

B S R & Co. LLP

Chartered Accountants

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Independent Auditor's Report

To the Members of Innova Captab Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Innova Captab Limited (the "Company") which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Registered Office:

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063

Independent Auditor's Report (Continued)

Innova Captab Limited

Management's and Board of Directors Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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



Independent Auditor's Report (Continued)

Innova Captab Limited

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors of the Company as on 15 May 2023, 16 May 2023, 17 May 2023, 20 May 2023 and 22 May 2023 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its standalone financial statements - Refer Note 44 to the standalone financial statements.
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 47(v) to the 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 Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall



Independent Auditor's Report (Continued)

Innova Captab Limited

directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 47(vi) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The Company has neither declared nor paid any dividend during the year.
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- C. In our opinion and according to the information and explanations given to us, the remuneration paid/payable by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/payable to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248WW-100022



Gaurav Mahajan

Partner

Place: Panchkula

Date: 12 August 2023

Membership No.: 507857

ICAI UDIN:23507857BGYNWJ2860

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Innova Captab Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (i) (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company except as follows:

Quarter	Name of bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Whether return/ statement subsequently rectified
June 2022	HSBC Bank and Yes	Inventory	1,052.23	1,020.09	32.14	No
		Trade Receivable	1,764.77	1,722.96	41.81	No

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Innova Captab Limited for the year ended 31 March 2023 (Continued)

Quarter	Name of bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Whether return/ statement subsequently rectified
	Bank	Trade Payable	1,563.33	1,575.96	(12.63)	No
Sept 2022	HSBC Bank and Yes Bank	Trade Payable	1,225.34	1,223.51	1.83	No
		Inventory	888.58	888.57	0.01	No
Dec 2022	HDFC Bank, HSBC Bank and Yes Bank	Inventory	1,038.84	1,062.36	(23.52)	No
		Trade Payable	1,545.72	1,571.52	(25.80)	No
		Trade Receivable	2,359.69	2,359.16	0.53	No
Mar 2023	HDFC Bank, HSBC Bank and Yes Bank	Inventory	972.72	985.38	(12.66)	No
		Trade Receivable	2,296.76	2,307.08	(10.32)	No
		Trade Payable	1,480.84	1,480.85	(0.01)	No
June 2022	SBI Bank	Inventory	1,052.23	1,021.93	30.30	No
		Trade Receivable	1,764.77	1,722.96	41.81	No
		Trade Payable	1,563.33	1,575.96	(12.63)	No
Sep 2022	SBI Bank	Inventory	888.58	888.60	(0.02)	No
		Trade Receivable	2,355.57	2,355.60	(0.03)	No
		Trade Payable	1,225.34	1,223.50	1.84	No
Dec 2022	SBI Bank	Inventory	1,038.84	1,062.40	(23.56)	No
		Trade Receivable	2,359.69	2,359.20	0.49	No

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Innova Captab Limited for the year ended 31 March 2023 (Continued)

Quarter	Name of bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Whether return/ statement subsequently rectified
		Trade Payable	1,545.72	1,571.50	(25.78)	No
Mar 2023	SBI Bank	Inventory	972.72	985.38	(12.66)	No
		Trade Payable	1,480.84	1,480.85	(0.01)	No
		Trade Receivable	2,296.76	2,307.08	(10.32)	No

The Company submits drawing power (DP) statements subsequent to the end of respective quarters, in which DP limit is computed as per the terms and conditions of sanction letter. Certain adjustments pertaining to goods in transit, advances from customers and advances to vendors were excluded from inventory, trade receivables and trade payables respectively while arriving at the figures reported in the DP statements submitted to banks as the Company did not have a formal quarterly book closing process of its books of account. Further, the actual utilization of working capital remained within the bank sanction/DP limits for the year ended 31 March 2023.

- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments in or provided any guarantee to firms, limited liability partnership or any other parties or provided any security, granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties during the year. The Company has made investment in a Company, provided guarantees for a Company and given loans to its employees, in respect of which the requisite information is as below.
- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans to its employees and provided guarantees for its



Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Innova Captab Limited for the year ended 31 March 2023 (Continued)

subsidiary as below:

Particulars	Non-interest bearing loans (In INR million)	Guarantees given (In INR million)
Aggregate amount during the year		
– Subsidiary *	-	650.00
– Others (Employees of the Company)	16.31	-
Balance outstanding as at balance sheet date		
– Subsidiary *	-	650.00
– Others (Employees of the Company)	14.59	-

*As per Companies Act, 2013

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the terms and conditions of the grant of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company. Further, the Company has not made any investment or given security or granted advances in the nature of loan during the year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal has been stipulated and the repayments or receipts have been regular. Payment of interest was not stipulated in case of non-interest bearing loans as per approved policy of the Company. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans or provided any security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made and guarantees given by the Company, in our opinion the provisions of Section 185 and Section 186 of the Act have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Innova Captab Limited for the year ended 31 March 2023 (Continued)

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Provident fund and Employee State Insurance.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Income-Tax which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (in INR million)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income tax Act, 1961	Income Tax	0.60	2017-18	Deputy commissioner of Income tax	

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Innova Captab Limited for the year ended 31 March 2023 (Continued)

used for long-term purposes by the Company.

- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
(b) According to information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment of shares nor issued any fully or partly convertible debentures during the year. In our opinion, in respect of private placement of compulsorily convertible preference shares made during the year, the Company has duly complied with the requirements of Section 42 of the Act. The proceeds from issue of compulsorily convertible preference shares have been used for the purposes for which the funds were raised.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of audit for the previous year.
(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
(b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
(d) Based on the information and explanations provided by the management of the Company, the



**Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Innova Captab Limited for the year ended 31 March 2023
(Continued)**

Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) do not have any Core Investment Company as detailed in note 47(xi) to the financial statements. For reporting on this clause / sub clause, while we have performed audit procedures set out in the Guidance Note on CARO 2020, we have relied on and not been able to independently validate the information provided to us by the management of the Company with respect to entities outside the consolidated Group but covered in the Core Investment Companies (Reserve Bank) Directions, 2016.

- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022



Gaurav Mahajan

Partner

Place: Panchkula

Date: 12 August 2023

Membership No.: 507857

ICAI UDIN:23507857BGYNWJ2860

Annexure B to the Independent Auditor's Report on the standalone financial statements of Innova Captab Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Innova Captab Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to 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 financial statements were 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to



**Annexure B to the Independent Auditor's Report on the standalone financial statements of Innova Captab Limited for the year ended 31 March 2023
(Continued)**

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022



Gaurav Mahajan
Partner

Place: Panchkula

Date: 12 August 2023

Membership No.: 507857

ICAI UDIN:23507857BGYNWJ2860

Innova Captab Limited (CIN: U24246MH2005PLC150371)
 Standalone Balance Sheet as at 31 March 2023
 (Amount in INR millions, except for share data unless otherwise stated)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	3a	1,468.16	1,531.39
(b) Right-of-use assets	4	137.88	76.24
(c) Capital work-in-progress	3a	215.43	0.31
(d) Other intangible assets	3b	7.69	4.47
(e) Financial assets			
(i) Investments	5	600.00	600.00
(ii) Loans	6	4.78	2.19
(iii) Other financial assets	7	5.06	7.22
(f) Income tax assets (net)	8	4.12	13.32
(g) Other non-current assets	9	556.43	81.18
Total non-current assets		2,999.55	2,316.32
(2) Current assets			
(a) Inventories	10	972.72	1,052.86
(b) Financial assets			
(i) Trade receivables	11	2,296.76	1,738.53
(ii) Cash and cash equivalents	12	31.35	1.01
(iii) Bank balances other than (ii) above	13	118.50	20.87
(iv) Loans	14	9.81	2.77
(v) Other financial assets	15	70.33	42.21
(c) Other current assets	16	284.34	274.53
Total current assets		3,783.81	3,132.78
Total assets		6,783.36	5,449.10
Equity and liabilities			
(1) Equity			
(a) Equity share capital	17	480.00	120.00
(b) Other equity	18	2,203.20	1,988.27
Total equity		2,683.20	2,108.27
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	1,341.77	673.52
(ii) Lease liabilities	4	13.84	4.36
(iii) Other financial liabilities	20	78.94	-
(b) Provisions	21	27.60	21.26
(c) Deferred tax liabilities (net)	36	43.96	25.22
(d) Other non-current liabilities	22	0.85	0.85
Total non-current liabilities		1,506.96	725.21
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	1,010.10	1,087.03
(ii) Lease liabilities	4	2.07	1.45
(iii) Trade payables	23		
-total outstanding dues of micro and small enterprises		0.50	11.86
-total outstanding dues of creditors other than micro and small enterprises		1,480.34	1,392.45
(iv) Other financial liabilities	24	63.17	46.73
(b) Other current liabilities	25	32.00	63.49
(c) Provisions	21	5.02	2.94
(d) Current tax liabilities (net)	26	-	9.67
Total current liabilities		2,593.20	2,615.62
Total liabilities		4,100.16	3,340.83
Total equity and liabilities		6,783.36	5,449.10

Significant accounting policies

Notes to the Standalone Financial Statements

The accompanying notes form an integral part of the Standalone Financial Statements.

2

3-48

As per our report of even date attached.

