 Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a 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 the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

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

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated amortisation and impairment losses, if any.

Right-of-use assets are amortised from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

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 incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment as to whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the standalone Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

1.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company operates in a single segment of production of pharmaceuticals and relevant disclosure requirements as per Ind AS 108 "Operating Segments" have been disclosed by the Company under note no 48.

The board of directors of the Company has been identified as being the chief operating decision maker by the management of the Company.

1.26 Assets held for sale

The Company classifies asset as held for sale if their carrying amount will be recovered principally through a sale rather than through continuing use of the assets and actions required to complete such sale indicate that it is unlikely that significant changes to the plan to sell will be made or that the decision to sell will be withdrawn. Also, such assets are classified as held for sale, if the Management expects to complete the sale within one year from the date of classification. Assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell.

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2a. Property, plant and equipment (PPE)

Particulars	Property, plant and equipment											Total				
	Buildings	Plant and equipments	Furniture and fittings	Vehicles	Office equipments	Computers	Research and development equipments	Electrical installations	Pollution control equipments							
Gross block																
Balance as at 1 April 2022	1,068.60	2,237.48	141.15	30.52	101.10	110.94	419.92	167.36	8.20							4,285.27
Additions	5.27	163.86	22.14	11.13	7.04	36.83	48.80	11.90	-							306.97
Disposals/ adjustments	(12.18)	(57.18)	(0.76)	(3.08)	(0.97)	(0.41)	(4.12)	(0.64)	-							(79.34)
Balance as at 31 March 2023/ 1 April 2023	1,061.69	2,344.16	162.53	38.57	107.17	147.36	464.60	178.62	8.20							4,512.90
Additions	173.17	414.11	82.52	0.14	10.21	36.45	21.78	29.81	-							768.19
Disposals/ adjustments	-	(12.58)	(2.03)	(0.60)	(0.52)	(4.46)	(6.98)	(0.04)	-							(27.21)
Balance as at 31 March 2024	1,234.86	2,745.69	243.02	38.11	116.86	179.35	479.40	208.39	8.20							5,253.88
Accumulated depreciation																
Balance as at 1 April 2022	376.99	1,292.36	78.85	21.07	65.04	72.98	232.64	112.49	4.31							2,256.73
Charge for the year	34.95	148.52	10.25	2.65	9.49	13.64	33.73	7.98	0.55							261.76
Reversal of disposal	(2.90)	(26.91)	(0.61)	(2.92)	(0.79)	(0.32)	(3.53)	(0.45)	-							(38.43)
Balance as at 31 March 2023/ 1 April 2023	409.04	1,413.97	88.49	20.80	73.74	86.30	262.84	120.02	4.86							2,480.06
Charge for the year	37.22	155.05	15.21	2.83	11.07	18.88	32.27	9.50	0.41							282.44
Reversal of disposal	-	(6.79)	(0.92)	(0.57)	(0.47)	(4.05)	(3.58)	-	-							(16.38)
Balance as at 31 March 2024	446.26	1,562.23	102.78	23.06	84.34	101.13	291.53	129.52	5.27							2,746.12
Net block																
As at 31 March 2023	652.65	930.19	74.04	17.77	33.43	61.06	201.76	58.60	3.34							2,032.84
As at 31 March 2024	788.60	1,183.46	140.24	15.05	32.52	78.22	187.87	78.87	2.93							2,507.76

Notes:

(i) Refer note 39 for details of assets pledged as security by the Company.

(ii) Refer note 36 for disclosures of contractual commitments for the acquisition of property, plant and equipment.

(iii) Title deeds of all the immovable property held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are in the name of the Company.



2b. Capital work-in-progress

Particulars	Amount
As at 1 April 2022	5.17
Add: Additions during the year	161.29
Less: Capitalised during the year	(5.17)
As at 31 March 2023/ 1 April 2023	161.29
Add: Additions during the year	85.66
Less: Capitalised during the year	(161.29)
As at 31 March 2024	85.66

2c. Ageing of capital work-in-progress

The table below analyse the capital work-in-progress ageing:

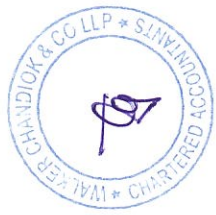
Particulars	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
Plant and equipments pending installation	6.28	-	-	6.28
Building under progress	79.38	-	-	79.38
	85.66	-	-	85.66

31 March 2023

Particulars	Amount in CWIP for a period of			Total
	Less than 1 year	1-2 years	2-3 years	
Plant and equipments pending installation	103.92	-	-	103.92
Building under progress	57.37	-	-	57.37
	161.29	-	-	161.29

Note : There are no such project under capital work in progress whose completion is overdue or has exceeded its cost compared to its original plan as of 31 March 2024 and 31 March 2023.

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Akums Drugs and Pharmaceuticals Limited

CIN - U24239DL2004PLC125888

Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024*(All amounts in ₹ million unless otherwise stated)***3. Investment property****Tangible assets provided on operating lease to wholly owned subsidiaries as follows:**

Particulars	Freehold land	Buildings	Total
Gross carrying value			
Opening balance as at 1 April 2022	113.50	129.58	243.08
Additions during the year	-	-	-
Closing balance as at 31 March 2023/ 1 April 2023	113.50	129.58	243.08
Additions during the year	-	-	-
Closing balance as at 31 March 2024	113.50	129.58	243.08
Accumulated depreciation			
Opening balance as at 1 April 2022	-	46.10	46.10
Charge for the year	-	4.41	4.41
Closing balance as at 31 March 2023/ 1 April 2023	-	50.51	50.51
Charge for the year	-	3.94	3.94
Closing balance as at 31 March 2024	-	54.45	54.45
Net carrying value			
As at 31 March 2023	113.50	79.07	192.57
As at 31 March 2024	113.50	75.13	188.63

Information regarding income and expenditure of Investment property

	Year ended 31 March 2024	Year ended 31 March 2023
Rental income derived from investment properties	21.36	21.36
Less – Depreciation	(3.94)	(4.41)
Profit arising from investment properties before indirect expenses	17.42	16.95

Fair Value of the above said property at the end of the year is ₹ 250.16 million (31 March 2023: ₹ 243.77 million) as valued by an accredited independent valuer with specialisation in valuing these types of properties. The fair value so determined is higher than the carrying value of each respective asset.

Fair market value is the amount expressed in terms of money that may be reasonably be expected to be exchanged between a willing buyer and a willing seller, with equity or both. The valuation by the valuer assumes that Company shall continue to operate and run the assets to have economic utility.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy

The fair value measurement for the investment property has been categorised as a Level 2 fair value based on the inputs to the valuation technique used.

Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments receivable	As at 31 March 2024	As at 31 March 2023
within 1 year	12.96	12.96
1-2 years	12.96	12.96
2-5 years	38.88	38.88
5-10 years	56.16	69.12
Total	120.96	133.92

Further, rental income on short term leases is ₹ 8.40 million (31 March 2023: ₹ 8.40 million).



4(a). Intangible assets

Particulars	Brands /trademarks	Software	Total
Gross carrying value			
Opening balance as at 1 April 2022	4.90	126.26	131.16
Additions during the year	-	5.78	5.78
Closing balance as at 31 March 2023/ 1 April 2023	4.90	132.04	136.94
Additions during the year	-	19.00	19.00
Closing balance as at 31 March 2024	4.90	151.04	155.94
Accumulated amortisation			
Accumulated as at 1 April 2022	4.15	104.92	109.07
Charge for the year	0.57	6.18	6.75
Closing balance as at 31 March 2023/ 1 April 2023	4.72	111.10	115.82
Charge for the year	0.17	9.13	9.30
Closing balance as at 31 March 2024	4.89	120.23	125.12
Net carrying value			
As at 31 March 2023	0.18	20.94	21.12
As at 31 March 2024	0.01	30.81	30.82

4(b). Ageing of intangible assets under development

31 March 2024

Particulars	Ageing				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Software pending installation	0.86	-	-	-	0.86
	0.86	-	-	-	0.86

31 March 2023

Particulars	Ageing				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Software pending installation	1.22	-	-	-	1.22
License and rights	697.50	-	-	-	697.50
Less: Provision for impairment	(697.50)	-	-	-	(697.50)
	1.22	-	-	-	1.22

Note : There are no such project in intangible under development whose completion is overdue or has exceeded its cost compared to its original plan as of 31 March 2024 and 31 March 2023.

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Akums Drugs and Pharmaceuticals Limited

CIN - U24239DL2004PLC125888

Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024

(All amounts in ₹ million unless otherwise stated)

Particulars	As at 31 March 2024	As at 31 March 2023
5. Investments		
Investment in equity instrument		
Investments in subsidiaries (measured at cost), Unquoted		
5.1. Investment in equity instruments of subsidiaries		
50,000 (31 March 2023: 50,000) equity shares of Maxcure Nutravedics Limited of ₹ 10 each	80.42	80.42
467,000 (31 March 2023: 467,000) equity shares of Malik Lifesciences Private Limited of ₹ 10 each	34.85	34.85
2,700,000 (31 March 2023: 2,500,000) equity shares of Pure and Cure Healthcare Private Limited of ₹ 10 each**	479.07	479.07
18,020,000 (31 March 2023: 18,020,000) equity shares of Unosource Pharma Limited of ₹ 10 each	196.20	196.20
50,955 (31 March 2023: 50,955) equity shares of Akumentis Healthcare Limited of ₹ 10 each	170.79	170.79
50,000 (31 March 2023: 50,000) equity shares of Nicholas Healthcare Limited of ₹ 10 each	0.50	0.50
50,000 (31 March 2023: 50,000) equity shares of Plenteous Pharmaceuticals Ltd. of ₹ 10 each	0.50	0.50
10,000 (31 March 2023: 10,000) equity shares of Sarvagunaushdhi Private Limited of ₹ 10 each	0.10	0.10
99,994 (31 March 2023: 99,994) equity shares of Akums Healthcare Limited of ₹ 10 each	1.00	1.00
10,000 (31 March 2023: Nil) equity shares of Qualymed Pharma Private Limited of ₹ 10 each	0.10	-
50,000 (31 March 2023: 50,000) equity shares of Amazing Research Laboratories Limited of ₹ 10 each	1.95	1.95
50,000 (31 March 2023: 50,000) equity shares of May & Baker Pharmaceuticals Limited of ₹ 10 each	0.50	0.50
1,000 (31 March 2023: 1,000) equity shares of Burroughs Welcome Pharmacia Private Limited of ₹ 10 each	0.01	0.01
1,54,121 (31 March 2023: 1,54,121) equity shares of Medibox Pharma Private Limited of ₹ 10 each*	-	30.64
Less: Provision for diminution in the value of investment in Medibox Pharma Private Limited	-	(30.64)
Less: Investment in subsidiaries held for sale (refer note 14c)	(2.46)	-
	963.53	965.89
5.2 Investment in preference shares		
Investments in subsidiaries (measured at cost), Unquoted		
5,918 (31 March 2023: 5,918) Cumulative compulsory convertible participating preference shares of Akumentis Healthcare Limited of ₹ 100 each	424.21	424.21
	424.21	424.21
5.3 Other investments - investments in limited liability partnership ("LLP") firms		
(Investments carried at cost, trade, long term, unquoted)		
Upadhrish Reserchem LLP	1.50	1.50
(Name of the partner and share of profit/capital- Akums Drugs & Pharmaceuticals Limited (99.93 %) and S.P. Ojha (0.07%), Total Capital of the LLP ₹ 1,501,000)		
	1.50	1.50
	1,389.24	1,391.60
Aggregate amount of unquoted investments	1,389.24	1,391.60
Aggregate provision for impairment in value of investments	-	30.64
*The Company is exercising control over Medibox Pharma Private Limited jointly with its wholly owned subsidiary Maxcure Nutravedics Limited. During the year, the Company has written off the investment. (refer note 33)		
**During the year, Pure and Cure Healthcare Private Limited and Akums Lifesciences Limited (both wholly owned subsidiaries of the Company) had filed a Scheme of Arrangement ('Scheme') under the provisions of Section 230 - 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, for the amalgamation of Akums Lifesciences Limited with and into Pure and Cure Healthcare Private Limited. During the year, the Scheme has been approved by NCLT vide its order dated 24 August 2023 and 17 October 2023 by Chandigarh and New Delhi NCLT respectively, with the appointed date as 1 April 2022. As per the Scheme of Arrangement, the Company has been allotted 4 equity shares of face value of ₹ 10 each in Pure and Cure Healthcare Private Limited for every 100 equity shares of face value of ₹ 10 each in Akums Lifesciences Limited.		
6. Loans		
Unsecured, considered good		
Loans to related parties (refer note 42 and 52)*	10,716.68	9,148.94
	10,716.68	9,148.94

