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INDEPENDENT AUDITOR'S REPORT
To The Members of Sai Life Sciences Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sai Life Sciences Limited ("the Parent" / "the Company") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2024, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries to in the Other Matter section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

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

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to consolidated 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 the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such business activities included in the consolidated financial statements of which we are the independent auditors. For the other subsidiaries included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls that we identify during our audit.

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

Other Matter

We did not audit the financial statements of two subsidiaries included in the Group whose financial statements reflect total assets of Rs. 1,293.83 million as at March 31, 2024, total revenue of Rs. 1,024.81 million and net cash inflows amounting to Rs. 4.98 million for the year ended on that date, as considered in the respective standalone financial statements of the companies included in the Group. The financial statements of these subsidiaries have been audited by the other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of such other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matter section above we report, to the extent applicable that:

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

b) In our opinion, proper books of account as required by law maintained by the Group, its subsidiaries including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, and the reports of the other auditors, except for not complying with the requirement of audit trail as stated in (i)(vi) below.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on March 31, 2024 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies and its subsidiary Companies incorporated in India is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

f) The modification relating to maintenance of accounts and other matters connected therewith, are stated in paragraph (b) above.

g) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of subsidiary companies incorporated in India, the remuneration paid by the Parent and such subsidiary companies to their respective directors during the year is in accordance with the provisions of section 197 of the Act.

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

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - refer note 42 to the consolidated financial statements.

ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary company incorporated in India.

iv) (a) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 43 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 43 to the consolidated financial statements, no funds have been received by the Parent or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have not declared or paid any dividend during the year and have not proposed final dividend for the year.

vi) Based on our examination which included test checks of the Parent and its subsidiary company incorporated in India have used accounting software for maintaining their respective books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that (refer note 48 to the consolidated financial statements):

a) for one accounting software used by Parent Company, audit trail feature was not enabled for the period April 01, 2023 to March 30, 2024, post which audit trail feature was enabled at the application level. Accordingly, we are unable to comment on whether there was any instance of the audit trail feature being tampered with.

(b) for another accounting software which is operated by a third party software service provider and used by the Parent Company for maintaining payroll records, based on the independent auditor's system and organisation controls report covering the requirement of audit trail, the software has a feature of recording audit trail (edit log) facility at the application level and the same has operated during the period April 1, 2023 till December 31, 2023 and there were no instance of audit trail feature being tampered with. In the absence of an independent auditor's system and organisation controls report covering the audit trail requirement for the remaining period, we are unable to comment whether the audit trail feature of the said software was enabled and operated post December 31, 2023, for all relevant transactions recorded in the software or whether there was any instance of the audit trail feature been tampered with.

(c) for another accounting software used by the Subsidiary Company which is operated by a third party software service provider for maintaining its books of account, in absence of the independent auditor's system and organisation controls report covering the requirement of audit trail, we are unable to comment whether the audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there was any instance of the audit trail feature been tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the year ended March 31, 2024.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W-W/-100018)

Sathya

Sathya P. Koushik
(Partner)
(Membership No.206920)
(UDIN: 24206920BKANZD4890)

Place: Hyderabad
Date: May 21, 2024
SPK/RK/2024

Deloitte Haskins & Sells LLP

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as at and for the year ended March 31, 2024, we have audited the internal financial controls with reference to consolidated financial statements of **Sai Life Sciences Limited** (hereinafter referred to as "Parent") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary company which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary company, which are companies incorporated in India.

Meaning of Internal Financial Controls with reference to consolidated financial statements

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

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, Parent, its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2024, based on the criteria for internal financial control with reference to consolidated financial statements established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sathya P. Koushik
(Partner)
(Membership No. 206920)
(UDIN: 24206920BKANZD4890)

Place: Hyderabad
Date: May 21, 2024
SPK/RK/2024

Sai Life Sciences Limited
CIN-U24110TG1999PLC030970
Consolidated Balance Sheet as at 31 March 2024
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Note	As at	
		31 March 2024	**31 March 2023**
Assets			
Non-current assets			
(a) Property, plant and equipment	6	9,263.55	7,776.15
(b) Right-of-use assets	7	2,397.13	2,478.73
(c) Capital work-in-progress	6	1,068.95	1,510.01
(d) Intangible assets	8	137.73	114.33
(e) Financial assets			
(i) Investments	9	18.68	18.68
(ii) Other financial assets	10	40.67	26.57
(f) Deferred tax assets	11	131.33	80.62
(g) Non-current tax assets (net)	12	132.79	76.63
(h) Other non-current assets	13	109.39	145.26
Total non-current assets		**13,300.22**	**12,226.98**
Current assets			
(a) Inventories	14	874.43	1,395.30
(b) Financial assets			
(i) Trade receivables	15	2,561.84	2,840.51
(ii) Cash and cash equivalents	16(i)	236.57	699.12
(iii) Bank balances other than (ii) above	16(ii)	1,351.43	164.24
(iv) Other financial assets	10	794.76	1,784.74
(c) Other current assets	13	3,632.11	2,755.59
Total current assets		**9,451.14**	**9,639.50**
Total assets		**22,751.36**	**21,866.48**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	180.50	180.10
(b) Other equity	18	9,570.94	8,700.83
Total equity		**9,751.44**	**8,880.93**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	2,772.46	2,609.69
(ii) Lease liabilities	20	1,757.21	1,957.97
(iii) Other financial liabilities	21	13.33	37.27
(b) Provisions	22	195.23	166.76
(c) Deferred tax liabilities (net)	23	862.66	625.34
Total non-current liabilities		**5,600.89**	**5,397.03**

SAI LIFE SCIENCES LIMITED HYDERABAD Sai

Sai Life Sciences Limited
CIN-U24110TG1999PLC030970
Consolidated Balance Sheet as at 31 March 2024
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Note	As at	
		31 March 2024	**31 March 2023**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	4,329.17	4,382.60
(ii) Lease liabilities	20	417.76	373.49
(iii) Trade payables			
(A) Total outstanding dues of micro and small enterprises	24	90.07	80.90
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	24	1,903.98	2,008.56
(iv) Other financial liabilities	21	317.53	227.79
(b) Other current liabilities	25	256.80	409.49
(c) Provisions	22	83.72	72.02
(d) Current tax liabilities (net)	26	-	33.67
Total current liabilities		**7,399.03**	**7,588.52**
Total equity and liabilities		**22,751.36**	**21,866.48**

See accompanying notes 1 to 49 forming part of these Consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

Sathya P. Koushik
Partner
Membership No.: 206920

Place: Hyderabad
Date: 21-May-2024

For and on behalf of the Board of Directors of
Sai Life Sciences Limited
CIN No: U24110TG1999PLC030970

K.Ranga Raju
Chairman
DIN No: 00043186

Krishnam Raju
Managing Director
DIN No: 00064614

Sivaramakrishnan Chittor
Chief Financial Officer

Runa Karan
Company Secretary
Membership No.: A13721

Place: Hyderabad
Date: 21-May-2024

Sai Life Sciences Limited
CIN-U24110TG1999PLC030970
Consolidated Statement of Profit and Loss for the year ended 31 March 2024
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

		Note	For the year ended 31 March 2024	For the year ended 31 March 2023
	Income			
I	Revenue from operations	27	14,651.78	12,171.39
II	Other income	28	290.91	279.66
III	**Total income (I + II)**		**14,942.69**	**12,451.05**
IV	**Expenses**			
	Cost of material, chemicals & reagents consumed	29	4,232.97	4,271.75
	Changes in inventories of work-in-progress	30	224.33	(45.88)
	Employee benefits expense	31	4,949.05	4,172.86
	Finance costs	32	859.10	770.57
	Depreciation and amortisation expense	33	1,194.36	994.32
	Other expenses	34	2,390.54	2,123.35
	Total expenses (IV)		**13,850.35**	**12,286.97**
V	**Profit before tax (III - IV)**		**1,092.34**	**164.08**
VI	**Tax expense**	35		
	(i) Current tax		77.57	100.28
	(ii) Deferred tax		186.68	(36.09)
	Total tax expense (VI)		**264.25**	**64.19**
VII	**Profit after tax (V - VI)**		**828.09**	**99.89**
VIII	**Other comprehensive income**			
A	(i) Items that will not be reclassified to profit or loss:			
	(a) Re-measurement of defined benefit plans		7.71	31.13
	(ii) Income-tax on items that will not be reclassified to profit or loss		(1.92)	(7.83)
			5.79	**23.30**
B	(i) Items that will be reclassified to profit or loss:			
	(a) Effective portion of gain/(loss) on designated portion of hedging instruments in a cash flow hedge		(7.89)	(11.70)
	(b) Exchange differences on translating foreign operations		10.33	27.80
	(ii) Income-tax on items that will be reclassified to profit or loss		1.99	(4.06)
			4.43	**12.04**
	Total other comprehensive income for the year, net of tax (A + B)		**10.22**	**35.34**
	Total comprehensive income for the year (VII + VIII)		**838.31**	**135.23**
IX	**Earnings per equity share (in absolute ₹ terms)**	36		
	Basic		45.71	5.53
	Diluted		45.28	5.48

See accompanying notes 1 to 49 forming part of these Consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

Sathya P. Koushik
Partner
Membership No.: 206920

Place: Hyderabad
Date: 21-May-2024

For and on behalf of the Board of Directors of
Sai Life Sciences Limited
CIN No: U24110TG1999PLC030970

K.Ranga Raju
Chairman
DIN No: 00043186

Krishnam Raju
Managing Director
DIN No: 00064614

Sivaramakrishnan Chittor
Chief Financial Officer

Runa Karan
Company Secretary
Membership No.: A13721

Place: Hyderabad
Date: 21-May-2024

Sai Life Sciences Limited
CIN-U24110TG1999PLC030970
Consolidated Statement of Cash Flows for the year ended 31 March 2024
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	For the year ended	
	31 March 2024	**31 March 2023**
Cash flow from operating activities		
Profit before tax	**1,092.34**	**164.08**
Adjustments for :		
Interest income	(135.97)	(106.64)
(Gain)/loss on sale of Property, plant and equipment, net	(0.10)	5.67
Unrealised foreign exchange gain	(44.42)	(30.05)
Depreciation and amortisation expense	1,194.36	994.32
Equity -settled share-based payments	22.53	8.14
Finance costs	859.10	770.57
Bad debts written off (net of recoveries)	62.04	67.96
Advances written off	10.72	-
Provision towards advances	13.66	-
Asset under CWIP written off	61.86	-
Provision towards doubtful trade receivables	15.90	11.52
Operating cash flows before working capital changes	**3,152.02**	**1,885.57**
(Increase)/decrease in other non-current assets	(76.38)	404.89
(Increase)/decrease in inventories	520.87	(126.17)
(Increase)/decrease in trade receivables	288.14	(450.79)
(Increase)/decrease in other current assets	(887.24)	236.07
(Increase)/decrease in other financial assets	37.62	(12.71)
Increase/(decrease) in trade payables	(91.16)	123.85
Decrease in other financial liabilities & provisions	(21.58)	(47.11)
Increase/(decrease) in other non-current and current liabilities	(152.69)	221.23
Net cash generated from operating activities	**2,769.60**	**2,234.83**
Income-taxes paid, net	(138.73)	(40.80)
Net cash generated from operating activities (A)	**2,630.87**	**2,194.03**
Cash flows from investing activities		
Purchase of property, plant and equipment and other intangible assets (including capital work in progress, capital advances and capital creditors)	(1,816.90)	(1,130.75)
Proceeds from sale of property, plant and equipment	8.53	419.07
Investments in other entity	-	(18.52)
Movement in other bank balances	(1,187.19)	(20.72)
(Investment)/Redemption of Corporate deposits	950.00	(350.00)
Interest income received	121.75	83.11
Net cash used in investing activities (B)	**(1,923.81)**	**(1,017.81)**
Cash flows from financing activities		
Proceeds from issue of equity shares	9.67	20.91
Proceeds from / (Repayment of) current borrowings, net	248.93	(664.36)
Proceeds from non-current borrowings	750.00	300.00
Repayment of non-current borrowings	(667.28)	(532.76)
Interest portion of lease liabilities	(253.53)	(241.22)
Principal portion of lease liabilities	(441.05)	(345.23)
Interest paid #	(599.73)	(543.82)
Net cash used in financing activities (C)	**(952.99)**	**(2,006.48)**
Net decrease in cash and cash equivalents during the year (A + B + C)	**(245.93)**	**(830.26)**
Effect of exchange differences on cash and cash equivalents held in foreign currency	10.33	27.80
Cash and cash equivalents at the beginning of the year	355.29	1,157.75
Cash and cash equivalents at the end of the year (Note 1 below)	**119.69**	**355.29**

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Sai Life Sciences Limited
CIN-U24110TG1999PLC030970
Consolidated Statement of Cash Flows for the year ended 31 March 2024
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	For the year ended	
Note 1:	**31 March 2024**	**31 March 2023**
Cash and cash equivalents includes		
Cash on hand	0.12	0.28
Balances with banks		
-in current accounts	143.60	78.25
-in book overdraft in bank accounts	(116.88)	(343.83)
-in cash credit accounts	92.85	320.59
-in deposits account	-	300.00
	119.69	**355.29**

Interest paid in cash flow from financing activities includes borrowing cost capitalised as property, plant and equipment and CWIP during the year amounting to ₹ 18.49 (31 March 2023: ₹ 28.96)

Refer note 19 for reconciliation between the opening and closing balances in balance sheet for financial liabilities arising from financing activities.