For BSR & Co. LLP

Chartered Accountants


Firm registration number: 101248W/W-100022


 Gaurav Mahajan
 Partner
 Membership Number : 507857

For and on behalf of Board of Directors of
 Innova Captab Limited


 Manoj Kumar Lohariwala
 Chairman & Wholetime Director
 DIN : 00144656


 Vinay Kumar Lohariwala
 Managing Director
 DIN : 00144700


 Neeharika Shukla
 Company Secretary
 Membership Number. A42724


 Gaurav Srivastava
 Chief Financial Officer

Place: Panchkula
 Date: 12 August 2023

Place: Panchkula
 Date: 12 August 2023

Innova Captab Limited (CIN: U24246MH2005PLC150371)
Standalone Statement of Profit and Loss for the year ended 31 March 2023
(Amount in INR millions, except for share data unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022
I Revenue from operations	27	8,586.73	7,854.55
II Other income	28	87.34	28.56
III Total Income (I + II)		8,674.07	7,883.11
IV Expenses			
Cost of materials consumed	29	6,471.21	5,736.37
Purchase of stock-in-trade	30	216.48	342.39
Changes in inventories of finished goods, work-in-progress and stock-in-trade	31	(14.80)	9.98
Employee benefits expense	32	435.97	373.93
Finance costs	33	183.00	53.30
Depreciation and amortization expense	34	106.56	74.01
Other expenses	35	492.58	406.79
Total expenses (IV)		7,891.00	6,996.77
V Profit before tax (III-IV)		783.07	886.34
VI Tax expense:			
(i) Current tax	36	188.61	218.01
(ii) Deferred tax charge	36	18.94	6.55
Total tax expense (VI)		207.55	224.56
VII Profit for the year (V-VI)		575.52	661.78
VIII Other comprehensive income / (loss)			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit obligation		(0.79)	(2.31)
Income tax relating to items that will not be reclassified to profit or loss		0.20	0.59
Total other comprehensive (loss) for the year (net of tax)		(0.59)	(1.72)
IX Total comprehensive income for the year (VII+VIII)		574.93	660.06
Earnings per equity share			
Basic and diluted [nominal value of INR 10 per share]	37	11.99	13.79
Significant accounting policies	2		
Notes to the Standalone Financial Statements	3-48		
The accompanying notes form an integral part of the Standalone Financial Statements.			

As per our report of even date attached.

For BSR & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022


Gaurav Mahajan
Partner
Membership Number : 507857


Manoj Kumar Lohariwala
Chairman & Wholetime Director
DIN : 00144656


Vinay Kumar Lohariwala
Managing Director
DIN : 00144700


Neecharika Shukla
Company Secretary
Membership Number. A42724


Gaurav Srivastava
Chief Financial Officer

Place: Panchkula
Date: 12 August 2023

Place: Panchkula
Date: 12 August 2023

Innova Captab Limited (CIN: U24246MH2005PLC150371)
Standalone Statement of Cash flow for the year ended 31 March 2023
(Amount in INR millions, except for share data unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A Cash flows from operating activities		
Profit before tax for the year	783.07	886.34
Adjustments for:		
Depreciation and amortization expense	106.56	74.01
Expected credit (reversal) / loss on trade receivables	(2.43)	3.53
Bad debts written off	2.59	0.53
Net (profit) / loss on sale of property, plant and equipment	(2.86)	0.07
Unrealized foreign exchange (gain)	(6.54)	(3.68)
Amortisation of government grant	(21.52)	(0.43)
Finance costs	183.00	53.30
Provision for litigation written back	-	(0.99)
Transaction costs related to borrowings	(1.36)	(0.90)
Gain on fair valuation of compulsorily convertible preference shares	(19.76)	-
Interest income	(6.29)	(1.39)
Operating cash flows before working capital changes	1,014.46	1,010.39
Working capital adjustments:		
Decrease / (Increase) in inventories	80.15	(138.41)
(Increase) in trade receivables	(551.85)	(353.38)
Increase in trade payables	76.53	281.98
(Increase) in loans	(9.63)	(0.31)
(Increase) / Decrease in other financial assets	(23.97)	2.21
(Increase) in other non-current assets	(0.26)	(2.17)
(Increase) in other current assets	(9.81)	(15.71)
(Decrease) in other current liabilities	(9.97)	(7.70)
Increase in other financial liabilities	8.63	9.64
Increase in provisions	7.59	5.20
Cash generated from operating activities	581.87	791.74
Income tax paid (net)	(189.08)	(208.35)
Net cash generated from operating activities (A)	392.79	583.39
B Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets (including capital-work-in progress)	(788.91)	(798.71)
Proceeds from sale of property, plant and equipment and intangible assets	7.34	0.84
Interest income received	3.87	7.52
Payments made for acquisition of business on account of slump sale	-	(542.50)
Payments made for acquisition of subsidiary	-	(600.00)
Bank deposits made	(118.13)	(21.46)
Proceeds from redemption of deposits	20.50	70.99
Net cash (used in) investing activities (B)	(875.33)	(1,883.32)
C Cash flows from financing activities		
Payment of lease liabilities	(4.71)	(2.49)
Finance cost paid	(105.29)	(55.70)
Repayments of non-current borrowings	(350.56)	(390.63)
Proceeds from non-current borrowings	495.13	1,085.50
Proceeds from / (repayments of) current borrowings	(21.69)	616.31
Proceeds from issue of compulsorily convertible preference shares	500.00	-
Net cash generated from financing activities (C)	512.88	1,252.99
Net (Increase)/Decrease in cash and cash equivalents (A+B+C)	30.34	(46.94)
Cash and cash equivalents at the beginning of the year	1.01	47.95
Cash and cash equivalents at the end of the year	31.35	1.01
Notes:		
1. Components of cash and cash equivalents		
Cash on hand	0.25	0.06
Balances with banks - in current accounts	31.10	0.95
	31.35	1.01

2. The above cash flow statement has been prepared under the indirect method set out in the applicable Indian Accounting Standard (Ind AS) 7 on "Statement of Cash Flows".
3. For reconciliation of movements of liabilities to cash flows arising from financing activities refer note 4(c) for lease liabilities and 19(F) for borrowings.

Significant accounting policies

Notes to the Standalone financial statements


The accompanying notes form an integral part of the Standalone Financial Statements.

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022



Gaurav Mahajan
Partner
Membership Number : 507857

For and on behalf of Board of Directors of

Innova Captab Limited


Manoj Kumar Lohariwala
Chairman & Wholtime Director
DIN : 00144656


Vinay Kumar Lohariwala
Managing Director
DIN : 00144700


Neeharika Shukla
Company Secretary
Membership Number. A42724


Gaurav Srivastava
Chief Financial Officer

Place: Panchkula
Date: 12 August 2023

Place: Panchkula
Date: 12 August 2023

Innova Captab Limited (CIN: U24246MH2005PLC150371)
 Standalone Statement of Changes in Equity for the year ended 31 March 2023
 (Amount in INR millions, except for share data unless otherwise stated)

A Equity share capital (refer note 17)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the reporting year	12,00,000	120.00	12,00,000	120.00
Sub-division of 1 share of face value 100/- each into 10 share of face value 10/- each effective April 4, 2022 (Increase in shares on account of sub-division) (refer note 17)	1,08,00,000	-	-	-
Add:- Bonus share issued during the year (refer note 17)	3,60,00,000	360.00	-	-
Balance at the end of the reporting year	<u>4,80,00,000</u>	<u>480.00</u>	<u>12,00,000</u>	<u>120.00</u>

B Other equity (refer note 18)

Particulars	Capital reserve	Reserves and surplus	Total
		Retained earnings	
Balance as at 1 April 2021	0.44	1,327.77	1,328.21
Total comprehensive income for the year	-	-	-
Add : Profit for the year	-	661.78	661.78
Add : Other comprehensive (loss) (net of tax) for the year	-	(1.72)	(1.72)
Total comprehensive income for the year	-	660.06	660.06
Balance as at 31 March 2022	0.44	1,987.83	1,988.27
Balance as at 1 April 2022	0.44	1,987.83	1,988.27
Addition during the year	-	-	-
Total comprehensive income for the year	-	-	-
Add : Profit for the year	-	575.52	575.52
Add : Other comprehensive (loss) (net of tax) for the year	-	(0.59)	(0.59)
Total comprehensive income for the year	-	574.93	574.93
Transactions with owners of the Company			
<i>Contributions and distributions</i>			
Issue of bonus shares	-	(360.00)	(360.00)
Total contributions and distributions	-	(360.00)	(360.00)
Balance as at 31 March 2023	0.44	2,202.76	2,203.20

Significant accounting policies 2
 Notes to the Standalone Financial Statements 3-48

The accompanying notes form an integral part of the Standalone Financial Statements.
 As per our report of even date attached.