*Net of loan written off of ₹ 192.46 million (31 March 2023: ₹ 710.00 million)

* includes interest receivable from related parties amounting to ₹ 61.18 million (31 March 2023: ₹ 53.34 million)



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Akums Drugs and Pharmaceuticals Limited

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Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024

(All amounts in ₹ million unless otherwise stated)

Particulars	As at 31 March 2024	As at 31 March 2023
7. Other financial assets		
Unsecured, considered good		
Security deposits	86.13	80.49
Deposit having remaining maturity of more than 12 months*	7.52	38.25
Other receivable	0.02	0.02
	<u>93.67</u>	<u>118.76</u>
*pledged with government authorities and others.		
8. Non-current tax assets		
Advance income-tax	46.87	53.33
	<u>46.87</u>	<u>53.33</u>
9. Other non-current assets		
Unsecured, considered good		
Capital advances	48.47	41.08
Advances other than capital advances:		
Tax deposited with sales tax department [refer note 35 (b)]	51.31	51.31
Prepaid expenses	12.48	5.29
Other receivable	3.15	3.06
Unsecured, considered doubtful		
Capital advances	36.00	36.00
Less: Provision	(36.00)	(36.00)
	<u>115.41</u>	<u>100.74</u>
10. Inventories		
(refer note 1.18 in respect of mode of valuation of inventories)		
Raw materials		
on hand	910.96	1,097.36
in transit	24.40	73.85
Packing materials		
on hand	295.60	355.42
in transit	4.47	3.37
Work-in-progress	154.02	146.06
Finished goods	188.21	260.59
Stores and spares		
on hand	39.21	34.27
in transit	0.16	0.28
	<u>1,617.03</u>	<u>1,971.20</u>
Refer note 39 for information on inventories pledged as security by the Company		
11. Trade receivables		
Trade receivables considered good (unsecured)	2,237.12	2,517.09
Trade receivables - significant increase in credit risk	177.98	76.63
	<u>2,415.10</u>	<u>2,593.72</u>
Less: Allowance for expected credit losses	(77.16)	(32.39)
	<u>2,337.94</u>	<u>2,561.33</u>

11.1 Dues from related party (refer note 42)

11.2 Refer note 39 for information on trade receivables pledged as security by the Company.

11.3 Refer note 50 (a) for the ageing of the trade receivables

11.4 No amount is due from directors or officers of the Company.



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Akums Drugs and Pharmaceuticals Limited

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Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024

(All amounts in ₹ million unless otherwise stated)

Particulars	As at 31 March 2024	As at 31 March 2023
12. Cash and bank balances		
12a. Cash and cash equivalents		
Balance with scheduled banks		
in current accounts	68.68	72.08
in deposit accounts with original maturity of less than 3 months	620.29	-
Cash on hand	0.60	0.25
	<u>689.57</u>	<u>72.33</u>

Refer note 39 for assets pledged as security by the Company

12b. Other bank balances

Deposits with original maturity of more than 3 months and remaining maturity of less than 12 months	43.53	16.12
	<u>43.53</u>	<u>16.12</u>

Refer note 39 for assets pledged as security by the Company

13. Other financial assets

Unsecured, considered good

Dues from partnership firm and LLPs (refer note 42)	120.18	53.83
Balance with statutory and other authorities	29.11	34.11
Others*	97.02	4.00
	<u>246.31</u>	<u>91.94</u>

*includes IPO expense of ₹ 93.02 million as at 31 March 2024 (31 March 2023: nil), carried forward as other financial assets pertaining to selling shareholders share. The aforesaid amount, calculated on best estimate basis, will be recoverable from selling shareholders in proportionate to shares that will be offered to the public in the proposed IPO.

14a. Current tax assets

Income tax refundable (net)	-	114.05
	<u>-</u>	<u>114.05</u>

14b. Other current assets

Advance to suppliers and others	32.57	86.71
Prepaid expenses	49.97	32.57
Balance with statutory authorities	267.23	261.06
Others*	47.23	3.51
	<u>397.00</u>	<u>383.85</u>

*Note:
1. Includes CSR asset amounting to ₹ 0.54 million (31 March 2023: ₹ 0.54 million). Refer note 44 for details.
2. Includes IPO expense of ₹ 46.51 million as at 31 March 2024 (31 March 2023: nil), carried forward as other current assets pertaining to Company' share. The aforesaid amount, calculated on best estimate basis, will be adjusted with securities premium at the time of issue of shares in accordance with requirement of Section 52 of the Companies Act, 2013.

14c. Assets held for sale

Investments in subsidiaries	1.03	-
	<u>1.03</u>	<u>-</u>

Note:
The management vide board resolution dated 18 March 2024 has decided to sell investment in its wholly owned subsidiaries: a) Amazing Research Laboratories Limited, b) May and Baker Pharmaceuticals Limited and c) Burroughs Welcome Pharmacia Private Limited. Accordingly, in terms of Ind AS 105 - 'Non-current assets held for sale and discontinuing operations', the investments in subsidiaries are presented as 'Assets held for sale' separately from other assets in the Standalone balance sheet. The assets held for sale has been measured at lower of the carrying value and the fair value it is expected to be realised. Accordingly, the difference in the fair value and carrying value i.e. ₹ 1.43 million has been recognised as an exceptional expense in the standalone statement of profit and loss account. Subsequent to year end, the sale transactions has been concluded in the month of April 2024. (refer note 33)



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Akums Drugs and Pharmaceuticals Limited

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Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024*(All amounts in ₹ million unless otherwise stated)*

Particulars	As at 31 March 2024	As at 31 March 2023
15. Equity share capital		
Authorised*		
20,00,00,000 (31 March 2023: 15,00,00,000) equity shares of ₹ 2 (31 March 2023: ₹ 2) each	400.00	300.00
Issued, subscribed and fully paid up		
14,30,64,350 (31 March 2023: 14,30,64,350) equity shares of ₹ 2 (31 March 2023: ₹ 2) each	286.13	286.13
	286.13	286.13

*During the current year, the Company has increased its authorised share capital from 15,00,00,000 equity shares of ₹ 2 each to 20,00,00,000 equity shares of ₹ 2 each.

15.1 Reconciliation of equity shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2024		As at 31 March 2023	
	No. of shares	₹	No. of shares	₹
At the beginning of the year	143,064,350	286.13	71,532,175	143.07
Add: Shares issued during the year				
- Bonus share issued during the year	-	-	71,532,175	143.06
At the end of the year	143,064,350	286.13	143,064,350	286.13

15.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having face value of ₹ 2 per share. Each equity shareholder is entitled to one vote per share.

In the event of winding up of the Company, the equity shareholders will be entitled to be repaid remaining assets of the Company, after distribution of all preferential amounts, in the ratio of the amount of capital paid on such equity shares. However, no such preferential amounts existed until 02 October 2019.

On 03 October 2019, the Company executed a shareholders' agreement ("the Agreement") with its existing shareholders (Mr. Sandeep Jain and Mr. Sanjeev Jain) and Ruby QC Investments Pte. Limited ("the Investor") wherein 125,585 fully paid equity shares were issued by the Company and 70,642 equity shares were transferred by the said shareholders directly to the Investor for a total consideration of ₹ 5,000.00 million giving the Investors 15.09% stake in the Company.

As per the Agreement, in the event of liquidation of the Company, the equity shares held by the Investor will have preferential right on the liquidation proceeds so available to the Company over other shareholder. Also refer note 18.1.

15.3 Details of shareholders holding more than 5% shares in the Company and shares held by promoters*

Name of shareholder	As at 31 March 2024		As at 31 March 2023	
	No. of shares	% Holding	No. of shares	% Holding
Sanjeev Jain [#]	60,692,940	42.42	60,692,940	42.42
Sandeep Jain [#]	60,728,690	42.45	60,728,690	42.45
Ruby QC Investment Holding Pte Ltd.	21,584,970	15.09	21,584,970	15.09

[#] promoters of the Company. There has been no change in the shareholding ratio of the promoters.

*As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

15.4 No shares, except below have been issued as bonus shares or issued for consideration other than cash or bought back during the period of five years immediately preceding the reporting date.

Particulars	No of shares
Shares issued as bonus shares in 2022-23	71,532,175
Shares issued as bonus shares in 2021-22	65,029,250
Additional shares issued on account of share split in 2021-22	5,202,340

15.5 The Company vide board resolution dated 16 March 2022 and shareholder resolution dated 31 March 2022 has approved the Employee Stock Option Scheme 2022 and authorised to create, grant, offer, issue and allot 10,72,983 employee stock options under Employee Stock Option Scheme 2022, for the benefit of employees and directors of the Company as decided by the board. The number of shares post bonus issue done in financial year ended 31 March 2023, have resulted in increase of Employee Stock Options from 10,72,983 options to 21,45,966 options. During the year, the number of employee stock options approved to be issued under Employee Stock Option Scheme 2022 have increased to 42,91,931 options. Refer note 54 for details. Subsequent to year end, the Company has allotted 3% of the paid-up Equity Share capital to ESOP trust (Akums Employee Benefit Trust).



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Particulars	As at 31 March 2024	As at 31 March 2023
16. Other equity		
(a) Retained earnings		
Balance as at beginning of the year	4,630.15	3,513.55
Add: (Loss)/ Profit for the year	(1,654.51)	1,254.30
Add: Other comprehensive income for the year		
- Remeasurement of defined benefit plans (net)	(21.75)	5.36
Less: Utilisation on account of bonus issue	-	(143.06)
Balance as at end of the year	<u>2,953.89</u>	<u>4,630.15</u>
(b) Put option reserve		
Balance as at beginning/ end of the year	(1,801.24)	(1,801.24)
(c) Share options outstanding account		
Balance as at beginning of the year	-	-
Add: Employee stock options granted during the year	6.91	-
Less: Employee stock options cancelled during the year	(6.91)	-
Balance as at end of the year	<u>-</u>	<u>-</u>
Total	<u><u>1,152.65</u></u>	<u><u>2,828.91</u></u>

Nature of reserves

The description of nature and purpose of each of the above reserve within equity is as under:

1. Retained earnings

The retained earnings represents the undistributed surplus of the Company earned from its business operations and includes other comprehensive income generated on remeasurement of defined benefit plan.

2. Put option reserve

Refer note 18.1 for further details.

3. Share options outstanding account

The Company has an share option scheme under which option to subscribe for the Company's shares have been granted to certain executives and senior employees. The share options outstanding account is used to recognise the value of equity settled share based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 15.5 for further details.