See accompanying notes 1 to 49 forming part of these Consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No.: 117366W/W-100018

Sathya P. Koushik
Partner
Membership No.: 206920

Place: Hyderabad
Date: 21-May-2024

For and on behalf of the Board of Directors of
Sai Life Sciences Limited
CIN No: U24110TG1999PLC030970

K.Ranga Raju
Chairman
DIN No: 00043186

Krishnam Raju
Managing Director
DIN No: 00064614

Sivaramakrishnan Chittor
Chief Financial Officer

Runa Karan
Company Secretary
Membership No.: A13721

Place: Hyderabad
Date: 21-May-2024

Sai Life Sciences Limited
CIN-U24110TG1999PLC030970
Consolidated Statement of Changes in Equity for the year ended 31 March 2024
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

A Share Capital

	Equity		Preference		Total
	Number of shares	Amount	Number of shares	Amount	Amount
As at 31 March 2022	**1,75,56,306**	**175.56**	**4,80,000**	**3.87**	**179.43**
Changes in share capital during the year	66,250	0.67	-	-	0.67
As at 31 March 2023	**1,76,22,556**	**176.23**	**4,80,000**	**3.87**	**180.10**
Changes in share capital during the year	40,478	0.40	-	-	0.40
As at 31 March 2024	**1,76,63,034**	**176.63**	**4,80,000**	**3.87**	**180.50**

B Other Equity

	Reserves and Surplus				Other comprehensive income		Total
	Capital reserve	Securities premium	Employee stock options outstanding account	Retained earnings	Effective portion of cash flow hedges	Foreign currency translation reserve	
Balance as at 31 March 2022	**8.07**	**3,855.56**	**87.20**	**4,640.85**	**(3.26)**	**17.80**	8,606.22
Amount transferred on exercise/forfeiture of employee stock options	-	-	(0.58)	0.58	-	-	-
Profit for the year	-	-	-	99.89	-	-	99.89
Other comprehensive income, net of taxes	-	-	-	31.13	(11.70)	27.80	47.23
Income-tax on items that will not be reclassified to profit or loss	-	-	-	(7.83)	-	-	(7.83)
Income-tax on items that will be reclassified to profit or loss	-	-	-	-	2.94	(7.00)	(4.06)
Total comprehensive income	-	-	**(0.58)**	**123.77**	**(8.76)**	**20.80**	**135.23**
Dividend paid	-	-	-	(69.00)	-	-	(69.00)
Shares allotted during the year on account of exercise of employee stock options	-	20.24	-	-	-	-	20.24
Share-based payment expense	-	-	8.14	-	-	-	8.14
Balance as at 31 March 2023	**8.07**	**3,875.80**	**94.76**	**4,695.62**	**(12.02)**	**38.60**	**8,700.83**
Amount transferred on forfeiture of employee stock options	-		(4.71)	4.71	-	-	-
Amount transferred on exercise of employee stock options		6.48	(6.48)	-	-	-	-
Profit for the year	-	-	-	828.09	-	-	828.09
Other comprehensive income	-	-	-	7.71	(7.89)	10.33	10.15
Income-tax on items that will not be reclassified to profit or loss	-	-	-	(1.92)	-	-	(1.92)
Income-tax on items that will be reclassified to profit or loss	-	-	-	-	1.99	-	1.99
Total comprehensive income	-	**6.48**	**(11.19)**	**838.59**	**(5.90)**	**10.33**	**838.31**
Shares allotted during the year	-	9.27	-	-	-	-	9.27
Share-based payment expense	-	-	22.53		-	-	22.53
Balance as at 31 March 2024	**8.07**	**3,891.55**	**106.10**	**5,534.21**	**(17.92)**	**48.93**	**9,570.94**

See accompanying notes 1 to 49 forming part of these Consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W/W-100018

Sathya P. Koushik
Partner
Membership No. 206920

Place: Hyderabad
Date: 21-May-2024

For and on behalf of the Board of Directors of
Sai Life Sciences Limited
CIN No. U24110TG1999PLC030970

K.Ranga Raju
Chairman
DIN No: 00043186

Krishnam Raju
Managing Director
DIN No. 00064614

Sivaramakrishnan Chittor
Chief Financial Officer

Runa Karan
Company Secretary
Membership No.: A13721

Place: Hyderabad
Date: 21-May-2024

1. Corporate information

The consolidated financial statements comprise of the financial statements of Sai Life Sciences Limited ("Sai Life" or "the Parent Company" or "the Company") and its subsidiaries (collectively, referred to as the "Group"). Sai Life Sciences Limited is a closely held public limited company domiciled and incorporated in India in accordance with the provisions of the erstwhile Companies Act, 1956. The registered office of the Company is situated in Hyderabad, Telangana and has facilities in the states of Telangana, Karnataka and Maharashtra, India.

The Group carries out contract research and manufacturing activities for customers engaged in pharmaceutical and biotechnology industries.

2. BASIS OF PREPARATION AND PRESENTATION AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Statement of compliance

The consolidated financial statements of the Company which comprise of the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows ("consolidated financial statements") have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules 2015, as amended, issued by the Ministry of Corporate Affairs ('MCA') and other relevant provisions of the Act, as applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These consolidated financial statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Group's annual reporting date 31 March 2024. These consolidated financial statements were authorised for issuance by the Group's Board of Directors on 21 May 2024.

These consolidated financial statements have been prepared on the historical cost convention and on an accrual basis except for the following material items in the balance sheet:

- Certain financial assets and liabilities which are measured at fair value; and
- Share based payments, which are measured at fair value of the options.

Functional and presentation currency

The consolidated financial statements are presented in Indian Rupee ('INR' or '₹') which is also the functional and presentation currency of the Group. All financial information presented in Indian rupees has been rounded to the nearest millions, unless otherwise stated. In respect of subsidiaries whose operations are self-contained and integrated within their respective countries/regions, the functional currency has been determined to be the local currency of those countries/regions.

3. Use of estimates and judgements

The preparation of consolidated financial statements in conformity with Ind AS requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which such changes are made and in any future periods affected.

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Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

The Group applies judgement to determine whether each product or service promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. Revenue will be recognised as the customer obtains control of the product and services promised in the Contract. Given the nature of the product and terms and conditions in case of certain contracts, the customer obtains control as the Group performs the work under the contract. Therefore, revenue is recognised over time for such contracts and for other contracts at a point in time. Judgement is involved in assessing whether the contract/agreement meets the criteria for recognition of revenue over the period on percentage of completion. Further, the Group uses the percentage of completion method to measure progress towards completion in respect of fixed price contracts. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Assumptions and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Items requiring significant estimate	**Assumption and estimation uncertainty**
Useful lives of property, plant and equipment and Intangible assets	The Group reviews the estimated useful lives of property, plant and equipment and the intangible assets at the end of each reporting period. During the current year, there has been no change in life considered for the assets.
Estimation of net realisable value of inventories	Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories, the Group makes an estimate of future selling prices and costs necessary to make the sale. At the end of each reporting year, the Company assess the potential usage of inventories held and judgements are involved in assessing the alternate usage and realisability of inventories.
Fair valuation measurement and valuation process	Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Finance team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

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Items requiring significant estimate	Assumption and estimation uncertainty
Contract assets	Contract asset is recognised when the performance obligations are fulfilled and revenue is recognised over a period of time. Judgement is involved in assessing whether the contract/agreement meets the criteria for recognition of revenue over the period on percentage of completion. Estimates are involved in determining the percentage of completion of the contract.
Leases	The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future years is reassessed to ensure that the lease term reflects the current economic circumstances. The Group makes an assessment of the buy back option while determining the useful life for amortising the Right of use assets.
Employee benefits	The Group uses actuarial assumptions to determine the obligations for employee benefits at each reporting date. These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.
Provisions, contingencies - Recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources	The Group has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on Management's assessment of specific circumstances of each dispute and relevant external advice, Management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is disclosed in the notes to the consolidated financial statements.
Loss allowance for trade receivables	Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses (ECL). For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.
Government grants	The Group recognises government grants only when there is no uncertainty on compliance with conditions attached and on receipt of grants. Judgments are involved in assessing compliance with conditions and ultimate receipt of grants.
Share based compensation	At the end of each reporting year, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.
Provision for taxes	Significant judgments are required in determining the provision for income and deferred taxes, including the amount expected to be paid/ recovered for uncertain tax positions. In assessing the realisability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not

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Items requiring significant estimate	Assumption and estimation uncertainty
	be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

4. Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The consolidated financial statements of the Group are consolidated on line-by-line basis. Intra-group transactions, balances and any unrealised gains arising from intra-group transactions, are eliminated. Unrealised losses are eliminated, but only to the extent that there is no evidence of impairment. All temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions are recognised as per Ind AS 12, Income Taxes. For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries has been kept consistent with the policies adopted by the Group.

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in consolidated statement of profit and loss.

Following are the subsidiaries considered in these consolidated financial statements:

Name of the subsidiary	% of holding by Parent Company	Country of Incorporation
Sai Life Sciences Inc	100	USA
Sai Life Pharma Private Limited	100	India
Sai Life Sciences GMBH	100	Germany
Sai Life Drugform Private Limited*	100	India

*Sai Life Drugform Private Limited has been struck off effective dated 26 April 2023

5. Summary of material accounting policies

The consolidated financial statements have been prepared using the material accounting policies and measurement basis summarized below.

a. Current and non-current classification

All the assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act. The Group presents assets and liabilities in the consolidated balance sheet based on current/ non-current classification.

An **asset** is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle

- Expected to be realised within twelve months after the reporting date, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date

A **liability** is classified as current when:
- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting date, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date

Current assets / liabilities include the current portion of non-current assets / liabilities respectively. All other assets / liabilities including deferred tax assets and liabilities are classified as non-current.

b. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Group using the exchange rates at the dates of the transactions or at the rate that closely approximates the rate at the date of transactions. The date of transaction for the purpose of determining the exchange rate on initial recognition of the related asset, expense or income (part of it) is the date on which the entity initially recognises the nonmonetary asset or non-monetary liability arising from payment or receipt of advance consideration Monetary assets and liabilities denominated in foreign currencies at the reporting period are translated into the functional currency at the exchange rate at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the exchange rates prevailing at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit and loss and reported within foreign exchange gains/ (losses), net.

Foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (subsidiaries) that have a functional currency other than Indian rupees are translated into Indian rupees using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and held in foreign currency translation reserve ("FCTR"), a component of equity, except to the extent that the translation difference is allocated to non-controlling interest.

c. Revenue recognition

Revenue is measured at the transaction value of the consideration received or receivable.

Contract research, development and manufacturing services income :
In contracts involving the rendering of services/ development contracts, revenue is recognised at the point in time in which services are rendered. In case of fixed price contracts, the customer pays a fixed amount based on the payment schedule and the Group recognises revenue on the basis of input method of Percentage of completion. If the services rendered by the Group exceed the payment, a Contract asset (Unbilled Revenue) is recognised. If the payments exceed the services rendered, a contract liability (Deferred Revenue and Advance from Customers) is recognised. If the contracts involve time-based billing, revenue is recognised in the amount to which the Group has a right to invoice.

Revenue from the operations is recognised when the Group transfers Control of the product. Control of the product transfers upon shipment of the product to the customer or when the product is made available to the customer, provided transfer of title to the customer occurs and the Group has not retained any significant risks of ownership or future obligations with respect to the product shipped. Amounts disclosed as revenue are net of returns, trade allowances, rebates and indirect taxes.

'Bill and hold' sales, in which delivery is delayed at the buyer's request but the buyer takes title and accepts billing, revenue is recognised when the buyer takes title, provided:

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(a) it is probable that delivery will be made;
(b) the item is on hand, identified and ready for delivery to the buyer at the time the sale is recognised;
(c) the buyer specifically acknowledges the deferred delivery instructions; and
(d) the usual payment terms apply.

Revenue is not recognized when there is simply an intention to acquire or manufacture the goods in time for delivery.

Interest income
Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR) method.

Dividend income
Dividend income is recognised when the Group's right to receive the payment is established, which is generally, when shareholders approve the dividend.

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

d. Property, plant and equipment (PPE)

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. Property, Plant and Equipment not ready for its intended use at the date of Balance Sheet are disclosed as "Capital Work in progress". Such items are classified to specific sections of the Property, Plant and equipment as and when ready for its intended use.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Any gain or loss on disposal of an item of PPE is recognised in consolidated statement of profit and loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation
Depreciation on items of PPE is provided on the straight-line method, computed on the basis of useful lives as estimated by the Management which coincides with the useful lives mentioned in Schedule II to the Companies Act, 2013. Freehold land is not depreciated.

The estimated useful lives of the assets are based on a technical evaluation reflecting actual usage of assets.

Asset Category	Estimated useful life (in years)
Buildings	30
Leasehold improvements	Over the lease period or over the useful life of asset if the Company is certain to opt for purchase option

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Asset Category	Estimated useful life (in years)
Plant and equipment	3 - 20
Furniture	10
Freehold Vehicles	4 - 10
Freehold Computers	3 – 6

Depreciation on additions / disposals is provided on a pro-rata basis i.e., from / up to the date on which asset is ready for use / disposed-off.

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

e. Intangible assets

Intangible assets acquired separately

Intangible assets are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses, if any. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in consolidated statement of profit and loss as incurred.

The intangible assets are amortized over the estimated useful life of the asset, on a straight line basis.

Estimated useful economic life of Intangibles are as follows:

Asset Category	Estimated useful life (in years)
Acquired Software	1 – 6

f. Impairment

Impairment of tangible and intangible assets

The carrying amounts of the Group's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised in the consolidated statement of profit and loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been previously recognised.

Impairment of financial assets

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

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Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

Impairment of property, plant and equipment, intangibles assets and capital work in progress
The Group assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount in the consolidated statement of profit and loss.

g. Inventories
Inventories are measured at the lower of cost and net realisable value. The method of determining cost of various categories of inventories is as follows:

(i) Raw materials – Weighted average cost. Cost includes purchase cost and other attributable expenses
(ii) Stores and spares and packing material – Weighted average cost
(iii) Finished goods and work-in-process - is based on average cost of production or conversion which comprises direct material costs, direct wages and applicable overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

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

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

i. Financial instruments
Recognition and initial measurement
Trade receivables are initially recognised at transaction price when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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A financial asset or financial liability is initially measured at fair value and, for an item not at fair value through profit and loss (FVTPL), fair value plus transaction costs that are directly attributable to its acquisition or issue, except trade receivables which are measured at transaction price.

Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at
- amortised cost;
- fair value through other comprehensive income ("FVOCI") – debt investment;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Other Income in the consolidated statement of profit and loss. The losses arising from impairment are recognised in the consolidated statement of profit and loss.

FVOCI – debt investment
A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the consolidated statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to consolidated statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

FVTOCI - Equity investment
On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment-by-investment basis.

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If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the Instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the consolidated statement of profit and loss.

FVTPL
All financial assets not classified as measured at amortised cost or at FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities
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, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in consolidated statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in consolidated statement of profit and loss. Any gain or loss on derecognition is also recognised in consolidated statement of profit and loss.

De-recognition
Financial assets
A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset; or the Group has neither transferred nor retained substantially all the risk and rewards of the asset but has transferred control of the asset.

Trade Receivables which are subject to a factoring arrangement without recourse are derecognized from the Balance sheet in its entirety. Under this arrangement, the Group transfers relevant receivables to the factor in exchange for cash and does not retain credit risk

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group 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 profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.
Derivative financial instruments:

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

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The Group designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions and variable interest rate risk associated with borrowings (cash flow hedges).

The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are also classified as a current asset or liability when expected to be realised/settled within 12 months of the balance sheet date.

(i) *Cash flow hedges that qualify for hedge accounting*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the option contract as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised in the cash flow hedging reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ('aligned time value') are recognised within other comprehensive income in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When the hedged forecast transaction results in the recognition of a non-financial asset (for example inventory), the amounts accumulated in equity are transferred to profit or loss as follows:

- With respect to gain or loss relating to the effective portion of the intrinsic value of option contracts, both the deferred hedging gains and losses and the deferred aligned time value of the option contracts are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example, through cost of sales).

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- With respect to gain or loss relating to the effective portion of the spot component of forward contracts, both the deferred hedging gains and losses and the deferred aligned forward element of the forward contract are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example, through cost of sales).

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance cost'.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/(losses). Hedge ineffectiveness is recognised in profit and loss within other gains/(losses).

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

Dividend distribution to equity holders of the Group
The Group recognises a liability to make dividend distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

j. Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. 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. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

The Group 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 Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. At the date of commencement of the lease, the Group recognises 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 Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised 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 depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term and useful life of the underlying asset. The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

k. Cash and cash equivalents

Cash and cash equivalent in the consolidated balance sheet comprise cash at banks and on hand, debit balance in cash credit accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

l. Government Grants

The Group recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised by deducting the grant from the carrying amount of the asset. Grants related to Income are recognized in consolidated statement of profit and loss as other operating revenues.

m. Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

n. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Eligible employees of the Group receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Group make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund. The Group has no further obligation to the plan beyond its monthly contributions.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period as the related service is provided. These benefits include salaries and wages, bonus and ex-gratia. A liability is recognised for the amount expected to be paid, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Long-term employee benefits

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Employee benefits payable after twelve months of receiving employee services are classified as long-term employee benefits. These benefits primarily include one-off retention incentive and long-term bonus provision, in accordance with the policy of the Group. The Group accrues these costs based on the expected payout and the same is amortised over a period of services.

Gratuity
The Group provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Group. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's last drawn salary and the tenure of the employment with the Group. Liability with regard to the Gratuity Plan is determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Group gratuity scheme. The Group recognises the net obligation of a defined benefit plan as a liability in its consolidated balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognized in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the consolidated statement of profit and loss. The net interest on net defined benefit liability which reflects the change in net defined benefit liability that arises from the passage of time is considered as employee cost and disclosed under "Employee benefits expense".

Compensated absences
The Group's policy permits employees to accumulate and carry forward a portion of unutilized compensated absences and utilize them in future periods or receive cash in lieu thereof in accordance with the terms of such policy. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet.

Share based compensation
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. The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

o. Provisions, contingent liabilities and contingent assets

Provisions are recognized only when there is a present obligation, as a result of past events, 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. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group; 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 neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

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p. Income taxes

Tax expense recognized in the statement of profit and loss consists of current and deferred tax except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively.

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax liability are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Withholding tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Group and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

q. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding during the year for the effects of all dilutive potential equity shares.

r. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

s. Goods and Service Tax Input credit

Goods and Service tax input credit is accounted for in the books in the year in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

t. Operating cycle

As mentioned in paragraph 1 above, the Group is into contract research and manufacture of pharmaceutical products. Based on the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months. The above basis is used for classifying the assets and liabilities into current and non-current as the case may be.

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(All amounts in Indian Rupees millions, except share data and where otherwise stated)

6. Property, plant and equipment

	Freehold land	Buildings	Leasehold improvements	Plant and equipment	Furnitures and fixtures	Vehicles	Computers	Total
Cost or deemed cost								
Balance as at 1 April 2022	164.86	2,133.86	168.75	6,319.17	134.36	51.45	219.24	**9,191.69**
Additions (refer note i below)	10.12	502.38	6.78	647.20	6.63	8.76	68.38	**1,250.25**
Disposals/retirement	-	-	(1.24)	(190.69)	(2.62)	-	(0.31)	**(194.86)**
Adjustments (refer note iii below)	-	(22.00)	-	(146.39)	1.69	-	1.22	**(165.48)**
Balance as at 31 March 2023	**174.98**	**2,614.24**	**174.29**	**6,629.29**	**140.06**	**60.21**	**288.53**	**10,081.60**
Additions (refer note i below)	13.65	440.27	3.32	1,667.96	25.69	-	71.38	**2,222.27**
Disposals/retirement	-	-	(8.34)	(0.93)	-	(3.57)	(13.89)	**(26.73)**
Adjustments	-	-	-	6.36	0.34	-	0.22	**6.92**
Balance as at 31 March 2024	**188.63**	**3,054.51**	**169.27**	**8,302.68**	**166.09**	**56.64**	**346.24**	**12,284.06**
Accumulated depreciation								
Balance as at 1 April 2022	-	239.74	63.29	1,225.34	43.51	50.90	139.88	**1,762.66**
Charge for the year	-	76.68	12.60	454.77	13.83	0.29	42.63	**600.80**
Disposals/retirement	-	-	(0.85)	(60.36)	(0.66)	-	(0.22)	**(62.09)**
Adjustments	-	-	-	3.29	0.21	-	0.58	**4.08**
Balance as at 31 March 2023	-	**316.42**	**75.04**	**1,623.04**	**56.89**	**51.19**	**182.87**	**2,305.45**
Charge for the year	-	97.73	10.70	553.79	16.02	2.23	50.88	**731.35**
Disposals/retirement	-	-	-	(0.23)	-	(3.51)	(13.86)	**(17.60)**
Adjustments	-	-	-	1.07	0.08	-	0.16	**1.31**
Balance as at 31 March 2024	-	**414.15**	**85.74**	**2,177.67**	**72.99**	**49.91**	**220.05**	**3,020.51**
Net carrying amount								
As at 31 March 2023	**174.98**	**2,297.82**	**99.25**	**5,006.25**	**83.17**	**9.02**	**105.66**	**7,776.15**
As at 31 March 2024	**188.63**	**2,640.36**	**83.53**	**6,125.01**	**93.10**	**6.73**	**126.19**	**9,263.55**

Capital work-in-progress :₹1,068.95 (31 March 2023: ₹ 1,510.01) (refer note i & ii)

Notes

i) Additions to capital work-in-progress and property, plant & equipment during the year ended 31 March 2024 includes borrowing cost amounting to ₹ 18.49 (31 March 2023: ₹28.96)

ii) Capital work-in-progress (CWIP) ageing schedule:

As at 31 March 2024

Particulars	**Amount in CWIP for a period of**				
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Projects in progress	671.50	18.70	378.75	-	1,068.95
Projects temporarily suspended	-	-	-	-	-
Total	**671.50**	**18.70**	**378.75**	**-**	**1,068.95**

As at 31 March 2023

Particulars	**Amount in CWIP for a period of**				
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Projects in progress	737.46	472.53	242.04	57.98	1,510.01
Projects temporarily suspended	-	-	-	-	-
Total	**737.46**	**472.53**	**242.04**	**57.98**	**1,510.01**

Note: As on the date of balance sheet, there are there is no CWIP whose completion is overdue or has exceeded its cost compared to its original plan.

iii) During the period ended 31 March 2023, the Company received final approval from Commissionerate of Industries, Telangana State towards sanction of investment subsidy amounting to ₹. 200. The Company is of the view that the same will be received in due course and there is no uncertainty on the receipt of the same. The aforesaid subsidy has been disclosed as reduction from the property, plant and equipment. The impact of such subsidy has resulted in reversal of depreciation amounting to ₹. 25.2 during the year ended 31 March 2023, that was previously charged on the assets.

iv) Refer note 19 for details of property, plant and equipment subject to charge on secured borrowings.

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7. Right-of-use assets

	Leasehold land	Buildings	Vehicles	Plant and equipment	Computers	Total
Cost						
Balance as at 1 April 2022	**139.26**	**1,794.02**	**285.21**	**850.53**	**154.55**	**3,223.57**
Additions during the year	-	17.10	67.05	466.88	14.86	565.89
Disposals/retirement	-	(10.92)	(14.99)	-	-	(25.91)
Adjustments	-	69.07	-	5.51	-	74.58
Balance as at 31 March 2023	**139.26**	**1,869.27**	**337.27**	**1,322.92**	**169.41**	**3,838.13**
Additions during the year	-	24.44	93.34	194.99	0.06	312.83
Disposals/retirement	-	-	(30.92)	-	-	(30.92)
Adjustments	-	13.10	-	0.94	-	14.04
Balance as at 31 March 2024	**139.26**	**1,906.81**	**399.69**	**1,518.85**	**169.47**	**4,134.08**
Accumulated depreciation						
Balance as at 1 April 2022	**13.09**	**682.29**	**248.42**	**8.24**	**60.57**	**1,012.61**
Charge for the year	2.73	140.24	70.97	95.25	38.60	347.79
Disposals/retirement	-	(7.31)	(13.30)	-	-	(20.61)
Adjustments	-	18.98	-	0.63	-	19.61
Balance as at 31 March 2023	**15.82**	**834.20**	**306.09**	**104.12**	**99.17**	**1,359.40**
Charge for the year	2.65	150.40	71.24	114.76	36.29	375.34
Disposals/retirement	-	-	(2.65)	-	-	(2.65)
Adjustments	-	3.76	-	1.10	-	4.86
Balance as at 31 March 2024	**18.47**	**988.36**	**374.68**	**219.98**	**135.46**	**1,736.95**
Net carrying amount						
As at 31 March 2023	**123.44**	**1,035.07**	**31.18**	**1,218.80**	**70.24**	**2,478.73**
As at 31 March 2024	**120.79**	**918.45**	**25.01**	**1,298.87**	**34.01**	**2,397.13**

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8. Other intangible assets

	Acquired software	Total
Cost or deemed cost		
Balance as at 1 April 2022	**183.11**	**183.11**
Additions during the year	78.56	78.56
Disposals/retirement	-	-
Adjustments	2.63	2.63
Balance as at 31 March 2023	**264.30**	**264.30**
Additions during the year	110.94	110.94
Disposals/retirement	-	-
Adjustments	0.37	0.37
Balance as at 31 March 2024	**375.61**	**375.61**
Accumulated amortization		
Balance as at 1 April 2022	**102.61**	**102.61**
Charge for the year	45.73	45.73
Disposals/retirement	-	-
Adjustments	1.63	1.63
Balance as at 31 March 2023	**149.97**	**149.97**
Charge for the year	87.67	87.67
Disposals/retirement	-	-
Adjustments	0.24	0.24
Balance as at 31 March 2024	**237.88**	**237.88**
Net carrying amount		
As at 31 March 2023	**114.33**	**114.33**
As at 31 March 2024	**137.73**	**137.73**

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	As at 31 March 2024	As at 31 March 2023
9. Non-current		
Investment in equity instruments		
Unquoted investments (fully paid)		
at fair value through Other comprehensive income (OCI)		
Jeedimetla Effluent Treatment Limited 500 (31 March 2023: 500) equity shares of ₹100 each fully paid-up	0.05	0.05
Patancheru Envirotech Limited 10,878 (31 March 2023: 10,878) equity shares of ₹10 each fully paid-up	0.11	0.11
Clean Max Orion Power LLP Contribution of 26% LLP Share (31 March 2023: 26% LLP Share) in Partners capital**	18.52	18.52
Total investment in others (at fair value through OCI)	**18.68**	**18.68**
Total non-current investments	**18.68**	**18.68**
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate value of unquoted investments	18.68	18.68

** During the previous year ended 31 Mar 2023 the Company had invested an amount of ₹ 18.52 in Clean Max Orion Power LLP pursuant to Limited Liability Partnership Agreement. The Company's investment represents 26% ownership of the Clean Max Orion Power LLP and the investment is in accordance with Electricity Act 2003 which stipulates consumer partner (Sai Life) to have atleast 26% ownership in the electricity generating entity. The Company's 26% ownership is purely to meet the regulatory requirement and hence the Company has not consolidated the share of profit or loss in the financials.