For B S R & Co. LLP
 Chartered Accountants
 Firm registration number: 101248W/W-100022

For and on behalf of Board of Directors of
 Innova Captab Limited


 Gaurav Mahajan
 Partner
 Membership Number : 507857


 Manoj Kumar Lohariwala
 Chairman & Wholetime Director
 DIN : 00144656


 Vinay Kumar Lohariwala
 Managing Director
 DIN : 00144700


 Neelharika Shukla
 Company Secretary
 Membership No. A42724


 Gaurav Srivastava
 Chief Financial Officer

Place: Panchkula
 Date: 12 August 2023

Place: Panchkula
 Date: 12 August 2023

Note 1. Corporate Information

Innova Captab Limited (CIN: U24246MH2005PLC150371) (“the Company”), a Company domiciled in India with its registered office situated at Office No. 606, Ratan Galaxie-6th Floor, J.N. Road, Plot No. 1, Mulund (W), Mumbai, MH 400080, India, was incorporated in Mumbai on 3 January 2005 as a private limited company. The Company was initially incorporated with the name of “Harun Healthcare Private Limited” and later the name was changed to “Innova Captab Private Limited”. The Company was converted to a Public Limited Company w.e.f 26 July 2018. After conversion, the name of the Company is “Innova Captab Limited”.

The Company is engaged in the business of manufacturing and trading of drugs and pharmaceuticals.

Note 2. Significant accounting policies

(a) Basis of preparation

(i) Statement of compliance

These standalone financial statements (“standalone financial statements”) have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of Companies Act, 2013, (“the Act”) read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

The standalone financial statements have been prepared on a going concern basis. The accounting policies are applied consistently to all the years presented in the standalone financial statements.

These standalone financial statements were approved for issue by the Company’s Board of Directors on 12 August 2023.

Functional and presentation currency

The functional currency of the Company is the Indian rupee. These standalone financial statements are presented in Indian rupees. All amounts have been rounded-off to the nearest millions, up to two places of decimal, unless otherwise indicated.

Basis of measurement

The standalone financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Financial assets and liabilities acquired under business combination	Fair value
Derivative financial instruments	Fair value
Defined benefits liability	Present value of defined benefits obligations

(ii) Current versus non-current classification

The Company presents assets and liabilities in the standalone financial statements based on current/non-current classification. An asset is treated as current when it is:

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



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Innova Captab Limited (CIN U24246MH2005PLC150371)
Notes to the standalone financial statements for the year ended 31 March 2023

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(iii) Use of estimates and judgments

In preparation of the standalone financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the standalone financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Note 2(h) and 27 – revenue recognition: whether revenue is recognized over time or at a point in time
- Note 2(d) and 4 – assessment of useful life of right-to-use asset

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes

- Note 2 (a)(iv) – Fair value measurement (including fair value of consideration transferred on business combination and fair value of the assets acquired and liabilities assumed)
- Note 2(c) and 3a – Assessment of useful life and residual value of property, plant and equipment
- Note 2(d) and 4 – Lease Classification, discount rate
- Note 2(e) and 3b – Assessment of useful life of intangible assets
- Note 2(f) – Valuation of inventories
- Note 2(g) – Impairment of financial assets; impairment test of non-financial assets: key assumptions underlying recoverable amounts
- Note 2(k) and 39 – Measurement of defined benefit obligations: key actuarial assumptions
- Note 2(n) and 36 – Recognition and estimation of tax expense including deferred tax; recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used, future recoverability been probable

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Innova Captab Limited (CIN U24246MH2005PLC150371)
Notes to the standalone financial statements for the year ended 31 March 2023

- Note 2(o), 2(p), and 44 – Recognition and measurement of provision and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources.

(iv) Measurement of fair values

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to measurement of fair values. This includes the top management division which is responsible for overseeing all significant fair value measurements, including Level 3 fair values. The top management division regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the top management division assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirement of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

Fair values are categorized 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 and 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 liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized 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 Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred. Further information about the assumptions made in measuring fair values used in preparing the standalone financial statements is included in the Note 41.

(b) Financial instrument

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

Financial assets

Initial recognition and measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (except trade receivable, that do not contain a significant financing component are measured at transaction price) is recognized initially at fair value plus or minus transaction cost that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit and loss). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ('FVTPL') are recognized immediately in the Statement of Profit and Loss.

Subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- amortized cost
- fair value through other comprehensive income (FVOCI)

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- fair value through profit or loss (FVTPL)

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

Financial asset at amortized cost

A financial asset is measured at amortized 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.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.



Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets – Subsequent measurement and gains and losses

- a) Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
- b) Financial assets at amortized cost: These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's Balance Sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized 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 recognized in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in Statement of Profit and Loss.

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Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Offsetting

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

Derivative financial instruments

The Company holds derivative financial instruments in form of compulsorily convertible preference shares. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

Financial Guarantee

A financial guarantee contract requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values, adjusted for transaction costs that are directly attributable to the issuance of the guarantee and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with Ind AS 109; and
- the amount initially recognized less, where appropriate, cumulative amount of income recognized in accordance with the Company's revenue recognition policies.

The Company has not designated any financial guarantee contracts as FVTPL.

The Company estimates the loss allowance on financial guarantee contracts based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the interest rate relevant to the exposure.

c) Property, plant and equipment ('PPE')

Recognition and measurement

Items of PPE are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and or accumulated impairment loss, if any. Freehold land is carried at historical cost less any accumulated impairment losses.

Cost of an item of a PPE comprises its purchase price including import duty, and other non-refundable taxes after deducting any trade discounts and rebates and any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of PPE comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. Expenditure incurred on startup and commissioning of the project and/or substantial expansion, including the expenditure incurred on trial runs

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(net of trial run receipts, if any) up to the date of commencement of commercial production are capitalized. If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Advances paid towards acquisition of PPE outstanding at each year end date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

Any gain or loss on disposal of an item of PPE is recognized in the Statement of Profit and Loss.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation

Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives using the straight-line method and is recognized in the Statement of Profit and Loss.

Depreciation on items of PPE is provided as per rates corresponding to the useful life specified in Schedule II to the Companies Act, 2013 read with the notification dated 29 August 2014 of the Ministry of Corporate Affairs except for certain classes of PPE which are depreciated based on the internal technical assessment of the management. The estimated useful lives of items of PPE for the current and comparative year are as follows:

Particulars	Useful life as per Schedule II	Management estimate of useful life
Building - Factory	30 Years	30 Years
Office equipment	5 Years	3 - 5 Years
Plant and equipment	3 - 15 Years	3 - 15 Years
Lab equipments	10 Years	10 Years
Electrical installations	10 Years	10 Years
Vehicles	10 Years	10 Years
Furniture and fittings	10 Years	10 Years
Computer and printer	3 - 6 Years	3 - 6 Years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on additions/(disposal) is provided on a pro-rata basis i.e. from/ (upto) the date on which asset is ready for use/ (disposed of).

Derecognition

An item of PPE is derecognized on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss.

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(d) Leases

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

Leases in which the Company is a lessee

The Company's lease asset classes primarily consist of leases for buildings and leasehold land. The Company, at the inception of a contract, assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Company elected to use the following practical expedients on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The Company recognizes a right-of-use asset ("ROU") and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the Statement of Profit and Loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognizes the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and Statement of Profit and Loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in Statement of Profit and Loss.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

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- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'financial liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The Company recognizes the lease payments associated with these leases as an expense in the Statement of Profit or Loss over the lease term.

(e) Intangible assets

Intangible assets are acquired (including implementation of software system) are measured initially at cost. Cost of an item of intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use.

Advances paid towards acquisition of intangible assets outstanding at each year end date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as intangible assets under development.

After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates. All other expenditure is recognized in Statement of Profit and Loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method and is included in depreciation and amortisation expense in Statement of Profit and Loss.

The estimated useful life computer software for the current and comparative year is 5 years.

Derecognition

Intangible assets is derecognized on disposal or when no future economic benefits are expected from its use and disposal.



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(f) Inventories

Inventories are valued at lower of cost or net realizable value. The method of determining cost of various categories of inventories are as follows:

Raw materials (except goods in transit)	Weighted average method
Traded goods	Weighted average method
Packing material	Weighted average method
Stores and spares	Weighted average method
Work-in-progress and finished goods (manufactured)	Variable cost at weighted average including an appropriate share of variable and fixed production overheads. Fixed production overheads are included based on normal capacity of production facilities.
Goods in transit	Specifically identified purchase cost

The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

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

Raw materials and other supplies held for use in the production of finished products are not written down below cost, except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realizable value. The Company reviews the condition of its inventories and makes provision against obsolete and slow moving inventory items which are identified as no longer suitable for sale or use.

The comparison of cost and net realizable value is made on an item-by-item basis.

(g) Impairment

Impairment of financial assets

The Company recognizes loss allowances for expected credit loss on financial assets measured at amortized cost. At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that the financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- The breach of contract such as a default or being past due for 90 days or more;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial re-organization; or
- The disappearance of active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. difference between the cash flow due to the Company in accordance with the contract and the cash flow that the Company expects to receive).

Expected credit losses are discounted at the effective interest rate of the financial asset.

Presentation of allowance for expected credit losses

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

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtors do not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedure for recovery of amounts due.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Company's non-financial assets other than inventories and deferred tax 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.

For impairment testing, assets that do not generate independent cash inflows (i.e. corporate assets) are companied together into cash-generating units (CGUs). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g. head office building for providing support to CGU) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. An impairment loss in respect of assets for which impairment loss has been recognized in prior periods,

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the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made 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 amortization, if no impairment loss had been recognized.

(h) **Revenue from contract with customers**

Under Ind AS 115, the Company recognized revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods underlying the particular performance obligation is transferred to the customer.

Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liability is recognized when billings are in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers by geography.