17. Borrowings

Term loans

Secured

From bank

Loan from bank (refer note 17.1)	218.75	250.00
Less: Current maturities of long term borrowings (refer note 21)	(62.50)	(31.25)
	<u>156.25</u>	<u>218.75</u>

Notes:

Nature of security and repayment terms of the above borrowings are as below:

17.1 Term loans - Secured- From bank

Term loan taken from HSBC Bank Limited

Carries an interest rate of 6.95% p.a. to 7.99% p.a. linked with 3 month T-Bill (31 March 2023: 6.51% p.a. to 7.64% p.a.) are secured by way of mortgage/ hypothecation (pari passu) on immovable assets of Haridwar unit and movable assets of the Company, both present and future. The loan is repayable in quarterly installments of ₹ 15.63 million each till August 2027; starting from November 2023.

	Amount outstanding as at	
	As at 31 March 2024	As at 31 March 2023
	218.75	250.00
	<u>218.75</u>	<u>250.00</u>

a) Refer note 39 for assets pledged as security

b) The above loans have been utilised as per the purpose for these loans were sanctioned.

c) The property on which mortgaged or any charged created during the year has been duly registered with Registrar of companies.

e) The Company has not defaulted in repayment of interest during the current year. Further, there have been no default in repayment of loan and breaches in the financial covenants of any interest-bearing loans and borrowings in the current year/previous year.



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Particulars	As at 31 March 2024	As at 31 March 2023
18. Other financial liabilities		
Put option liability (refer note 18.1 and 45)	13,653.78	10,076.04
Security deposit received		
from customers	30.10	29.28
from others*	54.17	47.57
	13,738.05	10,152.89

*includes retention amount of ₹ 47.10 million (31 March 2023: ₹ 40.10 million).

18.1 Pursuant to the Agreement described in note 15.2, the Investor has a right to exercise an option ("put option") after 54 months from 3 October 2019 to require the Company and issue 'Exit notice' to buyback its equity shares at fair market value at the date of exercise of the put option, in case the Company is not able to give exit to the Investor through an 'initial public offer' or a secondary sale to a third party. The Company per the agreement entered is required to buy back the equity securities held by the investor within 180 days from the date of the exit notice. Further, on 9 February 2024, the Company, shareholders and the Investor entered into a waiver cum amendment agreement wherein exit notice can only be issued by the investor after 6 months from 31 December 2024, subject to the term of the waiver cum amendment agreement. Further, subsequent to year end, the Investor has waived off its rights which requires the Company to buyback the equity shares in accordance with the terms of agreement. [refer note 56(b)]

The put option is considered to be contractual obligation of the Company to deliver cash and accordingly the entire amount of ₹ 5,000.00 million paid by the Investor has been recognised as a financial liability at fair value in accordance with Ind AS 109 - Financial instruments and presented above as "put option liability".

The put option liability represents the fair value of the contractual obligation of the Company and includes amounts payable in respect of shares transferred directly from the said shareholders to the Investor amounting to ₹ 1,799.99 million and the face value of the equity shares directly issued to the Investor by the Company amounting to ₹ 1.26 million with a corresponding adjustment of ₹ 1,801.24 million to "other equity" as a "put option reserve" at initial recognition. Refer note 45 for subsequent changes in fair value.

19. Provisions

(a) Provision for employee benefits

Gratuity (refer note 38)	86.99	66.93
Compensated absences	26.53	15.14
	113.52	82.07

20. Deferred tax liabilities (net)

In accordance with Ind AS 12 "Income Tax", the Company has accounted for deferred taxes.

Deferred tax liabilities consists of:

Accelerated depreciation and amortisation for tax purposes on property, plant and equipment and intangible assets	195.79	268.11
Right-of-use assets	93.41	36.61

Deferred tax assets consists of:

Expenses allowable under Income Tax Act, 1961 on payment basis	59.56	24.51
Lease liability	102.62	107.01
Provision for expected credit loss	20.24	15.15
Provision for diminution in value of intangible assets	-	175.55
Provision for demand raised by statutory authorities	3.65	13.84
Deferred tax liabilities (net)	103.13	(31.34)

Refer note 46 for movement of deferred tax assets

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Akums Drugs and Pharmaceuticals Limited

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Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024

(All amounts in ₹ million unless otherwise stated)

Particulars	As at 31 March 2024	As at 31 March 2023
21. Borrowings		
Secured		
Loan repayable on demand (from bank)		
Working capital loan from bank includes interest accrued (refer note a to e)	1,544.11	1,205.85
Current maturities of non current borrowings (refer note 17)	62.50	31.25
Unsecured		
Working capital loan from bank includes interest accrued (refer note e)	500.00	-
	2,106.61	1,237.10

Notes:

Nature of security and repayment terms of the above borrowings are as below:

	Amount outstanding as at	
	As at 31 March 2024	As at 31 March 2023
(a) Working capital loan from State Bank of India	377.66	352.20
Working Capital Loan from State Bank of India is secured by Company's all current assets (present and future) at Company's head office and hypothecation of stocks, book debts and fixed & movable assets of the Unit-I,II,III,IV & V; equitable mortgage by deposit of title deeds in respect of land at Haridwar of Unit I,II,III,IV & V and carries an interest rate in the range of 7.40% to 8.12% p.a. (previous year: 6.60% p.a. to 7.50% p.a.) and is repayable after minimum 7 days to maximum 180 days of utilisation of facility.		
(b) Working capital loan from HDFC Bank Limited	484.36	521.63
Working capital loan from HDFC Bank is secured by hypothecation/ mortgage of stocks,book debts and fixed and movable assets of Units I,II,III, IV & V, equitable mortgage by deposits of title deeds in respect of land at haridwar and carries an interest rate in the range of 7.60% p.a. to 8.67% p.a. (previous year: 4.30% p.a. to 7.80% p.a.) and is repayable after minimum 7 days to maximum 180 days of utilisation of facility.		
(c) Cash credit facility from HDFC Bank Limited	181.87	-
Cash credit facility from HDFC Bank is secured by hypothecation/ mortgage of stocks,book debts and fixed and movable assets of Units I,II,III, IV & V; equitable mortgage by deposits of title deeds in respect of land at haridwar. The loan is repayable on demand and carries an interest rate in range of 7.60% to 8.80% p.a. (previous year: 7.2% p.a. to 8.85% p.a.)		
(d) Working capital loan from Yes Bank Limited	500.22	332.02
Working Capital Loan from Yes Bank Limited is secured by hypothecation/ mortgage of stocks,book debts and fixed and movable assets of unit I,II,III,IV & V; equitable mortgage by deposits of title deeds in respect of land at haridwar. The loan is repayable on demand and carries an interest rate in the range of 7.60% p.a. to 8.10% p.a. (previous year: 4.0% p.a. to 7.30% p.a.) and is repayable after minimum 7 days to maximum 180 days of utilisation of facility.		
(e) Short term loan from HDFC Bank Limited	500.00	-
Unsecured short term loan from HDFC Bank availed on 27 September 2023 at an interest rate of 7.60% p.a. linked with 1 month T-bill and is repayable after 90 days.		
	2,044.11	1,205.85

The above loans have been utilised as per the purpose for these loans were sanctioned

- a) Refer note 39 for assets pledged as security
- b) Refer note 41 for note on submission of quarterly statements to the bank and its reconciliation with the amounts appearing in the books of accounts.
- c) The Company has not defaulted in repayment of interest during the current year. Further, there have been no default in repayment of loan and breaches in the financial covenants of any interest-bearing loans and borrowings in the current year/previous year.
- d) The above loans have been utilised as per the purpose for these loans were sanctioned.

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Particulars	As at 31 March 2024	As at 31 March 2023
22. Trade payables		
Total outstanding dues of micro and small enterprises (refer note 51); and	121.99	143.89
Total outstanding dues of creditors other than micro and small enterprises	1,527.15	1,635.83
	1,649.14	1,779.72

Dues to related parties (refer note 42)

Refer note 50(b) for disclosure in respect of ageing of the above payables.

23. Other financial liabilities

Employee payables	144.56	97.06
Payable for property, plant and equipment*	59.17	59.18
Book overdraft	-	813.85
Refundable advance received from customers	827.40	-
	1,031.13	970.09

* includes dues to micro and small enterprises of ₹ 19.73 million (31 March 2023: ₹ 24.64 million)

24. Other current liabilities

Advance from customers	98.49	878.16
Advance against sale of shares	1.03	-
Other payables		
Statutory dues	56.38	25.60
	155.90	903.76

25. Provisions**Provision for employee benefits**

Gratuity (refer note 38)	24.81	1.56
Compensated absences	14.69	0.91
Provision for demand raised by statutory authorities*	14.49	55.00
	53.99	57.47

*The Company had during the previous year received demand letters in respect of shortfall in meeting the export obligation by the Company against the EPCG license availed earlier. The management is contesting the demand and have filed requisite documents. However, based on the merits of the case and discussion with the legal counsel, an amount of ₹ 55.00 million has been provided by the Company in the standalone financial statements prepared for the year ended 31 March 2023. During the current year, the Company has paid ₹ 40.51 million against the said demands.

Note:**Movement of other provisions (including sales tax and demand raised by statutory authorities) in accordance with Ind AS 37**

Opening provisions	55.00	175.23
Add: Provision made during the year	-	55.00
Less: Provision reversed/ liability paid during the year	(40.51)	(175.23)
Closing provisions	14.49	55.00

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Akums Drugs and Pharmaceuticals Limited

CIN - U24239DL2004PLC125888

Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024

(All amounts in ₹ million unless otherwise stated)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
26. Revenue from operations		
Sale of finished products	12,365.70	10,668.62
Sale of other products	418.42	510.56
	12,784.12	11,179.18
Other operating revenues		
Job work income	259.24	209.03
Testing charges and others	1,339.58	1,413.76
Sale of scraps	58.25	66.29
	14,441.19	12,868.26

Refer note 43 in terms of disclosures required under Ind AS 115

27. Other income

Interest income on:		
fixed deposits carried at amortised cost	10.10	4.48
loans given to related parties (refer note 42)	738.62	595.33
Others	0.50	17.66
Share of profit from investment in LLP and partnership firm	89.35	51.80
Foreign currency translations	6.52	-
Rental income	39.95	42.65
Income from government grants/ subsidy	1.40	1.43
Liabilities no longer required, written back	1.71	173.68
Profit on sale of property, plant and equipment	-	46.37
Miscellaneous income	53.06	28.13
	941.21	961.53

28. Change in inventory of finished goods and work-in-progress

Opening stock		
Finished goods	260.59	174.29
Work-in-progress	146.06	201.81
	406.65	376.10
Less: Closing stock		
Finished goods	188.21	260.59
Work-in-progress	154.02	146.06
	342.23	406.65
Change in inventory of finished goods and work-in-progress (A-B)	64.42	(30.55)

29. Employee benefits expense

Salaries, wages and bonus	1,646.14	1,378.83
Contributions to provident and other funds*	52.20	47.46
Staff welfare expense	54.46	46.68
	1,752.80	1,472.97

* includes PF & ESIC contribution of ₹ 50.07 million (31 March 2023: ₹ 45.29 million). Refer note 38 for details.