10. Other financial assets		
Non-current		
Derivative financial asset - Fair Value Through Other Comprehensive Income (FVTOCI)	-	2.22
Security deposits - considered good	40.67	24.35
	40.67	**26.57**
Current		
Security deposits		
(a) Considered good	9.61	29.81
(b) considered doubtful	3.39	3.39
	13.00	33.20
Less: Provision for doubtful deposits	(3.39)	(3.39)
	9.61	29.81
Derivative financial asset - FVTOCI	16.08	18.56
Fixed Deposits with financial institutions	400.00	1,350.00
Unbilled revenue*	93.76	127.42
Incentive receivable under T-IDEA scheme	220.81	218.67
Interest accrued but not due on deposits	54.50	40.28
	794.76	**1,784.74**

*Classified as financial asset as right to consideration is unconditional upon passage of time

**During the year ended 31 March 2023, the Company received final approval under the Telangana Industrial Development and Entrepreneur Advancement (T–IDEA) scheme 2014 from Commissionerate of Industries, Telangana State towards sanction of investment subsidy amounting to ₹ 200.

Additionally, under the above scheme, the Company granted a customised incentive of power cost reimbursement of ₹ 1.00 per unit for a period of 10 years starting from August 2020 (being the commencement of commercial production of the expanded facility at Shameerpet, Hyderabad, Telangana). During the year ended 31 March 2023 and 31 March 2024, the Company received sanction orders from Commissioner of Industries, Telangana state towards power cost reimbursement amounting to ₹.18.67 and ₹ 2.14 respectively relating to the period August 2020 to March 2023

11. Deferred tax asset		
Deferred tax asset arising on account of :		
Loss in Subsidiary	131.33	80.62
	131.33	**80.62**

Movement in deferred tax assets	**1 April 2022**	**Recognized in statement of profit and loss**	**Recognized in OCI**	**As at 31 March 2023**
Deferred tax assets arising on account of :				
Loss in Subsidiary	57.06	23.56	-	80.62
Deferred tax assets, (net)	**57.06**	**23.56**	-	**80.62**

Movement in deferred tax assets	**1 April 2023**	**Recognized in statement of profit and loss**	**Recognized in OCI**	**As at 31 March 2024**
Deferred tax assets arising on account of :				
Loss in Subsidiary	80.62	50.71	-	131.33
Deferred tax assets, (net)	**80.62**	**50.71**	-	**131.33**

12. Non-current tax assets (net)		
Advance income-tax, net of provision for taxation ₹ 77.57 (31 Mar 23 ₹.100.28)	132.79	76.63
	132.79	**76.63**

Refer Note 35 for details of income tax expense

13. Other assets		
(Unsecured, considered good)		
Non-current		
Capital advances	22.07	61.66
Prepaid expenses	10.79	10.02
Export incentive receivable	0.15	-
Tax demand paid under protest	43.82	41.95
Balances with statutory authorities, considered good	32.56	31.63
Balances with statutory authorities, considered doubtful	15.90	15.90
	48.46	47.53
Less: Provision for doubtful balances	(15.90)	(15.90)
	32.56	31.63
	109.39	**145.26**

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13. Other assets (Continued)

	As at 31 March 2024	As at 31 March 2023
Current		
Advance to suppliers		
(a) Considered good	51.28	87.88
(b) Considered doubtful	31.08	17.42
	82.36	105.30
Less: Allowance for doubtful advances to suppliers	(31.08)	(17.42)
	51.28	87.88
Prepaid expenses	212.12	150.76
Contract assets*	2,968.16	1,650.47
Balances with statutory authorities	397.77	770.71
Export incentives receivable	1.45	0.15
Incentives receivable under production linked incentive	-	93.10
Advance to employees	1.33	2.52
	3,632.11	**2,755.59**
***Changes in contract assets are as follows**		
Balance at the beginning of the year	1,650.47	2,101.56
Invoices raised that were included in the contract assets balance at the beginning of the year	(1,418.05)	(1,747.15)
Increase due to revenue recognised during the year, excluding amounts billed during the year	2,735.74	1,296.06
Balance at the end of the year	**2,968.16**	**1,650.47**

14. Inventories

	As at 31 March 2024	As at 31 March 2023
Raw materials and packing materials*	625.47	882.61
Work-in-progress	214.44	438.77
Stores and spares	34.52	73.92
	874.43	**1,395.30**

* Value by which inventories have been written down to net realisable value amounted to ₹. Nil (31 Mar 23 ₹.13.13)
Note - The Group has written off inventories amounting to ₹. 292.60 (31 Mar 23 ₹.170.50)
Refer note 5(g) for basis of valuation and for details of inventories pledged, refer note 19

15. Trade receivables*

	As at 31 March 2024	As at 31 March 2023
(a) Considered good	2,561.84	2,840.51
(b) Trade receivables which have significant increase in credit risk	132.35	116.22
	2,694.19	**2,956.73**
Less: Allowance for doubtful receivables (Refer Note 38B for the Company's credit risk management process.)	132.35	116.22
	2,561.84	**2,840.51**

* The Company has a factoring arrangement without recourse with one of its bankers ; consequently, the Company has derecognized receivables amounting to ₹. Nil (31 Mar 23 ₹.28.17). as it transfers relevant receivables to the factor in exchange for cash and does not retain credit risk.

Trade receivables Aging:
As at 31 March 2024

Particulars	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
	Outstanding for following periods from due date of payment						
(i) Undisputed Trade receivables – considered good	1,808.42	736.45	7.14	9.83	-	-	2,561.84
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	3.35	9.73	30.43	62.66	26.18	132.35
Total	**1,808.42**	**739.80**	**16.87**	**40.26**	**62.66**	**26.18**	**2,694.19**

As at 31 March 2023

Particulars	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
	Outstanding for following periods from due date of payment						
(i) Undisputed Trade receivables – considered good	1,863.04	822.73	90.60	64.14	-	-	2,840.51
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	63.49	21.31	31.42	116.22
Total	**1,863.04**	**822.73**	**90.60**	**127.63**	**21.31**	**31.42**	**2,956.73**

16. Cash and cash equivalents and other bank balances

	As at 31 March 2024	As at 31 March 2023
(i) Cash and cash equivalents		
Cash on hand	0.12	0.28
Balances with banks		
-in current accounts	143.60	78.25
-in Cash credit account	92.85	320.59
-in deposits account	-	300.00
	236.57	**699.12**
(ii) Bank balances other than above		
-margin money/deposit	141.43	164.24
-in deposits account	1,210.00	-
	1,351.43	**164.24**
(iii) For the purpose of statement of cash flows, cash and cash equivalents comprise of following:		
Cash and cash equivalents (as per (i) above)	236.57	699.12
Overdraft facilities (refer note 19)	(116.88)	(343.83)
	119.69	**355.29**

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Notes to the Consolidated financial statements for the year ended 31 March 2024 (continued)
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17. Equity share capital

i. Authorised share capital

	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Equity shares of ₹10 each	2,03,00,000	203.00	2,03,00,000	203.00
Optionally convertible preference shares of ₹10 each	6,00,000	6.00	6,00,000	6.00
Compulsorily convertible preference shares of ₹10 each	5,00,000	5.00	5,00,000	5.00
	2,14,00,000	**214.00**	**2,14,00,000**	**214.00**

ii. Issued, subscribed and fully paid up

	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Equity shares of ₹10 each	1,76,63,034	176.63	1,76,22,556	176.23
	1,76,63,034	**176.63**	**1,76,22,556**	**176.23**

	As at 31 March 2024		As at 31 March 2023	
Party paid up preference shares	Number	Amount	Number	Amount
Compulsorily convertible preference shares of ₹ 10 each (partly paid ₹.8.06 each)	4,80,000	3.87	4,80,000	3.87
	4,80,000	**3.87**	**4,80,000**	**3.87**

iii. Reconciliation of number of equity shares outstanding at the beginning and end of the year

	As at 31 March 2024		As at 31 March 2023	
Equity shares	Number	Amount	Number	Amount
Balance at the beginning of the year	1,76,22,556	176.23	1,75,56,306	175.56
Add: Shares issued during the year	40,478	0.40	66,250	0.67
Balance at the end of the year	**1,76,63,034**	**176.63**	**1,76,22,556**	**176.23**

	As at 31 March 2024		As at 31 March 2023	
Partly paid up preference shares	Number	Amount	Number	Amount
Balance at the beginning of the year	4,80,000	3.87	4,80,000	3.87
Balance at the end of the year	**4,80,000**	**3.87**	**4,80,000**	**3.87**
	1,81,43,034	**180.50**	**1,81,02,556**	**180.10**

iv. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

v. Rights, preferences and restrictions attached to preference shares

The Company has two classes of preference shares viz. Compulsorily convertible preference shares(CCPS) (Rs. 3.87 million) and 'Optionally convertible preference shares (OCPS) (Rs. 4.80 million). The said shares are partly paid to the tune of ₹.8.06 per share and the same will be treated as fully paid-up upon receiving the payment on final call for ₹.1.94 per share as and when made. Each CCPS and OCPS will be converted into 1 fully paid up equity share of ₹.10 each upon payment of uncalled portion of the said shares of ₹.1.94 with a premium of ₹.242.60. The preference shares are entitled to receive dividend @ 0.001% as declared from time to time on a non-cumulative basis. OCPS will be converted into equity shares of the Company upon the Company meeting the certain performance milestones.

vi. Warrants convertible into equity shares

Based on the approval of the members taken in the Shareholders meeting dated 11 June 2019, the Company has made allotment of 50,000 Share Warrants which are convertible into equity share in the ratio of 1:1 at a price of ₹1,910 per share. These warrants are equally vested over a period of 4 years ended on 19 October 2023. These warrants are not exercised as on 31 March 2024.

vii. Details of shareholders holding more than 5% equity shares in the Company

Name of the equity shareholders	As at 31 Mar		As at 31 M		
	Number	% holding	Number	% holding	% Change in holding
TPG ASIA VII SF PTE LTD	76,20,180	43.14%	76,20,180	43.24%	0.10%
Marigold Partners (represented by Kanumuri Mytreyi)	17,82,378	10.09%	17,82,378	10.11%	0.02%
Sunflower Partners (represented by Kanumuri Ranga Raju)	11,40,729	6.46%	11,40,729	6.47%	0.01%
Sai Quest Syn Private Limited	10,68,748	6.05%	10,68,748	6.06%	0.01%
HBM Private Equity India	10,55,732	5.98%	10,55,732	5.99%	0.01%
G. Subba Raju	9,38,730	5.31%	9,38,730	5.33%	0.02%

viii. Details of shares held by the promoters of the Company*:

Name of the promoters	As at 31 Mar		As at 31 Marcl		
	Number	% holding	Number	% holding	% Change in holding
Marigold Partners (represented by Kanumuri Mytreyi)	17,82,378	10.09%	17,82,378	10.11%	0.02%
Sunflower Partners (represented by Kanumuri Ranga Raju)	11,40,729	6.46%	11,40,729	6.47%	0.01%
Sai Quest Syn Private Limited	10,68,748	6.05%	10,68,748	6.06%	0.01%
G. Subba Raju	9,38,730	5.31%	9,38,730	5.33%	0.02%
Tulip Partners (represented by Kanumuri Mytreyi)	7,42,262	4.20%	7,42,262	4.21%	0.01%
Lily Partners (represented by Kanumuri Ranga Raju)	5,10,499	2.89%	5,10,499	2.90%	0.01%
K Krishnam Raju	2,95,000	1.67%	2,95,000	1.67%	0.00%
G.L.Tanuja	1,30,121	0.74%	1,30,121	0.74%	0.00%
K Sudha	50,000	0.28%	50,000	0.28%	0.00%
K Ranga Raju	14,000	0.08%	14,000	0.08%	0.00%
Kanumuri Mytreyi	6,000	0.03%	6,000	0.03%	0.00%
Continental Wines Pvt Ltd	1,967	0.01%	1,967	0.01%	0.00%

*For the purpose of disclosure, definition of promoter as per the Companies Act, 2013 has been considered.

ix. Details of shareholders holding more than 5% preference shares CCPS in the Company

Name of the Preference shareholders & promoters	As at 31 Mar		As at 31 Marcl		
	Number	% holding	Number	% holding	% Change in holding
Marigold Partners (represented by Kanumuri Mytreyi)	1,68,134	35.03%	1,68,134	35.03%	0.00%
Sunflower Partners (represented by Kanumuri Ranga Raju)	1,67,866	34.97%	1,67,866	34.97%	0.00%
Tulip Partners (represented by Kanumuri Mytreyi)	72,058	15.01%	72,058	15.01%	0.00%
Lily Partners (represented by Kanumuri Ranga Raju)	71,942	14.99%	71,942	14.99%	0.00%

The rate of dividend is 0.001% p.a. on a non-cumulative basis for Compulsorily Convertible Preference Shares (CCPS) and Optionally Convertible Preference Shares (OCPS) of Rs. 10/- each. The Board of Directors of the Company approved dividend payout of not more than Rs.100 per share on the CCPS and OCPS of Rs.10/- each in their meeting on 20-June-2022.
Interim dividend of Rs. 34.5 Million, (Rs. 39.63 per preference share) was paid for the financial year ended March 31, 2023, based on the approval of the Board of Directors in their meeting held on November 30, 2022.

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17. Equity share capital (Continued)

x. Shares reserved for issue under options

(a) Employee stock option plan - 2004 ("ESOP 2004")

The Company established a plan ESOP 2004 under which 300,000 equity shares of ₹10 each were earmarked and approved by the Shareholders at the Extraordinary General Meeting held on 13 September 2004. These options shall vest at the end of three years from the grant date. The vested options can be exercised by the employee during his term of employment with the Company

Employee stock option plan - 2006 ("ESOP 2006")

The Company established a plan ESOP 2006 under which 350,000 equity shares of ₹10 each were earmarked and approved by the Shareholders at the Annual General Meeting held on 16 August 2006. 60% of the options granted shall vest at the end of three years from the grant date and 40% of the options granted shall vest at the end of five years from the grant date. The vested options can be exercised by the employee during his term of employment with the Company.