Use of significant judgments in revenue recognition:

- a) The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- b) Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

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- c) The Company uses judgment to determine an appropriate selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative selling price of each distinct product or service promised in the contract.
- d) The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- e) Revenue for fixed-price contract is recognized using percentage-of-completion method. The Company uses judgment to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
- f) Contract fulfilment costs are generally expensed as incurred except for certain expenses which meet the criteria for capitalization. Such costs are amortized over the contractual period. The assessment of this criteria requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.
- g) Right of return - Company provides a customer with a right to return in case of any defects or on grounds of quality. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognizes a refund liability. A right of return asset and corresponding adjustment to change in inventory is also recognized for the right to recover products from a customer.

Export incentives

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

(i) Recognition of interest income or expense

Interest income or expense is recognized using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- The amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(j) Government grant

The Company recognizes 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 related to capital assets are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in Statement of Profit and Loss as other income on a systematic basis.

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Grants that compensate the Company for expenses incurred are recognized in Statement of Profit and Loss as other income on a systematic basis in the periods in which such expenses are recognized.

Grants related to income are deducted in reporting the related expense in the statement of profit and loss. Export entitlements from government authorities are recognized in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(k) **Employee benefits**

Short-term employee benefits

All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognized as expenses in the period in which the employee renders the related service and measured on an undiscounted basis. A liability is recognized for the amount expected to be paid e.g., salaries, wages and bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Post-employment benefits

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards employee provident fund and employee state insurance scheme ('ESI') to Government administered scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The Company's net obligation in respect of gratuity is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Other long-term employee benefits

Compensated absences

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilized during the service, or encashed. Encashment can be made during service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits. The Company's obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an actuarial valuation performed annually by a qualified actuary using the projected unit credit method.

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Termination benefits

Termination benefits are recognised as an expense when, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Actuarial valuation

The liability in respect of all defined benefit plans is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the reporting date, having maturity periods approximating to the terms of related obligations.

Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in other equity in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in Statement of Profit and Loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

(l) Borrowing costs

Borrowing costs are interest and other costs incurred by the Company 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 capitalized as a part of cost of the asset. Other borrowing costs are recognized as an expense in the Statement of Profit and Loss in the period in which they are incurred.

(m) Foreign currency transactions

Initial recognition

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences on restatement/settlement of all monetary items are recognized in the Statement of profit and loss.

(n) Income tax

Income tax expense comprises current and deferred tax. It is recognized in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax

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Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions or make reversals of provisions made in earlier years, where appropriate, on the basis of amounts expected to be paid to / received from the tax authorities.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets, recognized or unrecognized, are reviewed at each reporting date and recognized / reduced to the extent that it has become probable / no longer probable respectively that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the current tax liabilities and assets, and they relate to income taxes levied by the same tax authorities.

(o) Provisions (other than for employee benefits)

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(p) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate. A contingent asset is disclosed where an inflow of economic benefits is probable.

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Contingent liabilities and contingent assets are reviewed at each reporting date and adjusted to reflect the current best estimates.

(q) Commitments

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Commitments are reviewed at each reporting date.

(r) Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

(s) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash in hand, demand deposits held with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(t) Statement of Cash Flows

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(u) Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(v) Investments in subsidiaries

Equity investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

(w) Corporate Social Responsibility ("CSR") expenditure

CSR expenditure incurred by the Company is charged to the Statement of the Profit and Loss.

(x) Share capital

Equity shares: Incremental costs directly attributable to the issue of equity shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with Ind AS 12.

Preference shares: The Company compulsorily convertible preference shares ("CCPS") are classified as financial liabilities, because the instrument holders, in terms of the underlying agreement, had exit rights including requiring the Company to buy back shares held by them where upon the conversion ratio is also not fixed. Since both the conversion and redemption feature is conditional upon an event

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not under the control of the issuer, and may require entity to deliver cash, which issuer cannot avoid, or convert the CCPS into equity shares, where the fixed for fixed condition is not met, therefore, CCPS have been considered a “hybrid” financial liability.

(y) **Standards issued but not yet effective**

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

• **Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

• **Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

• **Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.



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Innova Captab Limited (CIN: U124246MH2005PLC150371)
Notes to the Standalone Financial Statements for the year ended 31 March 2023
(Amount in INR millions, except for share data unless otherwise stated)

Note 3a - Property, plant and equipment

Gross carrying amount												
Particulars	Freehold land	Building	Plant and equipment	Lab Equipment	Electrical equipment and installation	Vehicles	Furniture and fixtures	Office equipment	Computer and printer	Total	Capital work-in-progress	
Balance as at 1 April 2021	57.48	323.33	424.29	-	34.45	37.23	35.43	3.59	5.36	921.16	72.64	
Additions	112.09	214.35	373.30	63.06	49.54	1.77	19.26	0.78	4.37	838.52	564.34	
Disposals	-	-	(1.17)	-	-	-	-	-	-	(1.17)	(636.67) #	
Balance as at 31 March 2022	169.57	537.68	796.42	63.06	83.99	39.00	54.69	4.37	9.73	1,758.51	0.31	
Balance as at 1 April 2022	169.57	537.68	796.42	63.06	83.99	39.00	54.69	4.37	9.73	1,758.51	0.31	
Additions	-	6.82	25.89	0.79	0.24	2.52	1.52	0.51	1.72	40.01	255.13	
Disposals	-	-	(0.58)	(4.30)	-	(0.06)	-	-	-	(4.94)	(40.01) #	
Balance as at 31 March 2023	169.57	544.50	821.73	59.55	84.23	41.46	56.21	4.88	11.45	1,793.58	215.43	

Accumulated depreciation												
Particulars	Freehold land	Building	Plant and equipment	Lab Equipment	Electrical equipment and installation	Vehicles	Furniture and fixtures	Office equipment	Computer and printer	Total	Capital work-in-progress	
Balance as at 1 April 2021	-	41.09	86.63	-	9.78	6.29	8.76	1.80	3.22	157.57	-	
Depreciation for the year	-	12.66	38.60	1.80	6.23	3.44	4.53	1.09	1.46	69.81	-	
Disposals	-	-	(0.26)	-	-	-	-	-	-	(0.26)	-	
Balance as at 31 March 2022	-	53.75	124.97	1.80	16.01	9.73	13.29	2.89	4.68	227.12	-	
Balance as at 1 April 2022	-	53.75	124.97	1.80	16.01	9.73	13.29	2.89	4.68	227.12	-	
Depreciation for the year	-	17.60	55.26	5.87	8.15	3.59	5.46	0.62	2.21	98.76	-	
Disposals	-	-	(0.16)	(0.24)	-	(0.06)	-	-	-	(0.46)	-	
Balance as at 31 March 2023	-	71.35	180.07	7.43	24.16	13.26	18.75	3.51	6.89	325.42	-	

Carrying amounts (net)												
Particulars	Freehold land	Building	Plant and equipment	Lab Equipment	Electrical equipment and installation	Vehicles	Furniture and fixtures	Office equipment	Computer and printer	Total	Capital work-in-progress	
As at 31 March 2022	169.57	483.93	671.45	61.26	67.98	29.27	41.40	1.48	5.05	1,531.39	0.31	
As at 31 March 2023	169.57	473.15	641.66	52.12	60.07	28.20	37.46	1.37	4.56	1,468.16	215.43	

Represents capital work in progress capitalised during the respective year.

Notes:

- Refer note 19 for information on property, plant and equipment pledged as security by the Company.
- Refer note 44(b) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Plant and equipment includes INR Nil (31 March 2022, INR 7.44) of capitalization towards research and development.
- The Company has capitalized the following expenses to the cost of property, plant and equipment / capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of these amounts:

Particulars	As at	
	31 March 2023	31 March 2022
Employee benefits expense	14.96	12.16
Finance costs (Interest expense on financial liabilities measured at amortised cost - on borrowings) #	28.83	22.91
Other expenses	0.74	3.90
Total	44.53	38.97

Capitalisation of borrowing costs relates to funds borrowed both specifically and generally to acquire/construct qualifying assets. The capitalisation relating to general borrowings was INR 18.94 at 8.11%(31 March 2022, INR 10.24 at 4.69%).

e. Capital work in progress (CWIP) ageing schedule:

Particulars	Amount in CWIP for a year of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress as at 31 March 2023	215.43	-	-	-	215.43
Projects in progress as at 31 March 2022	0.31	-	-	-	0.31



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Note 3b - Other intangible assets

Gross carrying amount

Particulars	Computer software
Balance as at 1 April 2021	9.30
Additions - acquired	1.93
Balance as at 31 March 2022	11.23
Balance as at 1 April 2022	11.23
Additions - acquired	4.80
Balance as at 31 March 2023	16.03

Accumulated amortization

Balance as at 1 April 2021	4.86
For the year	1.90
Balance as at 31 March 2022	6.76
Balance as at 1 April 2022	6.76
For the year	1.58
Balance as at 31 March 2023	8.34

Carrying amounts (net)

As at 31 March 2022	4.47
As at 31 March 2023	7.69

Note:

- a. As at 31 March 2023, the estimated remaining amortization period for other intangible assets are as follows:
 Computer Software 0.5 - 4 years (31 March 2022 0.5-5 years)

Note 4 - Right-of-use assets and lease liabilities

The Company has entered into agreements for leasing land and office premises. Land leases typically run for a period of 22 - 77 years. The leases for office premises typically run for a period of 6 years after which the lease is subject to termination at the option of lessee or lessor.