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Particulars	Year ended 31 March 2024	Year ended 31 March 2023
30. Other expenses		
Consumption of stores and spare parts	195.78	168.93
Job charges paid	287.12	231.81
Power and fuel	424.04	420.36
Rent	9.67	18.24
Repairs and maintenance		
Plant and equipments	124.78	96.56
Buildings	19.22	28.28
Others	130.95	126.64
Travelling expense	25.48	25.17
Vehicle running expense	8.88	7.60
Fees and subscription	34.47	41.32
Legal and professional expenses	178.42	120.73
Payment to auditors (refer note 37)	2.92	4.00
Bad debts written off	7.74	8.19
Provision for expected credit loss on trade receivables	27.96	5.43
Provision for expected credit loss on advance to suppliers	-	36.00
Commission on sales	4.28	6.19
Selling and distribution expenses	39.62	26.81
Loss on foreign exchange transactions and translations, net	-	3.24
Provision for demand raised by statutory authorities	-	55.00
Loss on sale of property, plant and equipment	2.89	-
Miscellaneous expenses	116.24	104.15
	1,640.46	1,534.65
31. Finance costs		
Interest on financial liabilities (using effective interest rate method):		
on borrowings	144.02	106.33
on lease liability	37.56	25.43
on late payment of statutory dues	1.55	-
	183.13	131.76
32. Depreciation and amortisation expense		
Depreciation on property, plant and equipment	282.44	261.76
Depreciation on right-of-use assets (refer note 54)	31.26	27.11
Depreciation on investment property (refer note 3)	3.94	4.41
Amortisation of intangible assets (refer note 4a)	9.30	6.75
	326.94	300.03

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Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024

(All amounts in ₹ million unless otherwise stated)

33 Exceptional items

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Diminution in the value of investment in subsidiaries (refer note (a) below)	1.43	30.64
Loans given written off (refer note (b) below)	192.46	710.00
Impairment of intangible assets under development (refer note (c) below)	-	697.50
Loss on disposal of investment in subsidiaries (refer note (d) below)	-	7.19
	193.89	1,445.33

Notes:

- (a) The Company, in earlier years, had made investment its subsidiary company: a) Amazing Research Laboratories Limited, b) May and Baker Pharmaceuticals Limited and c) Burroughs Welcome Pharmacia Private Limited which was engaged in trading of pharmaceutical products. These companies incurred huge losses from its operations. Pursuant to which, management had conducted a detailed evaluation for recoverability of the investment and decided to dispose off the investment in subsequent period (refer note 14c). The investment in subsidiaries has been measured at lower of the carrying value and the fair value it is expected to be realised. Accordingly, the difference in the fair value and carrying value i.e. ₹ 1.43 million has been recognised as an exceptional expense in the standalone statement of profit and loss.
- During the previous year, the Company had made an assessment of the recoverable value of investment in its subsidiary 'Medibox Pharma Private Limited' taking into account the past business performance, prevailing business conditions and revised expectations of the future performance. Basis the recoverable value computed and the future plans of the Company, management believes that impairment loss of ₹ 30.64 million to be provided for in the books of accounts and accordingly impact of the entire amount was provided for in the statement of profit and loss of the standalone financial statement prepared for the year ended 31 March 2023. The amount has been written off in the current year.
- (b) The Company had previously granted loans amounting to ₹ 150.85 million and ₹ 41.61 million to its subsidiary companies, 'Amazing Research Laboratories Limited' and 'Burroughs Welcome Pharmacia Private Limited', respectively. These companies dealt in pharmaceutical product trade and had incurred losses from their operations, resulting in a significant decrease in net worth over the years. As a result, the management conducted a detailed analysis for the recoverability of the loans extended and concluded that impairment of the outstanding loan was necessary. Consequently, an amount of ₹ 192.46 million for the loan given was charged in these standalone financial statements.
- In the previous year, the Company had written off the loans given to its subsidiary companies 'Sarvagunaushdhi Private Limited' and 'Nicholas Healthcare Limited' amounting to ₹ 410.00 million and ₹ 300.00 million, respectively. These companies were also engaged in pharmaceutical product trading and had incurred considerable losses from their operations, leading to a significant reduction in net worth over time. Accordingly, an amount of ₹ 710.00 million for the loan granted was written off in the statement of profit and loss of the standalone financial statements prepared for the year ended 31 March 2023.
- (c) During the previous year, the Company had purchased ANDA licenses for certain products for ₹ 697.50 million. However, management had re-evaluated the future usage and operational viability of the aforementioned licences basis which these have been decided to be provided for and accordingly impact of the entire amount was provided for in the statement of profit and loss of the standalone financial statement prepared for the year ended 31 March 2023. The amount has been written off in the current year.
- (d) The Company, in earlier years, had made investment of ₹ 7.25 million in its subsidiary company 'Delcure Lifesciences Limited' which was engaged in trading of pharmaceutical products. The aforementioned company incurred huge losses from its operations and not having business activities from last couple of years. Pursuant to which, management had conducted a detailed evaluation for recoverability of the investment and decided to dispose off the investment. Accordingly, the Company incurred impairment loss of ₹ 7.19 million on disposal of investment and had disclosed under exceptional items as per applicable Ind AS in the statatment of profit and loss of the financials statements for the year ended 31 March 2023.

34 Earning per equity share (EPS)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Profit attributable to equity shareholders (₹)	(1,654.51)	1,254.30
Total number of equity shares outstanding at the end of the year (in nos.)	143,064,350	143,064,350
Weighted average number of equity shares in calculating basic and diluted EPS (in nos.)	143,064,350	143,064,350
Nominal value per share (₹)	2.00	2.00
Basic and diluted EPS (₹)	(11.56)	8.77

35 Contingent liabilities

Particulars	As at 31 March 2024	As at 31 March 2023
Claim against the Company not acknowledged as debt:		
(i) Corporate guarantee given (refer note (a) below)	962.04	1,849.57
(ii) Income tax matters (refer note (b) below)	42.22	28.85
(iii) Others (refer note (c) below)	0.33	0.33

Notes:

- (a) Corporate guarantees given represents guarantees given to banks for the loans taken by subsidiary companies. (refer note 53)



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Akums Drugs and Pharmaceuticals Limited

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Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024

(All amounts in ₹ million unless otherwise stated)

- (b) Pursuant to the assessment of certain previous years (AY 2017-18, AY 2018-19, AY 2020-21 and AY 2022-23), department has raised demands of ₹ 42.22 million (31 March 2023: ₹ 28.85 million) on account of:
 AY 2017-18: Disallowance of deduction u/s 80IC and 35(2AB) of Income Tax Act, 1961 amounting to ₹ 11.51 million.
 AY 2018-19: Disallowance of deduction u/s 35(2AB) and 37(1) of Income Tax Act, 1961 amounting to ₹ 6.26 million.
 AY 2020-21: Initiation of penalty proceeding u/s 270 A of Income Tax Act, 1961 amounting to ₹ 11.09 million.
 AY 2022-23: Addition on account of unexplained investment u/s 69 of Income Tax Act, 1961 amounting to ₹ 13.37 million.

The matter is pending at CIT (Appeal) level and based on the assessments by the management, consideration of merits of the case and external legal advice, the Company believes that there is a fair chance of winning the case. Accordingly, no further provisions, if any, are considered necessary to be recorded in these standalone financial statements.

- (c) One of the vendor had filed a legal suit against the Company in respect of unpaid amount for the material supplied to the Company. The amount of claim filed amounts to ₹ 0.33 million (31 March 2023: ₹ 0.33 million). However, based on discussions with the solicitors, the management believes that the Company has a likely chance of a favorable outcome and accordingly no provision, if any, has been considered necessary to be recorded in the books of accounts.

36 Capital and other commitments

Particulars	As at	As at
	31 March 2024	31 March 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	260.20	113.38

37 Payment to auditor

Particulars	Year ended	As at
	31 March 2024	31 March 2023
(a) for statutory audit	2.30	2.30
(b) for other services*	15.60	1.20
(c) for reimbursement of expenses	0.31	0.50
	18.21	4.00

*includes IPO expenses amounting to ₹ 15.20 million, carried forward as other current assets pertaining to Company's share. Refer note 14b.

38 Employees benefits

A Defined contribution plan

The amount recognised as expense towards contribution to defined contribution plans for the year is as below:

	Year ended	As at
	31 March 2024	31 March 2023
Company's contribution to Provident Fund	47.51	42.60
Company's contribution to Employees' State Insurance Scheme	2.56	2.69
Total	50.07	45.29

B Defined benefit plan - Gratuity

(i) Present value of defined benefit obligation as at the end of the year

	As at	As at
	31 March 2024	31 March 2023
Non-current	86.99	66.93
Current	24.81	1.56
	111.80	68.49

(ii) Changes in the present value of defined benefit obligation recognised in the balance sheet

	As at	As at
	31 March 2024	31 March 2023
Present value of the obligation as at the beginning of the year	68.49	64.08
Service cost	14.19	11.02
Interest cost	5.04	4.59
Benefits paid	(4.99)	(4.04)
Actuarial (gain)/ loss recognised during the year in other comprehensive income	29.07	(7.16)
Present value of the obligation as at end of the year	111.80	68.49



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Akums Drugs and Pharmaceuticals Limited

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Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024

(All amounts in ₹ million unless otherwise stated)

Employees benefits (cont'd)

(iii) Expense recognised in the statement of profit and loss consists of:

	Year ended 31 March 2024	Year ended 31 March 2023
Service cost	14.19	11.02
Interest cost	5.04	4.59
Net impact on profit before tax	19.23	15.61
Actuarial (gain)/ loss recognised during the year in other comprehensive income	29.07	(7.16)
Amount recognised in total comprehensive income	48.30	8.45

(iv) Breakup of actuarial gain/(loss):

	Year ended 31 March 2024	Year ended 31 March 2023
Actuarial (gain)/ loss from change in demographic assumption	10.35	-
Actuarial (gain)/ loss from change in financial assumption	106.97	(1.54)
Actuarial (gain)/ loss from experience adjustment	(88.25)	(5.62)
Total actuarial (gain)/ loss	29.07	(7.16)

(v) Change in fair value of plan assets

There are no plan assets against the aforesaid liability. Therefore, the return of change in fair value of plan assets is not given.

(vi) Actuarial assumptions

	As at 31 March 2024	As at 31 March 2023
Discount rate (per annum)	7.22%	7.36%
Future salary increase (per annum)	12.00%	5.50%
Withdrawal rate		
Up to 30 Years	26.00%	3.00%
From 31 to 44 years	26.00%	2.00%
Above 44 years	26.00%	1.00%
Retirement age	58 years	58 years
Mortality rate	100% of IALM (2012-14)	100% of IALM (2012-14)
Average future service (in years)	23.11 years	23.41 years

Notes:

- The discount rate is based on the prevailing market yield of Indian Government bonds as at the balance sheet date for the estimated terms of obligations.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

(vii) Sensitivity analysis for gratuity liability

	As at 31 March 2024	As at 31 March 2023
Impact of change in discount rate		
Present value of obligation at the end of the year	111.80	68.49
- Impact due to increase of 0.5 %	(1.88)	(4.12)
- Impact due to decrease of 0.5 %	1.95	4.50
Impact of change in salary increase		
Present value of obligation at the end of the year	111.80	68.49
- Impact due to increase of 0.5 %	1.78	4.48
- Impact due to decrease of 0.5 %	(1.74)	(4.13)

The above sensitivity analysis is based on a change an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

(viii) Maturity profile of defined benefit obligation (discounted)

	As at 31 March 2024	As at 31 March 2023
Within next 12 months	24.81	1.56
Between 1-5 years	61.26	9.98
Beyond 5 years	25.73	56.95
	111.80	68.49

(ix) Expected contribution

The expected future employer contributions for defined benefit plan ₹ 22.46 million as at 31 March 2024 (31 March 2023 : ₹ 18.32 million).

(x) Other long-term employee benefits

An amount of ₹ 28.51 million [(31 March 2023 : (₹ 1.39 million))] pertains to expense/ (reversal) towards compensated absences.



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Akums Drugs and Pharmaceuticals Limited

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Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024

(All amounts in ₹ million unless otherwise stated)

39 Assets pledged as security (refer note 17 and 21)

	As at 31 March 2024	As at 31 March 2023
Current		
Non financial assets		
Inventories	1,583.04	1,937.63
Other current assets	129.96	269.64
Financial assets		
Cash and cash equivalents	7.18	34.18
Other bank balances	-	2.50
Other financial assets	29.11	34.11
Trade receivables	2,272.49	2,539.65
Total current assets pledged as security	4,021.78	4,817.71
Non-current (non-financial assets)		
Property, plant and equipment	1,885.10	1,513.63
Capital work-in-progress	37.43	74.76
Total assets pledged as security	5,944.31	6,406.10

40 Property on which mortgaged or any charged created during the year has been duly registered with Registrar of companies.