Sai Employee stock option scheme - 2008 ("SESOS 2008")

The Company established a plan SESOS approved by the Shareholders at the Annual and Extraordinary General Meetings held on 11 September 2008 and 30 March 2009 respectively. As per the scheme, maximum number of employee stock options are restricted to 10% of paid up share capital of the Company. Out of which, 50% of the options granted shall vest at the end of two years from the grant date and the balance 50% of the options shall vest at the end of four years from the grant date. The vested options can be exercised by the employee during his term of employment with the Company

Under this scheme, the company granted additional employee stock options approved by the Shareholders at the Extraordinary General Meeting held on 25 July 2018. The options granted shall vest 20% at the end of every year from the grant date for a period of 5 years. The vested options can be exercised by the employee during his term of employment with the Company

Management ESOP scheme - 2018 ("MES 2018")

The Company established a plan MES 2018 approved by the Shareholders at the Extraordinary General Meeting held on 25 July 2018. As per the scheme maximum number of shares reserved under this scheme is 4% of the paid up equity capital of the Company on a fully diluted basis as on the Effective Date. The options granted shall vest 20% at the end of every year from the grant date for a period of 5 years. The vested options can be exercised by the employee during his term of employment with the Company

The Company amended the plan MES 2018 and ESOP 2008 approved by the Shareholders at the Extraordinary General Meeting held on 25 March 2022 and 9 June 2023

The terms of the above schemes provide that each option entitles the holder to one equity share of ₹10 each and that the options can be settled only by way of issue of equity shares. The options granted are entirely time-based for ESOP 2004, ESOP 2006, SESOS 2008 MES 2018 and Amended MES 2018 is time and performance based

(b) During the year ended 31 March 2024, the Company had incurred stock compensation cost of ₹ 22.53 (31 March 2023: ₹8.14) towards the above schemes

(c) Stock options activity is as follows:

Under ESOP 2004 plan	No. of options As at 31 March 2024	No. of options As at 31 March 2023
Outstanding at the beginning of the year	2,000	2,000
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	(2,000)	-
Outstanding at the end of the year	-	2,000
Weighted average exercise price (₹)	30	30
Exercisable at the end of the year	-	2,000

Under SESOS 2008 scheme	No. of options As at 31 March 2024	No. of options As at 31 March 2023
Outstanding at the beginning of the year	2,19,250	2,79,250
Granted during the year	1,48,000	-
Forfeited during the year	-	-
Exercised during the year	(35,014)	(60,000)
Outstanding at the end of the year	3,32,236	2,19,250
Weighted average exercise price (₹)	986.74	243.88
Exercisable at the end of the year	1,82,236	1,89,000

Under MES 2018 scheme	No. of options As at 31 March 2024	No. of options As at 31 March 2023
Outstanding at the beginning of the year	5,86,375	5,21,750
Granted during the year	-	1,30,000
Forfeited/Lapsed during the year	(1,35,519)	(65,375)
Exercised during the year	(3,464)	-
Outstanding at the end of the year	4,47,392	5,86,375
Weighted average exercise price (₹)	1,310.18	1,304.52
Exercisable at the end of the year	1,97,392	1,60,375

(d) The fair value of options is estimated at the grant date using the Black-Scholes option pricing model with the following assumptions:

	As at 31 March 2024 SESOS 2008	As at 31 March 2024 SESOS 2008	As at 31 March 2023 MES 2018
Date of grant	7-Dec-23 & 20-Feb-24	19-Jun-23 & 13-Sep-23	18-July-22 & 17-Aug-22
Risk-free interest rate	7.21%	7.32%	7.18%
Expected life (in years)	5	5	5
Expected volatility	33.00%	33.00%	16.18%
Expected dividend yield	0.00%	0.00%	0.00%

xi. During the period of five years immediately preceding the balance sheet date, no shares have been bought back, issued for consideration other than cash and no bonus shares have been issued

18. Other equity	As at 31 March 2024	As at 31 March 2023
Securities premium (Note a)	3,891.55	3,875.80
Capital reserve (Note b)	8.07	8.07
Employee stock options outstanding account (Note c)	106.10	94.76
Retained earnings (Note d)	5,534.21	4,695.62
Cash flow hedge reserve (Note e)	(17.92)	(12.02)
Foreign currency translation reserve (Note f)	48.93	38.60
	9,570.94	**8,700.83**

Nature and purpose of reserves

(a) Securities premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium. During the year ended 31 March 2024 and 31 March 2023, the Company issued 40,478 and 66,250 equity shares respectively

(b) Capital reserve

Capital reserve pertains to the excess of net assets taken, over the cost of consideration paid pursuant to amalgamation of Advantium Pharma Private Limited with the Company in the earlier years and on forfeiture of certain share warrants issued in the earlier years. The Company uses capital reserve for transactions in accordance with the provisions of the Act.

(c) Employee stock options outstanding account

Employee stock options outstanding account relates to share options granted by the Parent to its employees under its employee share option plan. These will be transfer to Equity and Security premium after exercise of the underlying options.

(d) Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

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18. Other equity (continued)

(e) Cash flow hedge reserve

Cash flow hedge reserve represents effective portion of cash flow hedges taken to Other comprehensive income

(f) Foreign currency translation reserve

Foreign currency translation reserve represents the exchange differences accumulated when the financial statements of foreign operations are converted from their functional currency to presentation currency of the Parent

Movement in other equity	As at 31 March 2024	As at 31 March 2023
i) Securities premium		
Balance at the beginning of the year	3,875.80	3,855.56
Add: Amount on account of shares issued	15.75	20.24
Balance at the end of the year	**3,891.55**	**3,875.80**
ii) Capital reserve		
Balance at the beginning of the year	8.07	8.07
Add: Changes during the year	-	-
Balance at the end of the year	**8.07**	**8.07**
iii) Employee stock options outstanding account		
Balance at the beginning of the year	94.76	87.20
Amount transferred on forfeiture of employee stock options	(4.71)	(0.58)
Amount transferred on exercise of employee stock options	(6.48)	-
Share-based payment expense	22.53	8.14
Balance at the end of the year	**106.10**	**94.76**
iv) Retained earnings		
Balance at the beginning of the year	4,695.62	4,640.85
Re-measurement of defined benefit obligation (net of tax)	5.79	23.30
Amount transferred on forfeiture of employee stock options	4.71	0.58
Dividend paid	-	(69.00)
Profit for the year	828.09	99.89
Balance at the end of the year	**5,534.21**	4,695.62
v) Cash flow hedge reserve		
Balance at the beginning of the year	(12.02)	(3.26)
Effective portion of cash flow hedges (net of tax)	(5.90)	(8.76)
Balance at the end of the year	**(17.92)**	(12.02)
vi) Foreign currency translation reserve		
Balance at the beginning of the year	38.60	17.80
Movement during the year (net of tax)	10.33	20.80
Balance at the end of the year	48.93	**38.60**

19. Borrowings

	As at 31 March 2024	As at 31 March 2023
Non-current		
(Secured - at amortized cost)		
Term loans		
From banks [refer note (i) to (xiii)]	3,358.59	3,272.64
	3,358.59	3,272.64
Less: Current maturities of long-term loans	586.13	662.95
	2,772.46	2,609.69

Terms and conditions of loans and nature of security

(i) Loan 1 : Term loan amounting to ₹ 894.99 (31 March 2023: ₹994.65) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all net current assets both present and future of the Company. This loan carries interest rate of 6 months MCLR +0.55% and is repayable in unequal quarterly instalment commencing from June 2023 with last instalment falling due in March 2030.

(ii) Loan 2 : Common Covid Emergency Credit Line (CCECL) amounting to ₹ 93.69 (31 March 2023: ₹ 140.67) is secured by way of pari passu second charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carries interest rate equal to 6 months MCLR per annum + 1% with monthly rests and was repayable in equal Monthly instalments commencing from April 2022 and the last repayment falling due in April 2026.

(iii) Loan 3 : Term loan amounting to ₹ Nil (31 March 2023: ₹ 97.28) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carries interest rate of 1 year MCLR + 2.75 % Spread per annum and is repayable in unequal quarterly instalment commencing from September 2017 with last instalment falling due in March 2024.

(iv) Loan 4 : Term loans (USD denominated) amounting to ₹ 18.67 (31 March 2023: ₹36.53) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. These loans carry interest overnight secured overnight financing rate (O/N SOFR (compounded) + 276 bps (non-compounded) p.a., on the outstanding USD notional, monthly) and are repayable in unequal quarterly instalments commencing from July 2017 with the last instalment falling due in March 2025.

(v) Loan 5 : Term loan amounting to ₹ 8.55 (31 March 2023: ₹ 17.08) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried interest rate of MCLR OD 1 Year + 0.15% per annum and was repayable in unequal quarterly instalments commencing from December 2017 and the last repayment falling due in March 2025.

(vi) Loan 6 : Term loan amounting to ₹ 562.50 (31 March 2023: ₹ 637.50) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carries interest rate of 7.5% Financial Benchmark India Limited (FBIL) O/N Mumbai interbank offer rate (MIBOR) (not compounded) + 305 bps (not compounded) on the outstanding ₹ Notional amount, monthly and was repayable in unequal quarterly instalments commencing from March 2022 and the last repayment falling due in December 2028.

(vii) Loan 7 : Term loan (USD denominated) amounting to ₹ Nil (31 March 2023: ₹ 52.19) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried interest rate of USD3M LIBOR + 3.25% p.a and is repayable in quarterly instalments commencing from November 2019 with the last instalment falling in August 2023.

(viii) Loan 8 : Term loan amounting to ₹ 615.13 (31 March 2022: ₹ 707.82) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried interest rate of 3 Months MCLR + 0.15% per annum and was repayable in unequal quarterly instalments commencing from November 2022 and the last repayment falling due in August 2027.

(ix) Loan 9 : Term loan amounting to ₹ 281.25 (31 March 2023: ₹ 393.75) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried 1 year MCLR + Spread of 1.05% p.a and was repayable in unequal quarterly instalments commencing from July 2021 and the last repayment falling due in April 2026.

(x) Loan 10 : Working capital Term loan facility under Guaranteed Emergency Credit Line amounting to ₹ 66.99 (31 March 2023: ₹ 101.94) is secured by way of pari passu second charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carries interest rate of 3m T-bill Rate + 3.6% Spread p.a and was repayable in equal Monthly instalments commencing from March 2021 and the last repayment falling due in March 2026.

(xi) Loan 11 : Working capital Term loan facility under Guaranteed Emergency Credit Line amounting to ₹ 67.62 (31 March 2023: ₹93.23) is secured by way of pari passu First Charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carries interest rate of 1Y MCLR+0.15% which ever is lower and was repayable in equal Monthly instalments commencing from April 2022 and the last repayment falling due in March 2026.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

19. Borrowings (continued)

(xii) Loan 12 : Term loan amounting to ₹ 499.50 (31 March 2023: ₹ Nil) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried 3m T-bill Rate + 1.40% spread and was repayable in equal quarterly instalments commencing from Sept 2025 and the last repayment falling due in June 2030.

xiii) Loan 13 : Term loan amounting to ₹ 249.70 (31 March 2023: ₹ Nil) is secured by way of pari passu first charge on all property, plant and equipment including other intangible assets both present and future including equitable mortgage of the properties of the Company and pari passu second charge on all current assets both present and future of the Company. This loan carried Repo + Spread of 1.85% p.a and was repayable in equal quarterly instalments commencing from June 2025 and the last repayment falling due in March 2030.

ivx) The Company has used the borrowings for the purposes for which it was taken.

	As at 31 March 2024	As at 31 March 2023
Short term borrowings		
(Secured - at amortized cost)		
Working capital loans from banks*	3,436.96	3,555.95
Current maturities of long-term loans	586.13	662.95
Working capital loans repayable on demand - Buyers credit facility	306.08	163.70
	4,329.17	**4,382.60**
* Includes overdraft facilities classified as cash & cash equivalents for the purpose of cash flow statement (refer note 16(iii))	(116.88)	(343.83)

Note: The above borrowings are secured by way of hypothecation of the Company's goods, book debts, movables and other assets. Interest rate ranges between 7.5% to 9.5% p.a and the loans are revolving on an annual basis.

The quarterly returns of current assets filed by the Company with banks are in agreement with books of accounts.

Reconciliation between the opening and closing balances in balance sheet for financial liabilities arising from financing activities are given below:

Particulars	As at 31 March 2023	Net Proceeds/ (Repayments)	Non cash changes*	As at 31 March 2024
Non-current borrowings (including current maturities)	3,272.64	82.72	3.23	3,358.59
Current borrowings (excluding overdraft facilities) (refer note above)	3,375.82	248.93	1.41	3,626.16
Total	**6,648.46**	**331.65**	**4.64**	**6,984.75**

* Non cash changes includes foreign exchange changes of ₹ 3.44.

Particulars	As at 31 March 2022	Net Proceeds/ (Repayments)	Non cash changes*	As at 31 March 2023
Non-current borrowings (including current maturities)	3,472.59	(232.76)	32.81	3,272.64
Current borrowings (excluding overdraft facilities) (refer note above)	4,038.94	(664.36)	1.24	3,375.82
Total	**7,511.53**	**(897.12)**	**34.05**	**6,648.46**

* Non cash changes includes foreign exchange changes of ₹ 32.55.