- a. Information about leases for which the Company is a lessee is presented below :

Right-of-use assets - building

	As at 31 March 2023	As at 31 March 2022
Balance as at beginning of the year	2.72	3.99
Additions	6.71	-
Depreciation for the year	(2.49)	(1.27)
Balance as at end of the year (A)	6.94	2.72

Right-of-use assets - land*

	As at 31 March 2023	As at 31 March 2022
Balance as at beginning of the year	73.52	19.38
Additions	61.15	55.16
Depreciation for the year	(3.73)	(1.02)
Balance as at end of the year (B)	130.94	73.52

Right-of-use assets (C=(A)+(B))

137.88 **76.24**

- b. The aggregate depreciation expense on right-of-use assets is included under depreciation and amortisation expense in the Standalone Statement of Profit and Loss.
 c. Set out below are the carrying amounts of lease liabilities and reconciliation of movements to cash flows arising from financing activities during the year :

Lease liabilities included in the balance sheet

	As at 31 March 2023	As at 31 March 2022
Current	2.07	1.45
Non-current	13.84	4.36
Total	15.91	5.81

Balance as at beginning of the year

Balance as at beginning of the year	5.81	4.71
Additions	13.29	3.04
Accreditation of interest	1.52	0.55
Payment of lease liabilities	(4.71)	(2.49)
Balance as at end of the year	15.91	5.81

- d. As at date, the Company is not exposed to future cashflows for extension / termination options, residual value guarantees and leases not commenced to which lessee is committed.

- e. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Maturity analysis – contractual undiscounted cash flows

	As at 31 March 2023	As at 31 March 2022
Less than one year	3.59	1.76
After one year but not longer than three years	7.14	2.22
More than three years	41.92	8.52
Total	52.65	12.50

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f. The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

g. The Company has also taken certain office premises and residential premises (used as guest house) on lease with contract terms within one year. These leases are short-term. The Company has elected not to recognize right-of-use-assets and lease liabilities for these leases. The expenses relating to short-term leases for which the recognition exemption has been applied have been charged to the Statement of Profit and Loss on straight line basis.

	For the year ended 31 March 2023	For the year ended 31 March 2022
Expenses relating to short-term leases	1.01	0.78
Interest on lease liabilities	1.52	0.55
Depreciation expense	6.22	2.30
Total	8.75	3.63

i. The following are the amounts recognized in the Standalone Statement of Cash Flow:

Total cash outflow for leases (including short term leases)

	For the year ended 31 March 2023	For the year ended 31 March 2022
	5.72	3.27

j. For the transitional impact of Ind AS 116 and accounting policy, refer note 2(e) of the financial statements.

k. The weighted average incremental borrowing rate applied to lease liabilities as at the date of origination of lease is 8.94%-11.36% (31 March 2022: 11.05% - 11.36%).

Note 5: Investments

Investments in equity shares

Unquoted equity shares (at cost)

Subsidiary (at cost)

- Univentis Medicare Limited*

150,000 Equity share of INR 10 each fully paid-up (31 March 2022: 150,000 equity shares of INR 10 each fully paid

Other (at cost)

- Shivalik Solid Waste Management Limited

250 equity shares of INR 10 each fully paid-up (31 March 2022: 250 equity shares of INR 10 each fully paid up)

	As at 31 March 2023	As at 31 March 2022
	600.00	600.00
	0.00 [^]	0.00 [^]
	600.00	600.00

Aggregate book value of unquoted investments

Aggregate amount of impairment in value of non-current investments

[^] The total value of shares in absolute value was INR 2,500/- but for reporting rounded upto INR 0.00 million

* Acquired on 31 December 2021.

Note 6 - Loans- Non current

(unsecured considered good, unless otherwise stated)

Loan to employees

	As at 31 March 2023	As at 31 March 2022
	4.78	2.19
	4.78	2.19

Note 7 -Other non-current financial asset

(unsecured considered good, unless otherwise stated)

Security deposit

Balance with banks-deposits accounts with original maturity more than 12 months #

	As at 31 March 2023	As at 31 March 2022
	4.90	6.63
	0.16	0.59
	5.06	7.22

These deposits include restricted bank deposits INR 0.16 (31 March 2022: INR 0.27) pledged as margin money.

Note 8 - Income tax assets (net)

Advance income tax and tax deducted at source (net of provision of INR 407.95) (31 March 2022: net of provision of INR 115.75)

	As at 31 March 2023	As at 31 March 2022
	4.12	13.32
	4.12	13.32

Note 9 - Other non-current assets

(unsecured considered good, unless otherwise stated)

Capital advances

Prepaid expenses

	As at 31 March 2023	As at 31 March 2022
	554.00	79.01
	2.43	2.17
	556.43	81.18

Note 10 - Inventories

(At lower of cost and net realizable value)

Raw materials #

Stores and spares

Work-in-progress

Finished goods #

Stock-in-trade

Packing material #*

	As at 31 March 2023	As at 31 March 2022
	575.21	666.83
	1.24	0.49
	180.61	117.94
	32.44	82.64
	2.54	0.22
	180.68	184.74
	972.72	1,052.86

Includes goods-in-transit

- Raw material

- Finished goods

- Packing material

66.68 26.89

19.68 37.45

0.91 1.64

* net of provision for obsolete inventory INR :4.45 (31 March 2022 INR : Nil)

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Note 11 - Trade receivables

(unsecured considered good, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Trade receivables	1,975.71	1,601.19
Trade receivables from related party (refer note 39)	326.77	145.51
Less: expected credit loss allowance	(5.72)	(8.17)
	<u>2,296.76</u>	<u>1,738.53</u>

Break-up:

	As at 31 March 2023	As at 31 March 2022
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	2,301.29	1,743.25
Trade receivables which have significant increase in credit risk	1.19	3.45
Trade receivables - credit impaired	-	-
	<u>2,302.48</u>	<u>1,746.70</u>
Less: expected credit loss allowance	-	-
- Trade receivables considered good - secured	-	-
- Trade receivables considered good - unsecured	(4.53)	(4.72)
- Trade receivables which have significant increase in credit risk	(1.19)	(3.45)
- Trade receivables - credit impaired	-	-
Total trade receivables	<u>2,296.76</u>	<u>1,738.53</u>

Movement in expected credit loss allowance of trade receivables:

	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	8.17	4.64
(Reversed) /Additions during the year	(2.45)	3.53
Balance at the end of the year	<u>5.72</u>	<u>8.17</u>

Trade receivable ageing:

	Outstanding for following periods from due date of payment							Gross trade receivables	Expected credit loss allowance	Net trade receivables
	Unbilled revenue	Not Due	< 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	> 3 years			
As at 31 March 2023										
Undisputed trade receivable - considered good	17.58	1,675.39	559.79	45.06	1.08	0.10	-	2,299.00	(2.24)	2,296.76
Undisputed trade receivable - considered doubtful	-	-	-	-	-	-	1.19	1.19	(1.19)	-
Undisputed trade receivable - credit impaired	-	-	-	-	-	-	-	-	-	-
Disputed trade receivable - considered good	-	-	-	-	-	-	2.29	2.29	(2.29)	-
Disputed trade receivable - considered doubtful	-	-	-	-	-	-	-	-	-	-
Disputed trade receivable - credit impaired	-	-	-	-	-	-	-	-	-	-
Total	<u>17.58</u>	<u>1,675.39</u>	<u>559.79</u>	<u>45.06</u>	<u>1.08</u>	<u>0.10</u>	<u>3.48</u>	<u>2,302.48</u>	<u>(5.72)</u>	<u>2,296.76</u>
As at 31 March 2022										
Undisputed trade receivable - considered good	6.64	1,330.51	397.23	6.48	0.10	-	-	1,740.96	(2.43)	1,738.53
Undisputed trade receivable - considered doubtful	-	-	-	-	-	-	1.18	1.18	(1.18)	-
Undisputed trade receivable - credit impaired	-	-	-	-	-	-	-	-	-	-
Disputed trade receivable - considered good	-	-	-	-	-	-	2.29	2.29	(2.29)	-
Disputed trade receivable - considered doubtful	-	-	-	-	1.12	1.15	-	2.27	(2.27)	-
Disputed trade receivable - credit impaired	-	-	-	-	-	-	-	-	-	-
Total	<u>6.64</u>	<u>1,330.51</u>	<u>397.23</u>	<u>6.48</u>	<u>1.22</u>	<u>1.15</u>	<u>3.47</u>	<u>1,746.70</u>	<u>(8.17)</u>	<u>1,738.53</u>

Note 12 - Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Balances with bank:		
- In current accounts	31.10	0.95
Cash on hand	0.25	0.06
	<u>31.35</u>	<u>1.01</u>

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	31 March 2023	31 March 2022
Balances with bank - In current accounts	31.10	0.95
Cash on hand	0.25	0.06
	<u>31.35</u>	<u>1.01</u>

Note 13 - Bank Balance other than above

	As at 31 March 2023	As at 31 March 2022
Bank deposits with original maturity of more than three months but less than twelve months #	118.50	20.87
	<u>118.50</u>	<u>20.87</u>

These deposits include restricted bank deposits INR 118.50 (31 March 2022: INR 15.64) pledged as margin money.