41 Reporting to banks/ financial institutions

The Company is regular in submission of quarterly stock statements with banks for the borrowings sanctioned against hypothecation of current assets. Further, all the quarterly statements of current assets filed by the Company with banks or financial institutions are in agreement with books of accounts.

42 Related party disclosures

In accordance with Ind AS-24 on related party disclosures where control exist and where transactions in ordinary course of business have taken place and description of the relationships as identified and certified by the management are as follows:

I. Relationships

Name of entity	Principal place of business of investee	Shareholding as at	
		31 March 2024	31 March 2023
(a) Members of the same group			
Subsidiaries			
Akumentis Healthcare Limited	India	91.49%	91.49%
Akums Healthcare Limited	India	100.00%	100.00%
Maxcure Nutravedics Limited	India	100.00%	100.00%
Malik Lifesciences Private Limited	India	100.00%	100.00%
Nicholas Healthcare Limited	India	100.00%	100.00%
Plenteous Pharmaceuticals Limited	India	100.00%	100.00%
Pure and Cure Healthcare Private Limited (refer note 5)	India	100.00%	100.00%
Sarvagunaushdhi Private Limited	India	100.00%	100.00%
Unosource Pharma Limited	India	100.00%	100.00%
Upadhrish Reserchem LLP	India	99.93%	99.93%
Qualymed Pharma Private Limited (from 2 May 2023)	India	100.00%	-
Amazing Research Laboratories Limited (refer note 14c and 33)	India	100.00%	100.00%
May and Baker Pharmaceuticals Limited (refer note 14c and 33)	India	100.00%	100.00%
Burroughs Welcome Pharmacia Private Limited (refer note 14c and 33)	India	100.00%	100.00%
AVHA Lifesciences Private Limited (till 28 February 2023)	India	-	-
Delcure Lifesciences Limited (till 18 January 2023)	India	-	-
Akum Impex LLP (till 30 September 2022)	India	-	-
Step down subsidiary of Company			
Medibox Pharma Private Limited	India	100.00%	100.00%
Parabolic Research Labs Limited (till 17 March 2023)**	India	-	-
Ziven Lifesciences Limited (till 17 March 2023)**	India	-	-
Dhanwantri Vedaresearch LLP (till 30 September 2022)	India	-	-
(b) Associate of the Company			
AUSL Pharma (till 31 December 2022)	India	-	-



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Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024

(All amounts in ₹ million unless otherwise stated)

(c) Key management personnel (KMP)

Name	Designation
Mr. Sandeep Jain	Managing Director
Mr. Sanjeev Jain	Managing Director
Mr. Basant Kumar Singh	Whole Time Director (till 17 January 2024)
Mr. Sanjay Kumar Sinha	Whole Time Director (from 17 January 2024)
Mr. Nand Lal Kalra	Independent Director
Mr. Kewal Handa	Independent Director
Ms. Matangi Gowrishankar	Independent Director
Mr. Satwinder Singh	Independent Director (from 17 January 2024)
Mr. Amit Varma	Nominee Director (till 17 January 2024)
Mr. Sunil Kumar Thakur	Nominee Director (from 17 January 2024)
Mr. Dharamvir Malik	Company Secretary [#]
Mr. Sumeet Sood	Chief Financial Officer [#]

[#] as per Companies Act, 2013

(d) Relatives of KMP*

Ms. Arushi Jain
Mr. D.C. Jain (till 19 March 2024)
Mr. Manan Jain
Mr. Umang Jain

(e) Entities where significant influence is exercised by KMP and/or their relatives having transactions with the Company*

Akome Lifecare Private Limited
Akums Foundation
Akums Health and Education Society
German Remedies Lifesciences Limited
American Remedies Lifesciences Limited
Dhanwantri Vedaresearch LLP (from 1 October 2022)
Akum Impex LLP (from 1 October 2022)

* where transactions have occurred.

** the companies have been struck off from the register of companies vide public notice dated 17 March 2023

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Akums Drugs and Pharmaceuticals Limited

Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024

(All amounts in ₹ million unless otherwise stated)

II Summary of related party transactions [refer note 42(I) above, for relationships of related parties]:

Particulars	31 March 2024	31 March 2023
(a) Transactions during the year		
Inter-corporate loan given		
Pure and Cure Healthcare Private Limited	12,579.50	10,249.00
Maxcure Nutravedics Limited	7,765.50	5,538.18
Malik Lifesciences Private Limited	4,074.50	3,679.00
Others	2,854.85	1,005.16
Inter-corporate loan repaid		
Pure and Cure Healthcare Private Limited	12,773.00	7,003.42
Maxcure Nutravedics Limited	7,725.50	6,230.50
Malik Lifesciences Private Limited	3,554.50	3,513.00
Others	1,382.71	2,088.20
Loan written off		
Amazing Research Laboratories Limited	135.77	-
Burroughs Welcome Pharmacia Private Limited	37.45	-
Nicholas Healthcare Limited	-	300.00
Sarvagunaushdhi Private Limited	-	410.00
Assignment of trade receivables (net of provision) in lieu of Inter-corporate loan		
Amazing Research Laboratories Limited	76.61	-
Burroughs Welcome Pharmacia Private Limited	28.92	-
Interest received		
Malik Lifesciences Private Limited	112.43	65.60
Pure and Cure Healthcare Private Limited	387.26	259.29
Others	238.92	270.08
Sales of goods and others		
Unosource Pharma Limited	733.86	551.32
Akumentis Healthcare Limited	220.50	228.63
Pure and Cure Healthcare Private Limited	186.10	406.18
Others	392.37	374.19
Sales of property, plant and equipments		
Pure and Cure Healthcare Private Limited	1.78	5.57
Akums Healthcare Limited	2.57	5.14
Upadhrish Reserchem LLP	0.09	2.44
Others	0.20	1.26
Purchase of goods and others		
Maxcure Nutravedics Limited	1,029.41	968.18
Pure and Cure Healthcare Private Limited	601.86	651.61
Malik Lifesciences Private Limited	261.71	279.65
Others	72.29	55.29
Purchase of property, plant and equipments		
Pure and Cure Healthcare Private Limited	0.32	9.10
Upadhrish Reserchem LLP	0.35	1.81
Akums Healthcare Limited	1.34	-
Nicholas Healthcare Limited	0.39	-
Others	0.17	-



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Akums Drugs and Pharmaceuticals Limited

Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024

(All amounts in ₹ million unless otherwise stated)

II Summary of related party transactions [refer note 42(I) above, for relationships of related parties]:

Particulars	31 March 2024	31 March 2023
Expenses incurred		
Sarvagunaushdhi Private Limited	0.01	0.26
Pure and Cure Healthcare Private Limited	0.13	-
Amazing Research Laboratories Limited	0.41	-
Mr. Nand Lal Kalra	0.02	-
Repairs and maintenance- Plant and equipments		
Upadhrish Reserchem LLP	43.40	12.94
Consumption of stores and spare parts		
Upadhrish Reserchem LLP	57.76	35.24
Job work charges		
Pure and Cure Healthcare Private Limited	219.28	181.68
Malik Lifesciences Private Limited	64.39	49.37
Others	1.78	0.76
Expenses paid by other group company		
Akums Healthcare Limited	3.02	-
Pure and Cure Healthcare Private Limited	1.47	1.20
Others	1.52	0.02
Service income		
Unosource Pharma Limited	14.34	31.65
Others	1.71	2.12
Expenses incurred on behalf of Company		
Malik Lifesciences Private Limited	6.50	11.86
Pure and Cure Healthcare Private Limited	17.73	54.66
Others	14.26	36.31
Job work income		
Pure and Cure Healthcare Private Limited	13.67	4.33
Unosource Pharma Limited	-	0.05
Rent received		
Malik Lifesciences Private Limited	18.01	18.01
Maxcure Nutravedics Limited	5.95	8.65
Pure and Cure Healthcare Private Limited	15.98	15.98
Others	9.91	9.44
Corporate guarantee given/ (withdrawn)		
Pure and Cure Healthcare Private Limited	(52.50)	1,400.00
May and baker Pharmaceuticals Limited	4.74	(41.91)
Plenteous Pharmaceuticals Limited	(35.24)	14.56
Amazing Research Laboratories Limited	(30.26)	(6.48)
Unosource Pharma Limited	-	180.00
Akums Healthcare Limited	94.64	-
Nicholas Healthcare Limited	14.71	-
Corporate guarantee charges		
Pure and Cure Healthcare Private Limited	13.94	7.92
Others	7.93	1.07



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Akums Drugs and Pharmaceuticals Limited**Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024***(All amounts in ₹ million unless otherwise stated)***II Summary of related party transactions [refer note 42(I) above, for relationships of related parties]:**

Particulars	31 March 2024	31 March 2023
Profit/ (loss) share from investment in Partnership firm/ LLP		
AUSL Pharma	-	(2.03)
Upadhrish Reserchem LLP	89.35	53.83
Akum Impex LLP	-	-
Investment through acquisition of shares		
Qualymed Pharma Private Limited	0.10	-
Unosource Pharma Limited	-	16.20
Sale of investment in subsidiaries		
Dhanwantri Vedaresearch LLP	-	0.16
Remuneration paid*		
Mr. Sanjeev Jain	54.22	38.00
Mr. Sandeep Jain	53.67	38.00
Mr. Sanjay Sinha	2.10	-
Mr. Basant Kumar Singh	4.30	3.49
Mr. Sumeet Sood	22.47	13.23
Mr. Dharamvir Malik	2.68	2.09
Ms. Arushi Jain	6.94	6.30
Mr. Manan Jain	0.45	-
Mr. Umang Jain	0.20	-
Rent paid		
Akome Lifecare Private Limited	24.96	12.48
Akums Healthcare Limited	-	8.43
Mr. Sanjeev Jain	3.84	3.84
Mr. Sandeep Jain	4.80	4.80
Others	0.30	0.36
Sitting fees		
Mr. Kewal Handa	1.70	2.40
Ms. Matangi Gowrishankar	1.70	2.20
Mr. Nand Lal Kalra	1.16	0.44
Mr. Satwinder Singh	0.50	-
Professional charges		
Mr. D.C. Jain	1.65	1.80
Mr. Kewal Handa	1.30	-
Ms. Matangi Gowrishankar	1.10	-

* excludes the post employment benefits and other long term benefits as being done on lumpsum for all the employee of the Company.