	As at 31 March 2024	As at 31 March 2023
20. Lease liabilities *		
Non-current	1,757.21	1,957.97
Current	417.76	373.49
	2,174.97	**2,331.46**

*Refer note 45

21. Other financial liabilities		
Non-current		
Optionally convertible preference shares pursuant to Scheme of Arrangement (refer note 17(v))	4.80	4.80
Derivative liabilities - FVTOCI	8.53	32.47
	13.33	**37.27**
Current		
Interest accrued but not due on borrowings	16.58	13.77
Capital creditors (refer note (b) below)	273.81	214.02
Derivative liabilities - FVTOCI	27.14	-
	317.53	**227.79**

a) Details of shareholders holding more than 5% Optionally convertible preference shares (OCPS)

Name of the Preference shareholders & promoters	As at 31 March		As at 31 Marc		
	Number	% holding	Number	% holding	% Change in holding
Marigold Partners (represented by Kanumuri Mytreyi)	2,10,168	35.03%	2,10,168	35.03%	0.00%
Sunflower Partners (represented by Kanumuri Ranga Raju)	2,09,832	34.97%	2,09,832	34.97%	0.00%
Tulip Partners (represented by Kanumuri Mytreyi)	90,072	15.01%	90,072	15.01%	0.00%
Lily Partners (represented by Kanumuri Ranga Raju)	89,928	14.99%	89,928	14.99%	0.00%

b) Capital creditors include outstanding dues of micro enterprises and small enterprises to the extent of ₹61.16 (31 March 2023: ₹ 50.30) (refer note 44)

22. Provisions

	As at 31 March 2024	As at 31 March 2023
Non-current		
Gratuity	142.83	123.12
Compensated absences	52.40	43.64
	195.23	**166.76**
Current		
Gratuity	43.05	38.81
Compensated absences	40.67	33.21
	83.72	**72.02**

Employee benefits

The Company has the following post-employment benefits plans:

(a) **Defined contribution plan**

The following amount has been recognised as an expense in statement of profit and loss account of provident fund and other funds. There are no other obligations other than the contribution payable to the respective authorities

Contribution to provident fund	86.98	74.61
Contribution to employees state insurance schemes	0.19	0.38
	87.17	**74.99**

(b) **Gratuity**

The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 day's last drawn salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement/exit/death/disablement, restricted to a sum of ₹ 2.00 in accordance with Payment of Gratuity Act, 1972. This defined benefit plan exposes the company to actuarial risk such as longevity, interest rate risk and market risk & inflation risk.

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(All amounts in Indian Rupees millions, except share data and where otherwise stated)

22. Provisions (continued)	**As at 31 March 2024**	**As at 31 March 2023**
(i) Change in defined benefit obligation		
Defined benefit obligation at the beginning of the year	161.93	169.10
Current service cost	39.43	41.22
Interest cost	10.95	9.32
Actuarial (gain) loss on obligation		
Loss from change in demographic assumptions	-	(4.41)
Loss/(gain) from change in financial assumptions	(4.68)	(11.95)
Loss/(gain) on account of experience adjustments	(3.03)	(14.77)
Past service cost	-	-
Benefits paid	(18.72)	(26.58)
Defined benefit obligation at the end of the year	**185.88**	**161.93**
(iii) Expense recognised in the statement of profit and loss		
Included under employee benefits		
Interest cost	10.95	9.32
Service cost	39.43	41.22
Net gratuity costs	**50.38**	**50.54**
(iv) Expense recognised in other comprehensive income		
Recognised net actuarial loss/(gain)	(7.71)	(31.13)
	(7.71)	**(31.13)**
(v) Key actuarial assumptions		
Discount rate	7.10%	7.18%
Salary escalation rate	8.00%	9.00%
Expected average remaining service	3.09	3.09
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Attrition rate	24.00%	24.00%
Retirement age-years	58	58

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate and salary escalation rate. The calculation of the net defined benefit liability is sensitive to these assumptions. However, the impact of these changes is not ascertained to be material by the management.

(vi) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in the benefit obligation being as follows

Particulars	**As at 31 March 2024**		**As at 31 March 2023**	
	Increase in rate	**Decrease in rate**	**Increase in rate**	**Decrease in rate**
Discount rate (+ / - 1% movement)	179.83	192.38	156.56	167.72
Salary escalation rate (+ / - 1% movement)	191.11	180.89	166.49	157.60

Maturity profile of the defined benefit obligation

Expected cash flows over the next :	**31 March 2024**	**31 March 2023**
1 year	43.08	38.81
2 - 5 years	114.03	97.30
6 - 10 years	62.47	55.51

The weighted average duration of the defined benefit obligation as at 31 March 2024 is 2.78 years (As at 31 March 2023 2.79 years and 31 March 2022 3.51 years)

The Group provides for compensated absences to its employees. The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service years. During the year ended 31 March 2024, the Group has incurred an expense on compensated absences amounting to ₹ 31.46 (31 March 2023 ₹ 31.07). The Group determines the expense for compensated absences basis the actuarial valuation of the present value of the obligation, using the Projected Unit Credit Method.

23. Deferred tax liabilities (net)	**As at 31 March 2024**	**As at 31 March 2023**
Deferred tax liabilities (assets) arising on account of :		
Property, plant and equipment	591.50	548.70
Contract assets	321.42	145.99
Lease liabilities	(396.18)	(441.76)
ROU assets	461.11	465.00
Other non-current assets / financial liabilities	-	(0.31)
Provision for employee benefits	(68.99)	(60.10)
Provision for trade receivables and advances	(41.03)	(33.25)
Derivative instruments - FVTOCI	(5.03)	2.84
Others	(0.14)	(1.77)
Deferred tax liabilities (net)	**862.66**	**625.34**

Movement in deferred tax assets/deferred tax liabilities

Particulars	**1 April 2022**	**Recognized in statement of profit and loss**	**Recognized in OCI**	**31 March 2023**
Deferred tax liabilities arising on account of :				
Property, plant and equipment	491.26	57.44	-	548.70
Contract assets	216.13	(70.14)	-	145.99
ROU assets	393.85	71.15		465.00
Other non-current assets / financial liabilities	0.33	(0.64)	-	(0.31)
Deferred tax assets arising on account of :				-
Lease liabilities	(379.29)	(62.47)	-	(441.76)
Provision for employee benefits	(62.56)	(5.37)	7.83	(60.10)
Provision for trade receivables and advances	(30.36)	(2.89)	-	(33.25)
Derivative instruments - FVTOCI	(1.21)	-	4.06	2.84
Others	(2.16)	0.39	-	(1.77)
	625.99	**(12.53)**	**11.89**	**625.34**

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

23. Deferred tax liabilities (net) continued

Particulars	1 April 2023	Recognized in statement of profit and loss	Recognized in OCI	31 March 2024
Deferred tax liabilities arising on account of :				
Property, plant and equipment	548.70	42.80	-	591.50
Contract assets	145.99	175.43	-	321.42
ROU assets	465.00	(3.89)	-	461.11
Other non-current assets / financial liabilities	(0.31)	0.31	-	-
Deferred tax assets arising on account of :				
Lease liabilities	(441.76)	45.58	-	(396.18)
Provision for employee benefits	(60.10)	(10.81)	1.92	(68.99)
Provision for trade receivables and advances	(33.25)	(7.78)	-	(41.03)
Derivative instruments - FVTOCI	2.84	(5.88)	(1.99)	(5.03)
Others	(1.77)	1.63	-	(0.14)
	625.34	**237.39**	**(0.07)**	**862.66**

24. Trade payables

	As at 31 March 2024	As at 31 March 2023
(A) Total outstanding dues of micro enterprises and small enterprises (refer note 44)	90.07	80.90
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises*	1,903.98	2,008.56
	1,994.05	**2,089.46**

* Includes amount payable to related parties - (refer note 40)

As at 31 March 2024

Particulars	Not due	Outstanding for following periods from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i). MSME	74.98	8.09	7.00	-	-	90.07
(ii) Others	1,265.57	353.64	70.04	20.00	0.30	1,709.55
(v). Unbilled Dues	194.43	-	-	-	-	194.43
Total	**1,534.98**	**361.73**	**77.04**	**20.00**	**0.30**	**1,994.05**

As at 31 March 2023

Particulars	Not due	Outstanding for following periods from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i). MSME	60.75	14.30	5.85	-	-	80.90
(ii) Others	1,158.37	622.22	79.83	27.17	0.67	1,888.26
(v). Unbilled Dues	120.30	-	-	-	-	120.30
Total	**1,339.42**	**636.52**	**85.68**	**27.17**	**0.67**	**2,089.46**

25. Other liabilities

	As at 31 March 2024	As at 31 March 2023
Current		
Advance from customers	96.67	291.74
Payable to statutory authorities	160.13	117.75
	256.80	**409.49**

26. Current tax liabilities (net)

Provision for income tax, net of advance tax ₹ Nil (31 Mar 23 ₹ 66.61)	-	33.67
	-	**33.67**

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(All amounts in Indian Rupees millions, except share data and where otherwise stated)

		For the year ended 31 March 2024	For the year ended 31 March 2023
27.	**Revenue from operations**		
	Revenue from contract research, development and manufacturing activities	14,687.23	11,969.49
	Other operating income		
	Income from export incentives (RODTEP)	1.45	-
	Income under production linked incentive*	(36.90)	201.90
		14,651.78	**12,171.39**

*Government of India has launched Production Linked Incentive Scheme (PLI) for Pharmaceuticals industry on 03 March 2021 to enhance India's manufacturing capabilities by increasing investment and production in the sector and contributing to product diversification to high value goods in the pharmaceutical sector. The Company's application for a PLI incentive of ₹. 201.90 during the financials year 2022-23 got approved in the current year. The DOP issued a revision restricting the outlay in year 1 to extent of 33% of the overall scheme amount of ₹.500 i.e. ₹.165.00 and accordingly, the Company has reversed production linked incentive of ₹. 36.90.

Disaggregation of Revenue from contract research, development and manufacturing activities :

Particulars		
Contract Development and Manufacturing	9,715.53	7,298.30
Contract Research	4,971.70	4,671.19
Total	**14,687.23**	**11,969.49**

Reconciliation of revenue from operations with contract price (excluding Other Operating Income) :

Particulars		
Contract price	14,709.31	11,969.49
Less : adjustment made to contract price on account of		
Sales return	(22.08)	-
Total	**14,687.23**	**11,969.49**

Disaggregation of revenue from contract research, development and manufacturing activities into over time and at a point in time :

Timing of recognition		
At a point in time	5,617.17	5,239.20
Over time	9,070.06	6,730.29
Total	**14,687.23**	**11,969.49**

28.	**Other income**		
	Interest income from deposits	135.14	94.17
	Interest income on financial assets at amortised cost	0.83	0.77
	Foreign exchange gain (net)	146.26	173.02
	Interest on income tax refund	-	11.70
	Profit on sale of property, plant and equipment	0.10	-
	Others	8.58	-
		290.91	**279.66**
29.	**Cost of material, chemicals & reagents consumed**		
	Raw material and packing material at the beginning of the year	882.61	763.21
	Add: Purchases/adjustments	3,975.83	4,391.15
	Less: Raw material and packing material at the end of the year	(625.47)	(882.61)
		4,232.97	**4,271.75**
30.	**Changes in inventories of work-in-progress**		
	Opening balance		
	- Work-in-progress	438.77	392.89
	(A)	**438.77**	**392.89**
	Closing balance		
	- Work-in-progress	214.44	438.77
	(B)	**214.44**	**438.77**
	(A) - (B)	**224.33**	**(45.88)**
31.	**Employee benefits expense**		
	Salaries, wages and bonus (refer note (a) below)	4,589.81	3,876.82
	Contribution to provident and other funds	87.17	74.99
	Gratuity expense	50.38	50.54
	Equity settled share based payment expense	22.53	8.14
	Staff welfare expenses	199.16	162.37
		4,949.05	**4,172.86**

(a) Includes contract labour charges of ₹ 321.53 (31 March 2023: ₹ 274.46)

32.	**Finance costs**		
	Interest on financial liabilities measured at amortised cost (net of borrowing cost of ₹ 18.49 (Mar 23 : ₹ 28.96) capitalised to property, plant and equipment)	600.85	478.53
	Interest on lease liabilities	253.53	241.22
	Interest on MSME payables	3.03	1.57
	Interest - others	1.69	49.25
		859.10	**770.57**

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		For the year ended 31 March 2024	For the year ended 31 March 2023
33.	**Depreciation and amortisation expense**		
	Depreciation of property, plant & equipment (refer note 6)	731.35	600.80
	Depreciation on right-of-use assets (refer note 7)	375.34	347.79
	Amortisation of intangible assets (refer note 8)	87.67	45.73
		1,194.36	**994.32**
34.	**Other expenses**		
	Consumption of stores and spares	440.29	388.92
	Power and fuel	494.91	437.26
	Rent	20.72	51.32
	Repairs and maintenance:		
	- Buildings	18.85	36.71
	- Plant and equipment	178.56	172.32
	- Others	190.06	231.98
	Insurance	70.92	68.78
	Rates and taxes	24.65	36.77
	Outside contract cost	56.86	39.27
	Carriage and freight outwards	51.12	74.44
	Communication expenses	25.20	17.55
	Office maintenance and housekeeping expenses	41.32	43.79
	Travelling and conveyance	122.45	113.91
	Legal and professional fees (refer note (i) below)	296.84	139.62
	Corporate social responsibility (CSR) expenditure (refer note (ii) below)	9.38	17.45
	Provision towards doubtful trade receivables (refer note 38B)	15.90	11.52
	Bad debts written off (net of recoveries) (refer note 38B)	62.04	67.96
	Provision towards doubtful advances	13.66	-
	Advances written off	10.72	-
	Bank charges	16.48	39.66
	Net loss on disposal of property, plant and equipment	-	5.67
	Sales promotion expenses	30.45	11.14
	Membership and subscription	112.34	87.52
	Printing and stationery	21.95	19.23
	Asset under CWIP written off	61.86	-
	Miscellaneous expenses	3.01	10.56
		2,390.54	**2,123.35**
(i)	**Details of Statutory Auditor's remuneration :**		
	As statutory auditor:		
	- Audit fee	6.60	6.00
	- Certification fees	1.59	4.57
	- Reimbursement of expenses	0.49	0.31
		8.68	**10.88**

(ii) Details of CSR expenditure :

As required under Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. During the year, the Company was required to spend ₹ 9.38 (March 2023 - ₹ 17.45). The Company has spent the CSR amount towards

1. Contributing through Technology
2. Conducting free medical program in rural areas and sponsorship for cancer child patient
3. Promoting education in rural areas and career development programme
4. Providing water storage.