Note 14 - Loans - current

(unsecured considered good, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Loan to employees	9.81	2.77
	<u>9.81</u>	<u>2.77</u>

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	As at 31 March 2023	As at 31 March 2022
Note 15 - Other current financial assets (unsecured considered good, unless otherwise stated)		
Interest accrued but not due on fixed deposits	2.59	0.17
Export incentive recoverable	10.17	14.62
Security deposit	11.21	7.79
Recoverable from other	-	7.38
IPO expenses recoverable *	46.25	12.14
Advance to employees	0.11	0.11
	<u>70.33</u>	<u>42.21</u>
Note 16 - Other current assets (unsecured considered good, unless otherwise stated)		
Balances with government authorities	228.69	254.11
Advances to suppliers	6.02	1.33
Prepaid expenses *	49.63	19.09
	<u>284.34</u>	<u>274.53</u>

* On 28 June 2022, the Company has filed Draft Red Herring Prospectus with SEBI in connection with the proposed Initial Public Offer ('IPO') of equity shares of the Company by way of fresh issue and an offer for sale by the selling shareholders. Accordingly, expenses incurred by the Company in connection with filing of Draft Red Herring Prospectus amounting to INR 46.25 (31 March 2022: INR 12.14, 31 March 2021: INR Nil) is presented as "IPO expenses recoverable" included under "other current financial assets" as it is shall be partly recovered from the selling shareholders (as per the offer agreement) and INR 39.19 (31 March 2022: INR 12.14, 31 March 2021: INR Nil) is included in "prepaid expenses" under "other current assets" as it is shall be partly adjusted towards the securities premium.

	As at 31 March 2023	As at 31 March 2022
Note 17 - Share capital		
Equity share capital		
Authorized		
64,000,000 (31 March 2022: 1,200,000) equity shares of INR 10 each (31 March 2022: INR 100 each)	640.00	120.00
2,000,000 (31 March 2022: Nil) Compulsorily convertible preference share of INR 10 each (31 March 2022: INR Nil)*	20.00	-
	<u>660.00</u>	<u>120.00</u>
Issued, subscribed and paid-up		
48,000,000 (31 March 2022: 1,200,000) equity shares of INR 10 each (31 March 2022: INR 100 each)	480.00	120.00
	<u>480.00</u>	<u>120.00</u>

* 1.41 million Compulsorily convertible preference share of INR 10 each have issued during the year ending 31 March 2023 and are classified as financial liability.

a) Rights, preferences and restrictions attached to equity shares

As per the memorandum of association, the Company's authorized share capital consist of equity shares. 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. Shareholders are entitled to one vote per equity share held in the Company. 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.

b) Rights, preferences and restrictions attached to Compulsorily convertible preference share.

During year ended 31 March 2023, 1,412,430 compulsorily convertible preference shares ("CCPS") have been issued as fully paid with a par value of INR 354 per share (31 March 2022: nil, 31 March 2021: Nil). The CCPS holders of the company, in terms of the underlying agreement, have exit rights including requiring the Company to buy back shares held by them where upon the conversion ratio is also not fixed. Each CCPS shall entitle its holder to preferential dividend at the rate of 0.01% (zero point zero one percent) per annum ("Preferential Dividend") of its face value. The Preferential Dividend is participative and cumulative and shall accrue from year to year. In addition to the Preferential Dividend, each CCPS shall entitle its holder to also participate pari passu in any dividends paid to the holders of common equity shares of the Company ("Equity Shares") on a pro-rata as converted basis. The holders of the CCPS shall not be entitled to vote on any matter except to the extent permitted under the Companies Act 2013 or other applicable laws.

c) Reconciliation of the number of equity shares outstanding at the beginning and end of the reporting year:

	As at 31 March 2023		As at 31 March 2022	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	12,00,000	120.00	12,00,000	120.00
Sub-division of 1 share of face value 100/- each into 10 share of face value 10/- each effective April 4, 2022 (Increase in shares on account of sub-division)*	1,08,00,000	-	-	-
Add:- Bonus share issued during the year	3,60,00,000	360.00	-	-
Balance at the end of the year	<u>4,80,00,000</u>	<u>480.00</u>	<u>12,00,000</u>	<u>120.00</u>

* The Shareholders of the Company, at the Extra ordinary general meeting held on April 4, 2022, had approved the sub-division of one equity share of face value 100/- each (fully paid-up) into 10 equity share of face value 10/- each. The record date for the said sub-division was set at April 4, 2022.

d) Details of shareholders holding more than 5 percent equity shares in the company:

	As at 31 March 2023		As at 31 March 2022	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Manoj Kumar Lohariwala #	1,90,36,000	39.66	4,75,900	39.66
Vinay Kumar Lohariwala #	1,44,36,000	30.08	3,60,900	30.08
Gian Parkash Aggarwal	1,45,12,000	30.23	3,62,800	30.23

Identified as promoters

e) Bonus shares, shares buyback and issue of shares for consideration other than in cash during five years immediately preceding 31 March 2023.

During the five years immediately preceding 31 March 2023 ('the year'), the Company have not issued any bonus shares except given below. Further, no shares have been issued for consideration other than cash.

	As at 31 March 2023		As at 31 March 2022	
	No. of shares	Ratio	No. of shares	Ratio
Bonus issue	3,60,00,000	3:1	-	-

f) Promoter Shareholding:

Promoter's name	As at 31 March 2023			As at 31 March 2022		
	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
Manoj Kumar Lohariwala	1,90,36,000	39.66	-	4,75,900	39.66	-
Vinay Kumar Lohariwala	1,44,36,000	30.08	-	3,60,900	30.08	9.76

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Note 18 - Other equity

	As at 31 March 2023	As at 31 March 2022
a Capital reserve		
Balance at the beginning of the year	0.44	0.44
Add: Addition on acquisition of business on account of slump sale	-	0.44
Balance at the end of the year	<u>0.44</u>	<u>0.44</u>
b Retained earnings		
Balance at the beginning of the year	1,987.83	1,327.77
Add: Profit for the year	575.52	661.78
Add: Other comprehensive (loss)/income for the year (remeasurement of defined benefit plans, net of tax)	(0.59)	(1.72)
Less : Bonus share issued during the year	(360.00)	-
Balance at the end of the year	<u>2,202.76</u>	<u>1,987.83</u>
Total	<u>2,203.20</u>	<u>1,988.27</u>

Nature of reserves:

- a. **Capital reserve:** Capital reserve represents the accumulated excess of the fair value of net assets acquired under business combination over the aggregate consideration transferred.
 b. **Retained earnings:** Retained earnings are the profits that the Company has earned till date, less any dividends or other distributions paid to shareholders.

Note 19 - Borrowings

A. Non-current borrowings	Notes	As at 31 March 2023	As at 31 March 2022
<i>Secured:</i>			
From banks			
Term Loan	(I)	654.19	510.99
<i>Unsecured:</i>			
From Others			
Deposits from directors (refer note 39)	(III)	249.90	269.90
Compulsorily convertible preference shares	(IV)	468.45	-
Total non-current borrowings (including current maturities)		<u>1,372.54</u>	<u>780.89</u>
Less : Current maturities of non-current borrowings		(30.77)	(107.37)
		<u>1,341.77</u>	<u>673.52</u>
B. Current borrowings			
<i>Secured</i>			
From Banks			
Cash credit ('CC') limit	(I)	0.79	743.06
Working Capital demand loan ('WC DL')		973.69	49.51
Export packing credit limit ('EPCL')		-	82.43
Credit Card		4.85	4.66
Term loan: current maturities of non current borrowings		30.77	107.37
<i>Unsecured:</i>			
From Others			
Deposits from directors (refer note 39)	(III)	-	100.00
		<u>1,010.10</u>	<u>1,087.03</u>

Notes I: Term loans (Including the current maturities of non-current borrowings)

Bank Name	Nature of facility & currency	Rate of interest % (p.a.)	Repayment terms	Security	Non-current		Current	
					As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
State Bank of India	Term Loan (INR) *	3 Month MCLR + 0.4%	102 monthly instalments from September 2017 after initial moratorium of 18 months (till August 2017) and having first 6 monthly instalments of INR 1.88, next 95 instalments of INR 3.00 and last instalment of INR 3.75	Equitable mortgage (first charge) on (b) and (c), Pari passu charge on (h), along with (a), (j) and (k)	-	50.00	-	-
	Cash Credit Limit (INR)	3 Month MCLR + 0.40%	-	Equitable mortgage (first charge) on (b), (c) and (d), First pari passu charge on (p) along with (j) and (k)	-	-	-	448.56
	WC DL (INR)	91 day T-bill linked	-	-	-	-	500.00	-
	Cash Credit Limit (INR)	EBLR + 2.00%	-	Equitable mortgage (first charge) on (d), (n) and (o) along with (j)	-	-	0.35	-