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Akums Drugs and Pharmaceuticals Limited

Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024

(All amounts in ₹ million unless otherwise stated)

II Summary of related party transactions [refer note 42(I) above, for relationships of related parties]:

Particulars	31 March 2024	31 March 2023
(b) Balance outstanding at the end of the year		
Inter-corporate loan given		
Malik Lifesciences Private Limited	1,889.00	1,369.00
Pure and Cure Healthcare Private Limited	5,707.50	5,901.00
Akums Healthcare Limited	1,467.50	190.00
Others	1,591.50	1,635.60
Trade receivable		
Unosource Pharma Limited	187.25	168.01
Sarvagunaushdhi Private Limited	-	72.34
Pure and Cure Healthcare Private Limited	15.99	135.82
Akumentis Healthcare Limited	44.76	16.25
Plenteous Pharmaceuticals Limited	94.75	21.36
Others	22.34	51.91
Interest receivable		
Pure and Cure Healthcare Private Limited	33.84	33.48
Malik Lifesciences Private Limited	10.02	6.87
Sarvagunaushdhi Private Limited	-	6.44
Akums Healthcare Limited	8.71	0.95
Others	8.60	5.60
Trade payable		
Maxcure Nutravedics Limited	15.71	217.17
Pure and Cure Healthcare Private Limited	2.74	75.39
Upadhrish Reserchem LLP	14.96	0.04
Others	3.13	25.54
Advance against sale of shares		
Dhanwantri Vedaresearch LLP	1.03	-
Security deposit payable		
Medibox Pharma Private Limited	2.69	-
Amazing Research Laboratories Limited	-	1.74
May and Baker Pharmaceuticals Limited	-	0.95
Plenteous Pharmaceuticals Limited	0.78	0.78
Sarvagunaushdhi Private Limited	-	0.60
Dues from partnership firm and LLPs		
Upadhrish Reserchem LLP	120.18	53.83
Corporate guarantee**		
Pure and Cure Healthcare Private Limited	812.50	1,550.00
Unosource Pharma Limited	-	180.00
Plenteous Pharmaceuticals Limited	35.09	64.56
Amazing Research Laboratories Limited	-	46.92
May and Baker Pharmaceuticals Limited	-	8.09
Nicholas Healthcare Limited	29.95	-
Akums Healthcare Limited	84.50	-
Remuneration payable		
Mr. Sanjeev Jain	10.00	-
Mr. Sandeep Jain	10.00	-
Mr. Sanjay Sinha	2.00	-
Mr. Sumeet Sood	4.83	-

** represents corporate guarantee given to subsidiaries for the loan taken by them. The guarantee given has been restricted to the amount of loan outstanding as on the closing date.

During the previous year, the Company had taken personal guarantee amounting to ₹ 352.20 million from directors for the loans availed by the Company. In the current year, the directors have withdrawn the aforementioned personal guarantee.

IPO expenses incurred as disclosed in note 13 and 14b to these standalone financial statements are to be borne by the Company and the selling shareholders. Portion of these expenses are recoverable from selling shareholders in proportionate to shares that will be offered to the public in the proposed IPO.



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Akums Drugs and Pharmaceuticals Limited

CIN - U24239DL2004PLC125888

Summary of the material accounting policies and other explanatory information for the year ended 31 March 2024

(All amounts in ₹ million unless otherwise stated)

43 Disclosure required under Ind AS 115 - Revenue from customers

(i) Disaggregation of revenue:

	Year ended 31 March 2024	Year ended 31 March 2023
Sale of products		
Revenue from sale of manufactured goods	12,365.70	10,668.62
Revenue from sale of goods - others	418.42	510.56
Other operating revenue		
Job work charges	259.24	209.03
Testing charges and others	1,339.58	1,413.76
Sale of scrap	58.25	66.29
	14,441.19	12,868.26

(ii) Assets and liabilities related to contracts with customers

	As at 31 March 2024		As at 31 March 2023	
	Non-current	Current	Non-current	Current
Contract liabilities related to sale of goods				
Advance received from customers	-	98.49	-	878.16

Receivable is the right to consideration in exchange for goods or services transferred to the customer. Contract liability is the entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer in advance.

(iii) Significant changes in the contract liabilities balances during the year are as follows:

Particulars	As at 31 March 2024		As at 31 March 2023	
	Contract liabilities		Contract liabilities	
	Advances from customers		Advances from customers	
Opening balance	878.16		1,307.24	
Addition during the year	98.49		878.16	
Revenue recognised/ adjustments during the year	878.16		1,307.24	
Closing balance	98.49		878.16	

The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. There are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated. The amounts receivable from customers become due after expiry of credit period which on an average is less than 60 days. There is no significant financing component in any transaction with the customers.

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44 Corporate social responsibility

As per section 135 of the Companies Act, 2013, a Company, meeting the applicable threshold, required to spend at least 2% of its average net profit for the immediately preceding three financial year as per section 198 of the Companies Act 2013 on corporate social responsibility(CSR) activities. The CSR committee has been formed by the Company as per the Act and the Company has identified areas of "Promoting Education and Healthcare and Rural Development projects" for CSR activities.

The Company has spent amount on corporate social responsibility expenses as below:

Particulars	Amortised cost	
	Year ended 31 March 2024	Year ended 31 March 2023
Unspent/ (Overspent) balance as at beginning of the year	(0.54)	(0.50)
Gross amount required to be spent during the year	-	-
Amount spent during the year	-	-
- Construction/acquisition of any asset	-	-
- On purposes other than above	-	(0.04)
Unspent/ (Overspent) balance as at end of the year [(excess)/ shortfall]	(0.54)	(0.54)

The excess amount spent on CSR during the year ended 31 March 2024 has been recognised as an asset in the books of account as per Companies Act 2013 (refer note 14b)

45 Financial instruments**A Financial instruments by category**

The carrying value of financial instruments by categories were as follows:

Particulars	Amortised cost	
	As at 31 March 2024	As at 31 March 2023
Financial assets carried at amortised cost		
Trade receivables	2,337.94	2,561.33
Cash and cash equivalents	689.57	72.33
Other bank balances	43.53	16.12
Loans	10,716.68	9,148.94
Other financial assets	339.98	210.70
Total financial assets	14,127.70	12,009.42
Financial liabilities carried at amortised cost		
Borrowings	2,262.86	1,455.85
Trade payables	1,649.14	1,779.72
Lease liabilities	407.75	425.18
Other financial liabilities	1,115.40	1,046.94
Financial liabilities carried at fair value through profit and loss		
Liability arising out of put option	13,653.78	10,076.04
Total financial liabilities	19,088.93	14,783.73

The carrying amount of trade receivables, trade payables, capital creditors and cash and cash equivalent are considered to be the same as their fair values, due to short-term in nature.

The carrying value of the amortised financial assets and liabilities approximate to the fair value on the respective reporting dates.

Investments in subsidiaries and associate as at the close of the year ended 31 March 2024 are carried at cost, per the option availed by the Company under the relevant provision of Ind AS. Hence the same has not been considered in the above table.

B. Fair values hierarchy

Financial assets and financial liabilities are measured at fair value in the standalone financial statements and are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

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B.1 Financial liabilities measured at fair value - recurring fair value measurements

Particulars	Period	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit and loss					
Liability arising out of put option	31 March 2024	-	-	13,653.78	13,653.78
	31 March 2023	-	-	10,076.04	10,076.04

B.2 Valuation process and technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

(a) for liability arising on account of put option, adjusted discounted cash flow method (income approach) has been used.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Particulars	Fair value		Significant unobservable inputs
	31 March 2024	31 March 2023	
Liability arising out of put option - refer note 18.1	13,653.78	10,076.04	Growth and discount rate

B.3 Sensitivity analysis

Description	As at 31 March 2024	As at 31 March 2023
Impact on liability arising on account of put options fair value if change in growth rate		
- Impact due to increase of 0.5%	547.86	607.03
- Impact due to decrease of 0.5%	(493.37)	(541.27)
Impact on liability arising on account of put options fair value if change in discount rate		
- Impact due to increase of 0.5%	(868.68)	(742.25)
- Impact due to decrease of 0.5%	966.09	835.87

B.4 The following table presents the changes in level 3 items for the years ended 31 March 2024 and 31 March 2023

Particulars	Liability arising out of put option
As at 1 April 2022	10,515.74
Add: Issue of equity shares	-
Add: fair value changes during the year*	(439.70)
As at 1 April 2023	10,076.04
Add: Issue of equity shares	-
Add: fair value changes during the year*	3,577.74
As at 31 March 2024	13,653.78

*Disclosed in these standalone statement of profit and loss for the year ended 31 March 2024.

C Financial risk management**Financial risk management objectives and policies**

The Company's principal financial liabilities comprise borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, investments, trade and other receivables, cash and cash equivalents and other financial assets.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks and also ensure that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Financial risk factors

The Company's activities expose it to a variety of financial risks:

- Market risk
- Credit risk
- Liquidity risk

The primary market risk to the Company is foreign exchange risk. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

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C.1 Market risk**(a) Foreign currency risk**

The entity has international transactions and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The company does not use forward contracts and swaps for managing risks associated with foreign currency nor used for speculative purposes.

Foreign currency risk exposure:

Particulars	31 March 2024		31 March 2023	
	Foreign currency	₹ million	Foreign currency	₹ million
Trade receivables- USD	193,387	16.13	447,494	35.34
Trade receivables- EURO	171,510	15.41	-	-
Trade and other payables- EURO	39,113	3.52	-	-
Trade and other payables- USD	389,718	32.50	24,273	2.03
Total	793,728	67.56	471,767	37.37

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Currency	31 March 2024		31 March 2023	
		Increase	Decrease	Increase	Decrease
INR/USD- increase by 1%*	USD	(0.16)	0.16	0.33	(0.33)
INR/EURO- increase by 1%*	EURO	0.12	(0.12)	-	-

(31 March 2023: 1%)

* Holding all other variables constant

(b) Interest rate risk**(i) Financial liabilities**

The Company's policy is to minimise interest rate cash flow risk exposures on external financing. At 31 March 2024 and 31 March 2023, the Company is exposed to changes in interest rates through bank borrowings carrying variable interest rates. The Company's investments in fixed deposits carry fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the entity to interest rate risk:

Particulars	As at 31 March 2024	As at 31 March 2023
Variable rate borrowing	2,262.86	1,455.85
Total borrowings	2,262.86	1,455.85

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

Particulars	As at 31 March 2024	As at 31 March 2023
Interest sensitivity*		
Interest rates – increase by 100 basis points	22.63	14.56
Interest rates – decrease by 100 basis points	(22.63)	(14.56)

* Holding all other variables constant

(ii) Financial assets

The Company's deposits with banks are carried at amortised cost and are fixed rate instruments. They are, therefore, not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(c) Price risk**(i) Exposure**

The Company is in the business of contract manufacturing wherein any increase in the price is passed to the customer and hence the Company is not exposed to significant price

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C.2 Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by investments in cash and cash equivalents, trade receivables and other financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

(a) Credit risk management

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk

(ii) Moderate credit risk

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in the statement of profit and loss.

The Company provides for expected credit loss based on the following:

Basis of categorisation	Asset class exposed to credit risk	Provision for expected credit loss
Low credit risk	Loans, Cash and cash equivalents, financial assets measured at amortised cost	12 month expected credit loss
Moderate credit risk	Trade receivables	Trade receivables - Life time expected credit loss

Financial assets that expose the entity to credit risk –

Particulars	At at 31 March 2024	At at 31 March 2023
Low credit risk		
Cash and cash equivalents	689.57	72.33
Other bank balances	43.53	16.12
Loans	10,716.68	9,148.94
Other financial assets	339.98	210.70
Moderate credit risk		
Trade receivables	2,337.94	2,561.33
Total	14,127.70	12,009.42

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables are generally unsecured and non-interest bearing. There is no significant concentration of credit risk. The Company's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. The utilization of credit limit is regularly monitored and a significant element of credit risk is covered by credit insurance. The Company's credit risk is mainly confined to the risk of customers defaulting against credit sales made. Outstanding trade receivables are regularly monitored by credit monitoring Company. In respect of trade receivables, the Company recognises a provision for lifetime expected credit losses after evaluating the individual probabilities of default of its customers which are duly based on the inputs received from the

All of the entity's financial assets (other than trade receivables) measured at amortised cost, are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses. Management consider 'low credit risk' for cash and cash equivalents and other bank balances being maintained with scheduled banks. Other instruments are considered to have low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses. Subsequent recoveries of amounts previously written off are credited against the same line item.

The carrying amounts of financial assets above represents the maximum exposure to credit risk.

The Company assumes increase in credit risk since initial recognition when financial assets are more than 30 days past due.

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(b) Expected credit losses for financial assets**(i) Financial assets (other than trade receivables)**

Company provides for expected credit losses on loans other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

- For cash & cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents and other bank balances and bank deposits is evaluated as very low.