Amount spent during the year on:		
i) Gross amount required to be spent by the Company during the year	9.38	17.45
ii) Amount spent during the year on the above	9.38	17.45
iii) Shortfall at the end of the year	-	-
iv) Total of previous year shortfall	-	-
v) Reason for shortfall	N/A	N/A
vi) Nature of activity	See note above	See note above

35.	**Income tax**		
	Tax expense comprises of:		
	Current tax	77.57	100.28
	Deferred tax	186.68	(36.09)
	Income tax expense reported in the statement of profit or loss	**264.25**	**64.19**

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(All amounts in Indian Rupees millions, except share data and where otherwise stated)

35. Income tax (continued)

During the March 2022, the Company elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.17% and the reported tax expense in the statement of profit and loss is as follows:

	For the year ended 31 March 2024	For the year ended 31 March 2023
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Profit before tax	1,092.34	164.08
Tax at the Indian tax rate (25.17%) [31 March 2023: 25.17%]	274.92	41.30
Effect of concessions (80JJAA)	(5.44)	(3.94)
Disallowance of CSR expenditure	2.36	4.39
Others	(7.59)	22.44
Income tax expense	**264.25**	**64.19**

36. Earnings per equity share [EPES]

	For the year ended 31 March 2024	For the year ended 31 March 2023
Profit attributable to equity shareholders	828.09	99.89
Weighted average number of equity shares outstanding during the year (refer note below)	1,81,15,947	1,80,58,176
Effect of dilution:		
Employee stock options	1,73,375	1,82,311
Weighted average number of equity shares adjusted for the effect of dilution	1,82,89,322	1,82,40,487
Earnings per equity share (in absolute ₹ terms) :		
Basic	45.71	5.53
Diluted	45.28	5.48
Nominal Value per share equity share	10	10

During the year ended 31 March 2024 and 31 March 2023, the Company has not considered the share warrants of 50,000 and 37,500 respectively which are convertible into equity shares being anti-dilutive.

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37. Fair value measurements

Risk management framework:

The Company's principal financial liabilities, comprise borrowings, lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations. The Company also holds FVTOCI investments and investment in its subsidiary.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's Board of Directors oversees the management of these risks. The Company's Board of Directors is supported by the senior management that advises on financial risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance to the Company's Board of Directors 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.

(i) Financial assets and financial liabilities measured at fair value

	Level 1		Level 2		Level 3	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Financial assets - Unlisted equity instruments measured at FVTOCI* and derivative instruments designated in hedge accounting relationship	-	-	16.08	20.78	18.68	18.68
Financial liabilities - Derivative financial instruments - loss on outstanding foreign exchange forwards, options, currency swap contracts and interest rate swap contracts[1]	-	-	35.67	32.47	-	-

[1] The Company enters into derivative financial instruments with various counterparties, principally banks. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forwards. These derivative financial instruments are valued based on the inputs that are directly or indirectly observable in the market place.

*These are held for operational purposes and the Company estimates that the fair value of these investments are not materially different as compared to their cost.

Financial instruments by category

	31 March 2024			31 March 2023		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments	-	18.68	-	-	18.68	-
Trade receivables	-	-	2,561.84	-	-	2,840.51
Cash and cash equivalents	-	-	236.57	-	-	699.12
Other bank balances	-	-	1,351.43	-	-	164.24
Other financial assets	-	16.08	819.35	-	20.78	1,790.53
Total financial assets	-	**34.76**	**4,969.19**	-	**39.46**	**5,494.40**

	31 March 2024			31 March 2023		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial liabilities						
Borrowings	-	-	7,101.63	-	-	6,992.29
Lease liabilities	-	-	2,174.97	-	-	2,331.46
Trade payables	-	-	1,994.05	-	-	2,089.46
Other financial liabilities	-	35.67	295.19	-	32.47	232.59
Total financial liabilities	-	**35.67**	**11,565.84**	-	**32.47**	**11,645.80**

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37. Fair value measurements (continued)

(ii) Measurement of fair values

Valuation technique and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Forward exchange contract	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency	Not applicable	Not applicable
Interest rate swaps and Cross Currency swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to credit risk adjustment that reflects the credit risk of the entity and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable	Not applicable

(iii) Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in 2023-24 and no transfers in either direction in 2022-23.

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38. Financial instruments risk management

A. Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, lease liabilities, deposits, trade receivables and other financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2024 and 31 March 2023. The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations; provisions; and non-financial assets and liabilities.

i. Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has loan facilities on floating interest rate, which exposes the Company to risk of changes in interest rates. The management monitors the interest rate movement and manages the interest rate risk based on its policies, which include entering into interest rate swaps as considered necessary. The Company's investment in deposits with banks are for short durations and therefore do not expose the Company to significant interest rate risk.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined for borrowings assuming the amount of borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 10 basis points increase or decrease in case of foreign currency borrowings and 50 basis points increase or decrease in case of rupee borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

If interest rate had been 10 basis points higher/lower in case of foreign currency borrowings and 50 basis points higher/ lower in case of rupee borrowings and all other variables were held constant, the Company's profit for the year ended 31 March 2024 would decrease/increase by ₹ 33.85 (31 March 2023: ₹ 31.94)

ii. Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure shall fluctuate because of change in foreign exchange rates. The Company's foreign exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in US Dollars and Euros) and foreign currency borrowings (primarily in US Dollars). As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues and expenses measured in Indian rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies have changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company uses both derivative and non-derivative financial instruments, such as foreign exchange forward contracts, currency swap contracts and foreign currency financial liabilities, to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognised assets and liabilities.

a) Significant foreign currency risk exposure relating to financial assets and financial liabilities expressed in ₹ terms are as follows.

Financial assets

	31 March 2024				31 March 2023			
	Investments	Trade receivables	Balances in bank	Other assets	Investments	Trade receivables	Balances in bank	Other assets
- USD	-	2,430.69	73.51	93.76	-	2,566.16	55.35	10.10
- EUR	-	158.73	20.74	-	-	154.88	3.12	1.33
- GBP	-	52.86	38.65	-	-	115.04	15.78	0.85
- Others	-	2.60	2.80	-	-	3.51	3.43	1.28

Financial liabilities

	31 March 2024			31 March 2023		
	Borrowings#	Trade payables	Capital creditors	Borrowings#	Trade payables	Capital creditors
- USD	402.89	300.58	29.39	328.69	645.20	72.99
- EUR	10.08	5.85	13.71	-	-	10.06
- GBP	-	114.84	8.75	6.16	11.26	-
- Others	-	3.55	-	-	2.09	-

This amount includes interest accrued

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38. Financial instruments risk management (continued)

(b) Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Impact on income	
	31 March 2024	31 March 2023
USD sensitivity		
₹/USD - Increase by 1%	18.65	15.85
₹/USD - Decrease by 1%	(18.65)	(15.85)
EUR sensitivity		
₹/EUR - Increase by 1%	1.50	1.49
₹/EUR - Decrease by 1%	(1.50)	(1.49)
GBP sensitivity		
₹/GBP - Increase by 1%	(0.32)	1.14
₹/GBP - Decrease by 1%	0.32	(1.14)

(c) Derivative financial instruments

The following table gives details in respect of outstanding derivative contracts. The counterparty for these contracts are banks.

	Sell	Buy	31 March 2024			31 March 2023		
			No of contracts outstanding		Amount in Millions	No of contracts outstanding		Amount in Millions
Forward contract	US$	₹	237	$	77.69	113	$	29.75
Forward contract	Euro$	₹	12	$	4.50	-	$	-
Forward contract	₹	US$	2	$	1.00	6	$	2.29
Interest rate swaps ₹ (floating to fixed)			2	₹	651.15	2	₹	742.35
Interest rate swaps USD (floating to fixed)			1	$	0.28	2	$	1.08

The Company designates its derivative contracts that hedge foreign exchange risk associated with its highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion of such cash flow hedges is recorded as in other comprehensive income, and re-classified in the income statement as revenue in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such cash flow hedges is immediately recorded in the statement of profit and loss.

B. Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

The Company has established a credit mechanism under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored.

The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 2,561.84 (31 March 2023: ₹ 2,840.51) The movement in allowance for impairment in respect of trade receivables during the year was as follows:

Allowance for doubtful receivables	As at 31 March 2024	As at 31 March 2023
Opening balance	116.22	104.70
Provision towards doubtful trade receivables	77.94	79.48
Amounts written off	(62.04)	(67.96)
Closing balance	**132.35**	**116.22**

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38. Financial instruments risk management (continued)

C. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The Company's principal sources of liquidity are the cash flows generated from operations. Further the Company also has long term borrowings and working capital facilities which the management believes are sufficient for its current requirements. Accordingly, no liquidity risk is perceived.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

31 March 2024	Carrying amount	Contractual cash flows			
		Up to 1 year	From 1 to 3 years	More than 3 years	Total
Non-derivative financial liabilities					
Borrowings	7,101.63	4,329.17	1,906.89	901.44	**7,137.50**
Lease liabilities	2,174.97	616.61	1,512.47	1,002.29	**3,131.37**
Trade and other payables	1,994.05	1,994.05	-	-	**1,994.05**
Other financial liabilities	295.19	290.39	4.80	-	**295.19**
Total	**11,565.84**	**7,230.22**	**3,424.16**	**1,903.73**	**12,558.11**

31 March 2023	Carrying amount	Contractual cash flows			
		Up to 1 year	From 1 to 3 years	More than 3 years	Total
Non-derivative financial liabilities					
Borrowings	6,992.29	4,382.60	1,215.57	1,416.90	**7,015.07**
Lease liabilities	2,331.46	631.13	1,774.11	1,030.64	**3,435.88**
Trade payable	2,089.46	2,089.46	-	-	**2,089.46**
Other financial liabilities	232.59	227.79	4.80	-	**232.59**
Total	**11,645.80**	**7,330.98**	**2,994.48**	**2,447.54**	**12,773.00**

39 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Hence, the Company may adjust any dividend payments, return capital to shareholders or issue new shares or sell assets to reduce debt. Total capital is the equity as shown in the statement of financial position. Currently, the Company primarily monitors its capital structure on the basis of the following gearing ratio. Management is continuously reviewing its strategies to optimize the returns and reduce the risks. It includes plans to optimize the financial leverage of the Company.

The capital for the reporting year under review is summarized as follows:

	31 March 2024	31 March 2023
Total borrowings (note 19)	7,101.63	6,992.29
Less: Cash and cash equivalents (note 16(i))	236.57	699.12
Less: Other bank balances (note 16 (ii)) and Deposits classified under Other financial assets (note 10)	1,751.43	1,514.24
Net debt (A)	**5,113.63**	**4,778.93**
Total equity (B)	9,751.44	8,880.93
Net debt to equity ratio (A)/(B)	**0.52**	**0.54**

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40. Related party disclosures

(a) **Names of the related parties and nature of relationship**

Names of related parties	Nature of relationship
TPG Asia VII SF Pte Ltd	Entity having significant influence on the Company
Sai Quest Syn Private Limited	Entities in which KMP have control or have significant influence
Dr. K Ranga Raju Krishnam Raju Sivaramakrishnan Chittor Runa Karan	Key management personnel ("KMP")
Dr. Raju A Penmasta Puneet Bhatia Mitesh Daga	Director
Rajagopal S. Tatta Manjusha Ambadas Joshi (w.e.f. 09 June 2023) Ganesh Ramesh Iyer (w.e.f. 21 May 2024)	Independent Director

(b) **Transactions with related parties**

	For the year ended 31 March 2024	For the year ended 31 March 2023
Transactions with independent directors	**5.39**	**6.42**
Commission	4.45	6.06
Sitting fees	0.31	0.36
Reimbursement of expenses	0.63	-
Transactions with KMP	**94.81**	**89.25**
Managerial remuneration*	94.81	89.25

*KMP are covered by the Company's mediclaim insurance policy and are eligible for gratuity and leave encashment along with other employees of the Company. The proportionate premium paid towards this policy and provision made for gratuity and leave encashment pertaining to the KMP has not been included in the aforementioned disclosures as these are not determined on an individual basis.

Share based compensation expense allocable to key management personnel is ₹ 0.45 (31 March 2023 : ₹ 2.37), which is not included in the remuneration disclosed above.

(d) **Transaction with related parties**

In accordance with the applicable provisions of the Income Tax Act, 1961, the Company is required to use certain specified methods in assessing that the transactions with the related parties, are carried at an arm's length price and is also required to maintain prescribed information and documents to support such assessment. The appropriate method to be adopted will depend on the nature of transactions / class of transactions, class of associated persons, functions performed and other factors as prescribed. Based on certain internal analysis carried out, management believes that transactions entered into with the related parties were carried out at arms length prices. The Company is in the process of updating the transfer pricing documentation for the financial year ended 31 March 2024. In opinion of the management, the same would not have an impact on these financial statements.

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41. Segment reporting

The management has assessed the identification of reportable segments in accordance with the requirements of Ind AS 108 'Operating Segment' and believes that the Company has only one reportable segment namely "Contract research and manufacturing". Geography-wise details of the Company's revenues from external customers and its non-current assets (other than financial instruments, investments accounted for using the equity method, deferred tax assets and post-employment benefit assets) and revenue from major customers are given below:

	For the year ended	
(i) Revenue from External customers	**31 March 2024**	**31 March 2023**
India	301.21	207.57
Outside India	14,386.02	11,761.92
(ii) Non-Current Assets (Other than financial instruments)		
India	12,090.09	11,055.07
Outside India	1,019.45	1,046.04

(iii) Major Customer

During the year, the Group does not have any customer who contributed more than 10% of the Group's total revenue (31 March 2023: ₹ 1,260.28).