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Bank Name	Nature of facility & currency	Rate of interest % (p.a.)	Repayment terms	Security	As at	As at	As at	As at
					31 March 2023	31 March 2022	31 March 2023	31 March 2022
Yes Bank Limited	Term Loan (INR) *	3 Month MCLR + 0.05%	78 monthly instalments from December 2021 after initial moratorium period of 6 months (till November 2021) from the date of first disbursement amounting INR 2.55 per month and last instalment of INR 3.65	First pari passu charge on (b) (c), (d) and (h) along with (a), (j) and (k)	-	189.47		
	Term Loan (INR) *	1 Month MCLR + 0.2%	60 monthly instalments from October 2017 after initial moratorium period of 12 months (till September 2017) from the date of first disbursement		-	10.00		
	Term Loan (INR) *	3 Month MCLR + 0.15%	60 monthly instalments from April 2023 after initial moratorium period of 18 months (till March 2023) from the date of first disbursement	Exclusive charge on (f) along with (j)	-	69.87		
	Cash Credit Limit (INR)	1 Month MCLR + 0.35%	-	First pari passu charge on (i), (b), (c) and (d) along with (j) and (k)	-	-	-	136.41
	WC DL (INR)	Overnight MIBOR + 1.28%	-	-	-	-	300.00	150.00
	EPCL (INR)	5.95%	-	-	-	-	-	82.43
HDFC Bank	Term Loan (INR) *	3 M T Bill + 1.63%	24 quarterly instalments from October 2024 after initial moratorium of 24 months on repayment of principle (till September 2024) with monthly interest repayment from 1 December 2022.	First pari passu charge on (b), (c), (h) and (i), along with (a), (j) and (k)	492.87	-	-	-
	Credit Card (INR)	-	-	-	-	-	4.85	4.66
	WC DL (INR)	7.72%	-	(g), (j) and (l)	-	-	113.69	
Hongkong and Shanghai Banking Corporation Limited ("HSBC Ltd")	Term Loan (INR) *	TBLR + 3.23%	84 monthly instalments from December 2021 after initial moratorium period of 6 months (till November 2021)	First pari passu charge on (b), (c), (h) and (i), along with (a), (j) and (k)	110.57	131.53	-	-
	Term Loan (INR) *	TBLR + 3.23%	78 monthly instalments from March 2022 till August 2028		50.75	60.12	-	-
	WC DL (INR)	1 M T-bill + 1.34%	-	First pari passu charge on (b), (c) and (m) along with (j) and (k)	-	-	60.00	-
	Cash Credit Limit (INR)	Overnight MCLR + 0.05%	-	First pari passu charge on (b), (c) and (m) along with (j) and (k)	-	-	0.44	57.60
					654.19	510.99	979.33	879.66

*Term loans include the current maturities of non-current borrowings



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Note II: Security details

S. No.	Security details
(a)	Assets exclusively funded by the respective term loan lenders
(b)	Factory land and building comprised in Khata Khatauni no. 117 min/ 136, Khasra no 2123/1281, situated at Hilltop Industrial Estate, near EPIP, Phase-I, Jharmajri, Distt Solan, Baddi, Himachal Pradesh, admeasuring total area 14 bigha.
(c)	Factory land and building situated at Hill top Industrial Estate, near EPIP, Phase-1, Jharmajri, Distt Solan, Baddi, Himachal Pradesh admeasuring 21.17 bigha.
(d)	Factory land and building, situated at Plot No. 81 A, EPIP, Phase I, Jharmajri, Baddi, Solan, Himachal Pradesh, admeasuring 2000 sq. meters and 81 B, EPIP, Phase I, Jharmajri, Baddi, Solan, Himachal Pradesh admeasuring 2000 sq. meters. This property was acquired by the Holding Company as part of slump sale from Innova Captab (partnership firm) as at 31 March 2021 and was transferred in the name of the Holding Company in the year ending on 31 March 2023.
(e)	Land and building located at Jammu, situated at industrial plot measuring 90 Kanals situated at SIDCO Industrial Complex Ghatti Kathua Phase-II covered under Khasra No 11 min 12.27 min village Nanan District Kathua and plant and machinery located at factory unit in Jammu.
(f)	Industrial Property located at Plot No. 320, Industrial Area, Phase- 1, Panchkula, Haryana.
(g)	Industrial property admeasuring 33,000 sq. meters situated at Plot No.63 EPIP Phase I, Baddi, District Solan, Jharmajri, owned by the Subsidiary Company.
(h)	Entire movable fixed assets of the Holding Company created out of bank finance .
(i)	Entire current assets (present and future) of the Holding Company .
(j)	Unconditional and irrevocable personal guarantee of Manoj Kumar Lohariwala, Vinay Kumar Lohariwala and Gian Prakash Agarwal for INR 300 each.
(k)	30% share pledge of the Holding Company held by the promoters which has been released in year ended 31 March 2022.
(l)	Primary stock and debtors of the Subsidiary Company.
(m)	Entire fixed assets (movable and immovable) (present and future) of the Holding Company created out of bank finance .
(n)	Entire movable fixed assets of the Innova Captab (partnership firm) that were acquired by the Holding Company as part of slump sale from Innova Captab (partnership firm) as at 31 March 2021 .
(o)	Stocks of raw material, stock-in-process, finished goods including stocks in transit and receivables arising there from both present and future of Innova Captab (partnership firm) .
(p)	Stocks of raw material, stock-in-process, finished goods including stocks in transit and receivables arising there from both present and future of the Holding Company.

Note III: Deposit from directors

The Company had taken deposits from Manoj Kumar Lohariwala and Vinay Kumar Lohariwala, that carry interest rate of 7% per annum and were repayable on demand and were therefore classified as current borrowings for the year ending 31 March 2021. The terms of repayment were amended in year ending on 31 March 2022 on the basis addendum to the loan agreement ("addendum") dated 31 March 2022 and as per the addendum, deposits are repayable on 30 March 2027 and therefore have been classified accordingly to non current borrowings. Further deposits from directors include total loan of INR 102.50 (31 March 2022: INR 202.50) from Gian Parkash Aggarwal who ceased to be a director with effect from 1 April 2022.

Note IV: Compulsorily convertible preference shares

The company has issued 1,412,430 compulsorily convertible preference share ('CCPS') at face value of INR 10 and at premium of INR 344 per CCPS, during the year ended on 31 March 2023. The CCPS holders of the company, in terms of the underlying agreement, had exit rights that include requiring the company to buy back shares held by them upon occurrence of an event not under the control of the company and where upon the conversion, the ratio of conversion is also not fixed but dependent upon share price at time of occurrence of such event. Accordingly, since both the conversion and redemption feature is conditional upon an event not under the control of the issuer, and may require entity to deliver cash, which issuer cannot avoid, or convert the CCPS into equity shares, where the fixed for fixed condition is not met, therefore, CCPS have been considered a "non-current hybrid" financial liability, with a host non-derivative liability component for the interest and principal amount amounting to 401.30 million and a separable derivative component amounting to INR 98.70 million on the initial date of recognition as both the ratio and timing of conversion is uncertain . As per the requirements of IND AS 109, the derivative component has been re-measured at fair value on reporting date, amounting to INR 78.94 million and the change in fair value of liability of INR 19.76 million has been recognized as an income in the Statement of Profit and Loss for the year ended March 31, 2023.



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- C. The Company has filed quarterly returns/statement of current assets with banks for the below mentioned quarters and there are certain variances between the amounts reported and amounts as per the books of accounts which are shown below:

Quarter end date	Particulars	Amount as per books of account	State Bank of India		Yes Bank Limited, HSBC Ltd and HDFC Bank Ltd	
			Amount as reported	Amount of difference	Amount as reported	Amount of difference
30 June 2021	Inventory	1,200.97	1,131.75	69.22	1,131.75	69.22
	Trade Receivable	2,020.50	1,963.25	57.25	1,924.53	95.97
	Trade Payable	1,895.92	1,749.70	146.22	1,749.70	146.22
30 September 2021	Inventory	919.72	916.71	3.01	916.71	3.01
	Trade Receivable	1,795.04	1,793.33	1.71	1,680.74	114.30
	Trade Payable	1,230.29	1,186.05	44.24	1,186.05	44.24
31 December 2021	Inventory	1,169.99	1,058.88	111.11	1,058.88	111.11
	Trade Receivable	1,440.65	1,539.63	(98.98)	1,539.63	(98.98)
	Trade Payable	1,214.71	1,287.31	(72.60)	1,287.31	(72.60)
31 March 2022	Inventory	1,052.86	1,053.15	(0.29)	1,053.63	(0.77)
	Trade Receivable	1,738.53	1,738.08	0.45	1,738.08	0.45
	Trade Payable	1,404.31	1,401.92	2.39	1,401.92	2.39
30 June 2022	Inventory	1,052.23	1,021.93	30.30	1,020.09	32.14
	Trade Receivable	1,764.77	1,722.96	41.81	1,722.96	41.81
	Trade Payable	1,563.33	1,575.96	(12.63)	1,575.96	(12.63)
30 September 2022	Inventory	888.58	888.60	(0.02)	888.57	0.01
	Trade Receivable	2,355.57	2,355.60	(0.03)	2,355.57	(0.00)
	Trade Payable	1,225.34	1,223.50	1.84	1,223.51	1.83
31 December 2022	Inventory	1,038.84	1,062.40	(23.56)	1,062.36	(23.52)
	Trade Receivable	2,359.69	2,359.20	0.49	2,359.16	0.53
	Trade Payable	1,545.72	1,571.50	(25.78)	1,571.52	(25.80)
31 March 2023	Inventory	972.72	985.38	(12.66)	985.38	(12.66)
	Trade Receivable	2,296.76	2,307.08	(10.32)	2,307.08	(10.32)
	Trade Payable	1,480.84	1,480.85	(0.01)	1,480.85	(0.01)

The quarterly returns/statement of current assets as submitted to banks compared to books of accounts reflected material discrepancies in above mentioned quarters as the Company had not considered goods-in-transit while reporting the balance of inventories, had adjusted the advances from customers while reporting the balance of trade receivables and had adjusted advances to vendors while reporting the balance of trade payables as at respective quarter ends.