- For loans and other financial assets - Credit risk is evaluated based on Company knowledge of the credit worthiness of those parties and loss allowance is measured. For such financial assets, the Company policy is to provide for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk.

31 March 2024	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of loss allowance
Cash and cash equivalents	689.57	-	-	689.57
Other bank balances	43.53	-	-	43.53
Loans	10,716.68	-	-	10,716.68
Other financial assets	339.98	-	-	339.98

31 March 2023	Gross carrying amount	Expected probability of default	Expected credit losses	Carrying amount net of loss allowance
Cash and cash equivalents	72.33	-	-	72.33
Other bank balances	16.12	-	-	16.12
Loans	9,148.94	-	-	9,148.94
Other financial assets	210.70	-	-	210.70

(ii) Expected credit loss for trade receivables under simplified approach

As at 31 March 2024 and 31 March 2023, the Company considered the individual probabilities of default of its financial assets (other than trade receivables) and determined that in respect of counterparties with low credit risk, no default events are considered to be possible within the 12 months after the reporting date. In respect of trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses using a simplified approach.

As at 31 March 2024	Gross carrying amount	% of expected credit losses	Allowance for expected credit losses	Carrying amount net of loss allowance
Amount not yet due	1,862.37	-	-	1,862.37
Between one to six month overdue	312.27	-	-	312.27
Between six month to one year overdue	26.47	0.34%	(0.09)	26.38
Greater than one year overdue	213.99	36.02%	(77.07)	136.92
Total	2,415.10		(77.16)	2,337.94

As at 31 March 2023	Gross carrying amount	% of expected credit losses	Allowance for expected credit losses	Carrying amount net of loss allowance
Amount not yet due	1,777.61	-	-	1,777.61
Between one to six month overdue	608.57	0.02%	(0.15)	608.42
Between six month to one year overdue	88.77	0.08%	(0.07)	88.70
Greater than one year overdue	118.77	27.09%	(32.17)	86.60
Total	2,593.72		(32.39)	2,561.33

Reconciliation of loss allowance provision from beginning to end of the year:

Particulars	Trade receivables
Loss allowance on 1 April 2022	26.96
Charge in statement of profit and loss	5.43
Loss allowance on 31 March 2023/ 1 April 2023	32.39
Provision on debtors assigned (refer note 42)	16.81
Charge in statement of profit and loss	27.96
Loss allowance on 31 March 2024	77.16

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C.3 Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The entity's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the entity's liquidity position and cash and cash equivalents on the basis of expected cash flows. The entity takes into account the liquidity of the market in which the entity operates.

(a) Financing arrangements (un-utilised)

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at	As at
	31 March 2024	31 March 2023
Working capital facility	1,366.89	1,572.25
Term loan facility	-	250.00

(b) Maturities of financial liabilities (excluding finance cost obligation for future payments, as applicable):

The tables below analyse the entity's financial liabilities into relevant maturity entitling's based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 March 2024	Less than 1 year	1 - 5 years	More than 5 years	Total
Non-derivatives				
Borrowings	2,106.61	156.25	-	2,262.86
Trade payable	1,649.14	-	-	1,649.14
Lease liabilities	20.60	96.98	290.17	407.75
Other financial liabilities	1,031.13	13,738.05	-	14,769.18
Total	4,807.48	13,991.28	290.17	19,088.93

31 March 2023	Less than 1 year	1 - 5 years	More than 5 years	Total
Non-derivatives				
Borrowings	1,237.10	218.75	-	1,455.85
Trade payable	1,779.72	-	-	1,779.72
Lease liabilities	17.43	88.47	319.28	425.18
Other financial liabilities	970.09	10,152.89	-	11,122.98
Total	4,004.34	10,460.11	319.28	14,783.73

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46 Taxes

Income tax expense in the statement of profit and loss comprises:

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Current income-tax		
for current year	469.90	413.29
for earlier years	13.50	(3.32)
Total	483.40	409.97
Deferred tax charge	141.78	(161.08)
Tax on other comprehensive income	(7.32)	1.80
Tax expense	617.86	250.69

(a) Current tax

a) Reconciliation of tax expense applicable to profit before tax at the latest statutory enacted tax rate in India to income tax expense reported is as follows:

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Profit before tax	(1,029.33)	1,503.19
Income tax using the Company's domestic tax rate *	25.17%	25.17%
Expected tax expense [A]	(259.06)	378.32
Tax effect of adjustment to reconcile expected income tax expense to reported income tax expense		
Effect of non-deductible expenses/ income	876.60	(124.30)
Others	(13.18)	(0.01)
Tax earlier years	13.50	(3.32)
Total adjustments [B]	876.92	(127.63)
Actual tax expense [C=A+B]	617.86	250.69
*Domestic tax rate applicable to the Company has been computed as follows		
Base tax rate	22%	22%
Surcharge (% of tax)	10%	10%
Cess (% of tax)	4%	4%
Applicable rate of tax	25.17%	25.17%

b) Changes in deferred tax assets and liabilities for the year ended 31 March 2024 :-

Particulars	As at 31 March 2023	Recognised in other comprehensive income	Recognised in profit and loss	As at 31 March 2024
Deferred tax liability consists of:				
Property, plant and equipment and intangible assets	(268.11)	-	72.32	(195.79)
Right-of-use assets	(36.61)	-	(56.80)	(93.41)
Deferred tax assets consists of:				
Employee benefits	24.51	7.32	27.73	59.56
Provision for credit losses on financial assets	15.15	-	5.09	20.24
Lease liability	107.01	-	(4.38)	102.62
Provision for diminution in value of intangible assets	175.55	-	(175.55)	-
Provision for demand raised by statutory authorities	13.84	-	(10.19)	3.65
Net deferred tax asset / (liability)	31.34	7.32	(141.78)	(103.13)

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Changes in deferred tax assets and liabilities for the year ended 31 March 2023:-

Particulars	As at 31 March 2022	Recognised in other comprehensive income	Recognised in profit and loss	As at 31 March 2023
Deferred tax liability consists of:				
Property, plant and equipment and intangible assets	(205.87)	-	(62.24)	(268.11)
Right-of-use assets	(41.84)	-	5.23	(36.61)
Deferred tax assets consists of:				
Employee benefits	23.41	(1.80)	2.90	24.51
Provision for credit losses on financial assets	6.78	-	8.37	15.15
Lease liability	45.48	-	61.53	107.01
Provision for sales tax	44.10	-	(44.10)	-
Provision for diminution in value of intangible assets	-	-	175.55	175.55
Provision for demand raised by statutory authorities	-	-	13.84	13.84
Net deferred tax asset / (liability)	(127.94)	(1.80)	161.08	31.34

The amount and expiry date of unused tax losses are as under:

Particulars	As at 31 March 2024		As at 31 March 2023	
	Unabsorbed losses	Expiry date	Unabsorbed losses	Expiry date
Unused tax losses*				
A. Y. 2023-24	9.31	2030-31	9.31	2030-31
	<u>9.31</u>		<u>9.31</u>	

*above losses includes long term capital loss of ₹ 9.31 million.

47 Research and development expenditure (revenue) incurred on DSIR approved units

The Company has its research and development centres (approved by DSIR) located in Haridwar and Mumbai which concentrates on the development of new pharmaceutical formulations. Research and development costs incurred amounted to ₹ 325.75 million (31 March 2023: ₹ 247.08 million) (including depreciation of ₹ 45.22 million (31 March 2023: ₹ 30.86 million) and interest expense of ₹ 0.83 million (31 March 2023: ₹ 1.14 million) recognised in the standalone statement of profit and loss.

48 Segment reporting

The Company publishes this financial statements along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

49 Capital management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders through continuing growth via expansion.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Gearing ratio

Particulars	As at 31 March 2024	As at 31 March 2023
Total debt (including current maturities of long term debt)	2,262.86	1,455.85
Less:		
Cash and cash equivalents	689.57	72.33
Other bank balances	43.53	16.12
Net debt	1,529.76	1,367.40
Total equity	1,438.78	3,115.04
Equity and net debt	2,968.54	4,482.44
Gearing ratio	51.53%	30.51%

*Equity includes capital and all reserves of the Company that are managed as capital.

In order to achieve this overall objective, the entity's capital management, amongst other things, aims to ensure that it meets financial covenants and attached to the interest bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 31 March 2023.

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50 Ageing of trade receivables and trade payables as per Schedule III

a) Trade receivables ageing

The table below analyse the outstanding trade receivables:

31 March 2024[#]

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months*	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables- considered good	2,174.65	26.12	35.46	0.90	-	2,237.13
(ii) Undisputed trade receivables- which have significant increase in credit risk	-	-	9.93	1.67	7.47	19.07
(iii) Disputed trade receivables- which have significant increase in credit risk	-	0.35	15.52	12.48	130.56	158.91
(iv) Provision for expected credit loss	-	(0.09)	(6.36)	(3.74)	(66.97)	(77.16)
	2,174.65	26.38	54.55	11.31	71.06	2,337.95

*includes not due amount of ₹ 1,862.36 million.

includes trade receivable assigned from its subsidiary company Amazing Research Laboratories Limited and Burroughs Welcome Pharmacia Private Limited.

31 March 2023

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months*	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables- considered good	2,385.60	88.51	9.12	33.86	0.00	2,517.09
(ii) Undisputed trade receivables- which have significant increase in credit risk	-	-	4.38	3.87	5.98	14.23
(iii) Disputed trade receivables- which have significant increase in credit risk	0.59	0.27	3.94	3.94	53.66	62.40
(iv) Provision for expected credit loss	(0.15)	(0.07)	(2.08)	(10.69)	(19.40)	(32.39)
	2,386.04	88.71	15.36	30.98	40.24	2,561.33

*includes not due amount of ₹ 1,777.61 million.

b) Trade payables ageing

The table below analyse the outstanding trade payables:

31 March 2024

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	121.99	-	-	-	121.99
Others	1,439.57	44.09	2.06	1.89	1,487.61
Unbilled dues*	39.54	-	-	-	39.54
	1,601.10	44.09	2.06	1.89	1,649.14

Note: There are no undue payables, hence same is not disclosed in the ageing schedule.

31 March 2023

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	143.89	-	-	-	143.89
Others	1,590.61	2.35	2.12	0.07	1,595.15
Unbilled dues*	40.68	-	-	-	40.68
	1,775.18	2.35	2.12	0.07	1,779.72

Note: There are no undue payables, hence same is not disclosed in the ageing schedule.

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51 Ratio Disclosures

Particulars	Numerator	Denominator	Current year	Previous year	% Variance
Current ratio	Current Assets	Current liab	1.06	1.05	1%
Debt - Equity ratio ¹	Total debt	Shareholders equity	157%	47%	237%
Debt service coverage ratio ¹	Earnings available for debt service	Debt Service	10.51	8.36	26%
Return on equity ratio ²	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	-73%	50%	-244%
Inventory turnover ratio	Cost of goods sold	Average Inventory	4.87	4.19	16%
Trade receivables turnover ratio ³	Net Credit Sales	Avg. Accounts Receivable	5.90	4.60	28%
Trade payables turnover ratio ³	Net Credit Purchases	Average Trade Payables	6.05	4.38	38%
Net capital turnover ratio	Net Sales	Working Capital	45.99	52.47	-12%
Net profit ratio ²	Net Profit	Net Sales	-11%	10%	-218%
Return on capital employed ²	Earning before interest and taxes	Capital Employed	83%	61%	36%
Return on investment ²	Profit after tax	Investment	-115%	40%	-386%

Reasons for variance:

- Increase in working capital loans to finance increase in operations have lead to change in the ratios.
- On account of fair value changes in the financial instrument (put option liability), there has been a change in the ratios.
- On account of an increase in operations of the Company, there has been a change in the ratios. With increase in operations, the revenue of the Company has increased along with purchases, leading to increase in trade receivable and trade payable turnover ratio

52 Disclosures as required under Section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 due to micro enterprises and small enterprises

Particulars	As at	As at
	31 March 2024	31 March 2023
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due*	141.72	168.53
- Interest amount due	-	-
The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

*includes capital creditors of ₹ 19.73 million (31 March 2023: ₹ 24.64 million).