42. Contingent liabilities and commitments

	As at	
	31 March 2024	**31 March 2023**
(a) **Commitments**		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	491.15	410.82
(b) **Contingent liabilities**		
a. Claims arising from disputes not acknowledged as debts in respect of:		
Excise duty liabilities - refer note (c) (i) below	7.25	7.25
Service tax liabilities - refer note (c) (ii) below	12.36	12.36
Provident Fund Damages relating to PF contribution of international workers - refer note (c) (iii) below	21.89	21.89
Income tax liabilities - refer note (c) (iv) & (x) below	18.27	16.23
VAT liabilities - refer note (c) (v) below	67.56	59.25
GST liabilities - refer note (c) (vi) and (vii) below	77.31	4.22
b. Issue of Standby Line of Credit to vendor on behalf of Subsidiary	36.20	35.68

(c) (i) The Central Excise department has raised a demand against the Company on the ground that the Company has not complied with the conditions of Notification No 23/2003 – CE dated 31 March 2003. As per the said notification, an Export Oriented Unit (EOU) unit can clear the goods into Domestic Tariff Area (DTA) on payment of excise duty at a concessional rate upto 50% of the Free on Board (FOB) value of the exports on the sale of similar goods to DTA. The central excise officer has held that the goods sold in DTA are different from the goods which are exported. Accordingly raised the above demand along with interest and penalty. Appeal is filed before Central Excise and Service Tax Appellate Tribunal ('CESTAT') and waiting for personal hearing.

(ii) The Service tax department has raised a demand on the ground that that the Place of Provision of Service is in India and as such there is no export of service by the Company applying Rule 4 of Place of Provision of Service Rules, 2012. (POPS Rules) with respect to Drug Metabolism and Pharmacokinetic (DMPK) services rendered by the Company. Appeal filed before CESTAT- Pune, on 27 April 15 and Final Order received. Appeal is filed before Honourable High Court on 9 Dec 19 and Personal Hearing is attended on 27 Feb 20. Appeal has been admitted by Hight court on 5th July 2022.

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42. Contingent liabilities and commitments (continued)

(iii) The Company had three Non resident Indians on its rolls covered under the definition of International Workers as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. Based on the Government Order, in June 2017, the Company suo moto made a payment of provident fund along with the applicable interest rates.
However, on April 25, 2018, the Company received a notice from the Department stating that from the period 01 April 1996 to 31 March 2018, the Company had delays in deposit of Provident fund amount and accordingly, charged interest and damages under Section 14B and Section 7Q of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 to the extent of ₹.13.15 and ₹.21.89 for interest and damages respectively.
The Company has represented the case stating that interest payments were made appropriately. The PF authorities took the such interest payment on record and gave a corrigendum stating the same.
The Company is still contesting the damages payment of ₹ 21.89. The Company addressed a letter dated October 22, 2020 to the Regional Provident Fund Commissioner, requesting it to refrain from taking any such coercive action against the Company and reserved its right to exercise its rights and remedies under law. However, since no presiding officer had been appointed for hearing matters before the Central Government Industrial Tribunal ("CGIT") at that time, the Company filed the present writ petition bearing Writ Petition No. 19867 of 2020 against the RPFC for the setting aside of the Impugned Order as being arbitrary, illegal and violative of Article 14 of the Constitution of India. The matter was listed on November 19, 2020, wherein, the High Court passed an interim order granting a stay on the Impugned Order. However, as on date, there is no further order with regard to the said damages. Apart from the proceedings before the High Court of Telangana, an appeal was also filed by the Company challenging the Impugned Order before the CGIT under Section 7-I of the EPF Act. The matter was listed for admission on April 26, 2021. The CGIT, vide, an order passed on April 26, 2021, observed that the present appeal was admitted subject to the final order passed by the High Court of Telangana. The said order held that the application for stay as filed by the Client would be considered upon obtaining such a final order.
(iv) Company has received a demand from income tax authorities relating to financial year 2015-16, 2016-17 & 2017-18 regarding certain disallowances in the income tax return of that year. The Company has filed an appeal and is pending hearing. In the current year, the Company has received favorable order for the financial year 2015-16 and 2017-18.

(v) The Company has litigations under Maharashtra Value Added Tax ('MVAT') Act, 2002 and Central Sales Tax ('CST') Act, 1956 for the years 2009-10 to 2016-17, and for the quarter 1 April 2017 to 30 June 2017. For the years 2009-10 to 2013-14, the Company is in appeal before the Maharashtra Sales Tax Tribunal and for the years 2014-15 to 30 June 2017, the Company is in appeal before the Joint Commissioner (Appeals). The issue pertains to eligibility of refund of Input Tax Credit ('ITC) under MVAT Act.

The tax authorities have raised objection that transfer of deliverables (technical know-how) to the Customer of the Company is a service and not sale of goods. Therefore, the tax authorities at the first level have disallowed ITC and rejected the claim of refund of unutilised ITC of the Company. However, in this regard, the Company believes that transfer of deliverables to the Customer is sale of goods and the Company is eligible for ITC and the refund of unutilized ITC.

(vi) The Company has received order from the officer where he has disallowed the transitional ITC and levied interest and penalty total amounting to ₹.4.22. Appeal is filed before Deputy Commissioner of State Tax, Office of the Deputy Commissioner of State Tax, Pune in the year ending March 2023. The Company is waiting for personal hearing.

(vii) During the current year, the Company has received order from the GST Enforcement Authorities, Gulbarga having jurisdiction over Bidar unit of the Company demanding tax along with interest and penalties on 'Marketing support' services received from M/s. Sai Life Sciences Inc., USA for the financial years 2017-18 and 2018-19. Total amount involved along with interest and penalty is ₹.73.09. The Company has filed an appeal before Commissioner (GST Appeals), Gulbarga for the financial year 2017-18 and waiting for personal hearing. With regards to financial year 2018-19, the Company is in process of filing appeal before Commissioner (GST Appeals), Gulbarga.

(viii) The Company is subject to various legal proceedings and claims, which have arisen in the ordinary course of business including litigation pending before various tax authorities, including those mentioned in above points. The uncertainties and possible refunds are dependent on the outcome of different legal processes, which have been invoked by the claimants or the Company, as the case may be, and therefore cannot be accurately predicted . The Company engages reputed professional advisors to protect its interest and has been advised that it has strong legal positions against such disputes. Management believes that it has a reasonable case in its defense of the proceedings and accordingly no further provision is required.

(ix) Subsequent to the closure of book of accounts for the year ending March 2024, the Company has received Order dated 30 April 2024 for tax demand of ₹ 4.5 regarding the audit of Telangana GST registration for the financial year 2018-19. The Company is in process of evaluating the grounds for filing an appeal before the appellate authorities.

(x) The Company has received a demand notice dated 23 March 2024 relating to Assessment Year 2022-23 from the Commissioner of Income Tax (Appeals) for ₹ 18.27. The Company has filed an appeal and is pending for hearing.

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43. Other statutory disclosures

i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

ii) The Company does not have any transactions with companies struck off.

iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

v) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

viii) The Company has not any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

44. Micro, Small and Medium Enterprises

Disclosure in respect of the amounts payable to micro and small enterprises as at 31 March 2024 & 31 March 2023 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act.

	31 March 2024	31 March 2023
The principal amount remaining unpaid to any supplier as at the end of each accounting year*	141.29	124.29
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the 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 this Act	3.03	1.57
The amount of interest accrued and remaining unpaid at the end of the year**	9.94	6.91
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	-	-

* Includes amounts payable to trade creditors ₹ 80.13 (31 March 2023: ₹ 73.99) and capital creditors ₹ 61.16 (31 March 2023: ₹ 50.30)

** Includes amounts payable to trade creditors ₹ 9.94 (31 March 2023: ₹ 6.91)

This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company. Auditors have placed reliance on the information provided by the management.

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45 Leases

Company as a lessee : The Company has lease contracts for land, buildings, plant and equipment, vehicles and computers, with lease period varying between 1 to 51 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

Lease liabilities

Particulars	**As at 31 March 2024**	**As at 31 March 2023**
Opening balance	2,331.46	2,141.27
Additions	312.83	539.86
Deletions	(28.27)	(4.44)
Accretion of interest	253.53	241.22
Payments	(694.58)	(586.45)
Closing balance	**2,174.97**	**2,331.46**
Current	417.76	373.49
Non-current	1,757.21	1,957.97

Amount recognised in Statement of Profit and Loss

Particulars	**For the year ended 31 March 2024**	**For the year ended 31 March 2023**
Depreciation: Right-of-use assets	375.34	347.79
Finance cost: Interest on lease liabilities	253.53	241.22
Short term and variable lease payments (Refer note below)	20.72	51.32

Note: The Company applies the short-term lease recognition exemption to its short-term leases of certain premises taken on lease (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Amount recognised in Statement of Cash flow

Particulars	**For the year ended 31 March 2024**	**For the year ended 31 March 2023**
Cash outflows for leases		
Interest portion of lease liabilities	253.53	241.22
Principal portion of lease liabilities	441.05	345.23

SAI LIFE SCIENCES LIMITED
Sai
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(All amounts in Indian Rupees millions, except share data and where otherwise stated)

46 Additional disclosure as required under paragraph 2 of 'General Instructions for the preparation of Consolidated Financial Statements' of the Schedule III to the Act*

Name of the entity	As at 31 March 2024							
	Net assets (i.e., total assets-total liabilities)		Share in profit or loss		Share in Other Comprehensive Income (OCI)		Share in Total Other Comprehensive Income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated OCI	Amount	As % of Consolidated Total OCI	Amount
Parent								
Sai Life Sciences Limited	103.70%	10,111.98	115.00%	952.31	1.47%	0.15	113.62%	952.46
Subsidiaries								
Sai Life Sciences Inc	3.25%	316.81	-18.19%	(150.61)	0.00%	-	-17.97%	(150.61)
Sai Life Pharma Private Limited	1.16%	113.41	0.04%	0.35	-0.98%	(0.10)	0.03%	0.25
Sai Life Sciences GMBH	-0.15%	(14.26)	0.41%	3.38	0.00%	-	0.40%	3.38
Total	**107.96%**	**10,527.94**	**97.26%**	**805.43**	**0.49%**	**0.05**	**96.08%**	**805.48**
Consolidation adjustments	-7.96%	(776.50)	2.74%	22.66	99.51%	10.17	3.92%	32.83
Net amount	**100.00%**	**9,751.44**	**100.00%**	**828.09**	**100.00%**	**10.22**	**100.00%**	**838.31**

Name of the entity	As at 31 March 2023							
	Net assets (i.e., total assets-total liabilities)		Share in profit or loss		Share in Other Comprehensive Income (OCI)		Share in Total Other Comprehensive Income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated OCI	Amount	As % of Consolidated Total OCI	Amount
Parent								
Sai Life Sciences Limited	102.77%	9,127.32	242.64%	242.37	41.14%	14.54	189.98%	256.91
Subsidiaries								
Sai Life Sciences Inc	5.21%	462.29	-126.12%	(125.98)	0.00%	-	-93.16%	(125.98)
Sai Life Pharma Private Limited	1.27%	113.16	-0.19%	(0.19)	0.00%	-	-0.14%	(0.19)
Sai Life Sciences GMBH	-0.20%	(17.56)	-17.26%	(17.24)	0.00%	-	-12.75%	(17.24)
Total	**109.06%**	**9,685.21**	**99.07%**	**98.96**	**41.14%**	**14.54**	**83.93%**	**113.50**
Consolidation adjustments	-9.06%	(804.28)	0.93%	0.93	58.86%	20.80	16.07%	21.73
Net amount	**100.00%**	**8,880.93**	**100.00%**	**99.89**	**100.00%**	**35.34**	**100.00%**	**135.23**

The above disclosure represents separate information for the consolidated entity before elimination of inter–company transactions. The net impacts on elimination of inter–company transactions/profits/consolidation adjustments have been disclosed separately. Based on the group structure, the management is of the view that the above disclosure is appropriate under requirements of the Act.

SAI LIFE SCIENCES LIMITED * HYDERABAD * Sai

Sai Life Sciences Limited
CIN-U24110TG1999PLC030970
Notes to the Consolidated financial statements for the year ended 31 March 2024 (continued)
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

47 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come in to effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

48 With effect from 1 April 2023, the Ministry of Corporate Affairs (MCA) has made it mandatory for companies to maintain an audit trail throughout the year for transactions impacting books of accounts.

The Parent Company and its subsidiary, uses accounting software for maintaining the books of account which has a feature of recording audit trail and has defined process to enable audit trail of books of accounts and has enabled the feature of recording audit trail (edit log) facility except for the following
- in respect of accounting software used by the Parent Company, audit trail feature was not enabled for the period 01 April 2023 to 30 March 2024, post which audit trail was enabled at the application level.
- in respect of a accounting software operated by a third party software service provider used by the Parent Company for maintaining payroll records, independent auditor's system and organisation controls report does not cover audit trail related reporting for the period from 01 January 2024 to 31 March 2024.
- in respect of a accounting software operated by a third party software service provider used by the Subsidiary Company for maintaining its books of account, independent auditor's system and organisation controls report does not cover audit trail related requirements.

The management is of the view that this does not have any impact on its Consolidated financial statements for the year ended 31 March 2024.

49 The previous year's figures have been re-groupped/reclassified where necessary to confirm current year's classification.

For and on behalf of the Board of Directors of
Sai Life Sciences Limited
CIN No: U24110TG1999PLC030970

K.Ranga Raju	**Krishnam Raju**
Chairman	Managing Director
DIN No: 00043186	DIN No: 00064614
Sivaramakrishnan Chittor	**Runa Karan**
Chief Financial Officer	Company Secretary
	Membership No.: A13721

Place: Hyderabad
Date: 21-May-2024