The information disclosed above are per the information available with the company.

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53 The Company has given loans, made investment and given guarantee for various subsidiary companies and associate. The details of loans, investment made and guarantee outstanding as at year end is given in below mentioned table along with purpose of the loan and guarantee given as required u/s 186(4) of the Companies Act 2013.

Name of Entity	Interest rate p.a.	Repayable (on or before)	As at 31 March 2024	As at 31 March 2023
a) Long term loan given for general corporate purpose				
Pure and Cure Healthcare Private Limited	8% (April 2023 to June 2023: 7.5%)	December 2026	5,707.50	5,901.00
Malik Lifesciences Private Limited	8% (April 2023 to June 2023: 7.5%)	December 2026	1,889.00	1,369.00
Akums Healthcare Limited	8% (April 2023 to June 2023: 7.5%)	December 2026	1,467.50	190.00
Unosource Pharma Limited	8% (April 2023 to June 2023: 7.5%)	December 2026	610.00	520.00
Plenteous Pharmaceuticals Limited	8% (April 2023 to June 2023: 7.5%)	December 2026	373.00	490.00
Medibox Pharma Private Limited	8% (April 2023 to June 2023: 7.5%)	December 2026	262.20	-
Upadhrish Reserchem LLP	8% (April 2023 to June 2023: 7.5%)	December 2026	144.90	193.90
Qualymed Pharma Private Limited	8% (April 2023 to June 2023: 7.5%)	December 2026	86.10	-
Nicholas Healthcare Limited	8% (April 2023 to June 2023: 7.5%)	December 2026	75.30	47.50
Maxcure Nutravedics Limited	8% (April 2023 to June 2023: 7.5%)	December 2026	40.00	-
Amazing Research Laboratories Limited*	8% (April 2023 to June 2023: 7.5%)	December 2026	-	277.00
Burroughs Welcome Pharmacia Private Limited*	8% (April 2023 to June 2023: 7.5%)	December 2026	-	107.20
Total loans given (A)			10,655.50	9,095.60

The above loan figures doesn't includes interest receivable from related parties amounting to ₹ 61.18 million (31 March 2023: ₹ 53.34 million)

* Refer note 33 for details.

b) Particulars of Investment made- Equity instruments*

Pure and Cure Healthcare Private Limited			479.07	479.07
Unosource Pharma Limited			196.20	196.20
Akumentis Healthcare Limited			170.79	170.79
Maxcure Nutravedics Limited			80.42	80.42
Malik Lifesciences Private Limited			34.85	34.85
Akums Healthcare Limited			1.00	1.00
Amazing Research Laboratories Limited (refer note 14c and 33)			1.95	1.95
Burroughs Welcome Pharmacia Private Limited (refer note 14c and 33)			0.01	0.01
May and Baker Pharmaceuticals Limited (refer note 14c and 33)			0.50	0.50
Nicholas Healthcare Limited			0.50	0.50
Plenteous Pharmaceuticals Limited			0.50	0.50
Sarvagunaushdhi Private Limited			0.10	0.10
Qualymed Pharma Private Limited			0.10	-
Less: Investment in subsidiaries held for sale (refer note 14c)			(2.46)	
Total (B)			963.53	965.89

c) Particulars of Investment made- Cumulative compulsory convertible participating preference shares

Akumentis Healthcare Limited			424.21	424.21
Total (C)			424.21	424.21

Total investments made (B+C)

1,387.74 **1,390.10**

*As per requirement of Section 186(4), disclosure is required in regards to body corporates only.

d) Guarantee given for subsidiary Companies bank loan availed by them*

Pure and Cure Healthcare Private Limited (refer note 5)			812.50	1,550.00
Unosource Pharma Limited			-	180.00
Plenteous Pharmaceuticals Limited			35.09	64.56
Amazing Research Laboratories Limited			-	46.92
May and Baker Pharmaceuticals Limited			-	8.09
Nicholas Healthcare Limited			29.95	-
Akums Healthcare Limited			84.50	-
Total (guarantee)			962.04	1,849.57

*represents corporate guarantee given to subsidiaries for the loan taken by them. The guarantee given has been restricted to the amount of loan outstanding as on the closing date.



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54 Lease

- (a) The Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the Right of Use assets at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application.
- (b) The weighted average lessee's incremental borrowing rate applied to the lease liabilities was 9% p.a.
- (c) Since there was no change made in original lease contract in the current financial year, no reassessment or revaluation done for the Right-of-use assets created originally.
- (d) The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised as on 31 March 2024:

As at 31 March 2024:

Right-of-use assets	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term (years)
Land	7	29-93	82
Buildings	5	3-6	6

As at 31 March 2023:

Right-of-use assets	No of right-of-use assets leased	Range of remaining term (years)	Average remaining lease term (years)
Land	7	30-94	82
Buildings	5	4-7	6

There are no leases entered by the company which have any extension, termination or purchase option and the payment of lease rentals is not based on variable payments which are linked to an index.

- (e) Amount recognised in balance sheet and statement of profit and loss:

Particulars	Category of Right-of-use assets		
	Land	Buildings	Total
Balance as at 1 April 2022	118.08	166.25	284.33
Add: Additions during the year	260.39	0.87	261.26
Less: Deletion during the year	40.98	-	40.98
Less: Amortisation charged on the right-of-use assets (refer note 32)	5.46	21.65	27.11
Balance as at 31 March 2023/ 1 April 2023	332.03	145.47	477.50
Less: Amortisation charged on the right-of-use assets (refer note 32)	9.56	21.70	31.26
Balance as at 31 March 2024	322.47	123.77	446.24

- (f) Lease payment not recognised as lease liability

	Year ended 31 March 2024	Year ended 31 March 2023
Expenses relating to short term leases (refer note 30)	9.67	18.24
Total	9.67	18.24

- (g) The total cash outflow for leases for the year ended 31 March 2024 was ₹ 54.99 million. (31 March 2023: ₹ 42.21 million)

- (h) Future minimum lease payments

As at 31 March 2024

Minimum Lease payments due	As at 31 March 2024		
	Lease payment	Finance charges	Net Present Value
Within 1 Year	56.50	35.90	20.60
1-10 Year	395.39	232.73	162.66
10-20 Year	249.55	172.94	76.61
More than 20 Year	212.12	64.24	147.88
Total	913.56	505.81	407.75

As at 31 March 2023

Minimum Lease payments due	As at 31 March 2023		
	Lease payment	Finance charges	Net Present Value
Within 1 Year	54.99	37.56	17.43
1-10 Year	426.93	248.20	178.73
10-20 Year	249.55	179.51	70.04
More than 20 Year	237.07	78.09	158.98
Total	968.54	543.36	425.18



55 Share based payments

The Company has implemented Employee Stock Option Scheme 2022 (ESOP Scheme 2022) as approved by the shareholder on 31 March 2022. The scheme entitles employees and directors of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. The nomination and remuneration committee of the Board of the Company administers the Employee Stock Option Scheme 2022 and grants stock options to eligible employees.

Details of the options granted during the year ended 31 March 2024 under the scheme are given below:

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Exercise period
Employee Stock Option Scheme 2022 (ESOP Scheme 2022)	1 April 2023	14,000	1,010.00	5 years	5 years from date of vesting of options

The vesting conditions are mix of service and performance based conditions. Further, during the vesting period, there will graded vesting which will be 25% each in last 4 years of vesting period.

The options are granted at an exercise price, which is in accordance with the relevant provisions of the Companies Act, 2013, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of face value ₹ 2 each.

The options were granted on 1 April 2023 and were then forfeited during the year. Hence, there is no impact on the financial statements of the Company during the year. The fair values of options are measured based on the Black-Scholes-Merton model.

Weighted average share price for options exercised during the year :

Particulars	ESOP Scheme 2022
Weighted average share price (₹)	1,010.34
Fair value per Option at grant date (₹)	376.94 - 553.33
Exercise price (₹)	1,010.00
Expected Volatility	38.82% - 37.72%
Expected Life (in years)	3.5 - 7.5
Expected dividends	0.00%
Risk-free interest rate	6.87% - 7.03%

Stock option activity under the scheme for the year ended 31 March 2024 is set out below:

Particulars	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
Outstanding as at 1 April 2023	-	-	-	-
Granted during the year	14,000	1,010.00	1,010.00	4.75
Forfeited/ cancelled during the year	(14,000)	1,010.00	1,010.00	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding as at 31 March 2024	-	-	-	-
Exercisable at the end of the year	-	-	-	-

56 Subsequent events

(a) The management vide board resolution dated 18 March 2024 decided to sell its investments done in wholly owned subsidiaries: a) Amazing Research Laboratories Limited, b) May and Baker Pharmaceuticals Limited and c) Burroughs Welcome Pharmacia Private Limited. Subsequent to year end, the sale transactions has been concluded. (refer note 14c and 33)

(b) On 29 May 2024, the Investor waived off its rights which requires the Company to buyback the equity shares in accordance with the terms of the shareholder's agreement dated 3 October 2019 read with the waiver cum amendment agreement dated 9 February 2024. Accordingly, the Company is no longer required to buyback the equity shares held by the Investor in the event the Company and/or its Promoters are unable to facilitate an exit for the Investor in accordance with the shareholder's agreement dated 3 October 2019.

57 Other information

(a) The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies, which uses accounting software for maintaining its books of accounts, shall only use such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled. The new requirement is applicable with effect from the financial year beginning on 1 April 2023.

The Company uses certain accounting software and payroll software for maintaining its books of account. During the current financial year, the audit trail (edit log) feature for any direct changes made at the database level were not enabled for the above mentioned software used for maintenance of all the accounting records by the Company. However, the audit trails (edit log) at the applications level (entered from the frontend by users) for the accounting software were operating for all relevant transactions recorded in the software.

Further, the Company, has used payroll software used at plant which is operated by a third-party software service provider. The Company has obtained the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information). However, the service auditor has not specifically covered the existence of audit trail for any direct changes at database level in line with the requirements by MCA.

(b) Initial Public Offering (IPO): The Board of Directors (Board) of the Company in their board meeting dated 26 October 2023 has approved raising of capital for the Company through an Initial Public Offering (IPO). As part of its proposed IPO, the Company filed Draft Red Hearing Prospectus (DRHP) with the Securities Exchange Board of India (SEBI) on 11 February 2024. Apart from the fresh issue of shares by the Company, existing shareholders also proposes to sell their individual stake presently held in the Company.



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58 Other statutory information

- (a) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (b) The Company do not have any transactions with companies struck off.
- (c) The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- (d) The Company have not traded or invested in Crypto currency or Virtual Currency during the year.
- (e) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (f) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (i) 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 (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (g) The Company have not 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
- (h) The Company is not declared wilful defaulter by any bank or financial institution or government or any government authority.
- (i) The Company has complied with the approved scheme of arrangement. Refer note 5.
- (j) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

As per our report of even date attached


For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/ N500013



Tarun Gupta
Partner
Membership No: 507892




Place : New Delhi
Date : 31 May 2024


For and on behalf of Board of Directors of
Akums Drugs and Pharmaceuticals Limited


Sanjeev Jain
Director
DIN: 00323433


Dharamvir Malik
Company Secretary
Mem. No.: FCS 8596

Place : New Delhi
Date : 31 May 2024


Sandeep Jain
Director
DIN: 00323476


Sumeet Sood
Chief Financial Officer