Further, the quarterly returns/statement of current assets submitted to banks were prepared before incorporating the impact of certain adjustments pertaining to cut off of revenue and purchase, overhead loading in inventories, accrual of interest towards MSME vendors as the Company did not have a formal quarterly closing process for its books of accounts. The Company has subsequently improved its processes for better reporting and submission of such data.

- D. Further, in the year ended 31 March 2023 and 31 March 2022, the actual utilization of working capital remained within the bank sanction limits.

E. Undrawn borrowing

Bank	Nature of facility	Denomination of currency of facility	Sanctioned amount in INR	Total drawn amount as at 31 March 2023	Total undrawn amount as at 31 March 2023
YES Bank Limited	Cash credit	INR	750.00	300.00	450.00
SBI Bank	Cash credit	INR	850.00	500.35	349.65
HDFC Bank Limited	Cash credit	INR	200.00	118.53	81.47
HSBC Limited	Cash credit	INR	100.00	60.44	39.56

As at 31 March 2022

Bank	Nature of facility	Denomination of currency of facility	Sanctioned amount in INR	Total drawn amount as at 31 March 2022	Total undrawn amount as at 31 March 2022
YES Bank Limited	Cash credit	INR	750.00	381.17	368.83
SBI Bank	Cash credit	INR	550.00	101.44	448.56
HSBC Limited	Cash credit	INR	100.00	42.40	57.60

- F. Reconciliation of movements of current and non-current borrowings to cash flows arising from financing activities

	As at 31 March 2023	As at 31 March 2022
Borrowings at the beginning of the year	1,760.54	450.26
Proceeds from non-current borrowings	495.13	1,085.50
Repayments of non-current borrowings	(350.56)	(390.63)
Proceeds from/ repayments of current borrowings (net)	(20.33)	616.31
Transaction costs related to borrowings	(1.36)	(0.90)
Borrowings at the end of the year	1,883.42	1,760.54

Note 20 - Other non-current financial liabilities

Derivatives

- Option value of compulsorily convertible preference share

	As at 31 March 2023	As at 31 March 2022
	78.94	-
	78.94	-

** Refer note 19

Note 21 - Provisions

A. Non-current

Provision for employee benefits:

Provision for compensated absences

Provision for gratuity (refer note 38)

	As at 31 March 2023	As at 31 March 2022
	5.38	3.66
	22.22	17.60
	27.60	21.26



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B. Current

	As at 31 March 2023	As at 31 March 2022
<i>Provision for employee benefits:</i>		
Provision for compensated absences	1.00	1.10
Provision for gratuity (refer note 39)	4.02	1.84
	<u>5.02</u>	<u>2.94</u>
<i>Others:</i>		
Provision for litigation (refer note (a) below)	-	-
	<u>5.02</u>	<u>2.94</u>

Note:

(a) Provision for litigation

Balance at the commencement of the year	-	0.99
Add: Provision made during the year	-	-
Less: Provision utilised/reversed during the year	-	(0.99)
Balance at the end of the year	<u>-</u>	<u>-</u>

Note 22 - Other non current liabilities

	As at 31 March 2023	As at 31 March 2022
Deferred government grant	0.85	0.85
	<u>0.85</u>	<u>0.85</u>

Note 23 - Trade payables

	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro and small enterprises	0.50	11.86
Total outstanding dues of creditors other than micro and small enterprises #	1,480.34	1,392.45
	<u>1,480.84</u>	<u>1,404.31</u>

Also, the Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. Refer note 40 for the disclosure in respect of amounts payable to such enterprises as at year end that has been made in the Financial Information based on information available with the Company.

#Includes dues to related parties. Refer note 40

Trade payables ageing schedule:

	Outstanding for following periods from due date of payment						Total
	Unbilled	Not due	< 1 year	1 to 2 years	2 to 3 years	> 3 years	
As at 31 March 2023							
Outstanding dues of micro and small enterprises	-	0.35	0.15	-	-	-	0.50
Outstanding dues of creditors other than micro and small enterprises	13.03	1,221.10	246.02	0.19	-	-	1,480.34
Disputed dues of micro and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro and small enterprises	-	-	-	-	-	-	-
Total	<u>13.03</u>	<u>1,221.45</u>	<u>246.17</u>	<u>0.19</u>	<u>-</u>	<u>-</u>	<u>1,480.84</u>
As at 31 March 2022							
Outstanding dues of micro and small enterprises	-	11.86	-	-	-	-	11.86
Outstanding dues of creditors other than micro and small enterprises	46.87	1,172.78	172.80	-	-	-	1,392.45
Disputed dues of micro and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro and small enterprises	-	-	-	-	-	-	-
Total	<u>46.87</u>	<u>1,184.64</u>	<u>172.80</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,404.31</u>

Note 24 - Other current financial liabilities

	As at 31 March 2023	As at 31 March 2022
Interest accrued but not due on borrowings	12.06	3.21
Employee related payables	45.34	36.71
Capital creditors		
- Total outstanding dues of micro and small enterprises*	-	-
- Total outstanding dues of other than micro and small enterprises	5.77	6.81
	<u>63.17</u>	<u>46.73</u>

* Refer note 40 for disclosures required under MSMED Act.

Note 25 - Other current liabilities

	As at 31 March 2023	As at 31 March 2022
Contract liabilities	24.03	34.41
Statutory dues	7.97	7.56
Deferred government grant	-	21.52
	<u>32.00</u>	<u>63.49</u>

Note 26 - Current tax liabilities (net)

	As at 31 March 2023	As at 31 March 2022
Provision for income tax [net of advance tax: INR Nil (net of advance tax 31 March 2022: INR 209.53)]	-	9.67
	<u>-</u>	<u>9.67</u>



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Note 27 - Revenue from operations

	For the year ended 31 March 2023	For the year ended 31 March 2022
Sale of finished goods	8,298.32	7,389.23
Sale of traded goods	236.71	402.78
Sale of services	43.59	55.11
Other operating revenues		
- Export incentives	5.24	5.13
- Scrap sales	2.87	2.30
	<u>8,586.73</u>	<u>7,854.55</u>

Notes:

a. Reconciliation of revenue recognized (excluding other operating revenues) with the contract price is as follows:

Contract price	8,589.26	7,850.45
Adjustments for discounts and rebates	(10.64)	(3.33)
Revenue recognized	<u>8,578.62</u>	<u>7,847.12</u>

b. Contract Balances

Contract liabilities, which are included in 'other current liabilities' *

	24.03	34.41
	<u>24.03</u>	<u>34.41</u>

* Considering the nature of business of the Company, the above unbilled revenue generally materializes as revenue within the same operating cycle.

c. Revenue from sale of goods and services disaggregated by primary geographical market

	For the year ended 31 March 2023	For the year ended 31 March 2022
India	7,893.70	7,096.63
Outside India	684.92	750.49
Total revenue from contracts with customers	<u>8,578.62</u>	<u>7,847.12</u>

d. Timing of Revenue recognition

Product transferred at point in time	4,724.19	4,558.17
Product and Services transferred over time	3,854.43	3,288.95
Revenue from contract with customers	<u>8,578.62</u>	<u>7,847.12</u>

Note 28- Other income

	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income		
- on bank deposits	6.29	1.39
Amortisation of government grant	21.52	0.43
Net profit on sale of property, plant and equipment	2.86	-
Gain on fair valuation of compulsorily convertible preference shares	19.76	-
Gain on foreign exchange fluctuation (net)	32.63	17.08
Miscellaneous income	4.28	9.66
	<u>87.34</u>	<u>28.56</u>

Note 29- Cost of materials consumed

	For the year ended 31 March 2023	For the year ended 31 March 2022
Raw material	5,081.79	4,851.87
Packing material	1,389.42	884.50
	<u>6,471.21</u>	<u>5,736.37</u>

Movement of raw materials consumption (including purchased components and packing material consumed)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Inventory at the beginning of the year	852.06	703.68
Add: Purchases#	6,376.28	5,884.75
Less: Inventory at the end of the year**	757.13	852.06
	<u>6,471.21</u>	<u>5,736.37</u>

* includes goods- in-transit

net of provision for obsolete inventory INR 4.45 (31 March 2022 INR : Nil)

Note 30- Purchase of stock-in-trade

	For the year ended 31 March 2023	For the year ended 31 March 2022
Purchase of stock in trade	216.48	342.39
	<u>216.48</u>	<u>342.39</u>

Note 31 - Changes in inventories of finished goods, work-in-progress and stock-in-trade

	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening balance		
- Finished goods	82.64	110.77
- Work-in-progress	117.94	99.72
- Stock-in-trade	0.21	0.28
Closing balance		
- Finished goods	32.44	82.64
- Work-in-progress	180.61	117.94
- Stock-in-trade	2.54	0.21
	<u>(14.80)</u>	<u>9.98</u>



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Note 32 - Employee benefits expense

Salaries, wages and bonus	
Contribution to provident and other funds (refer note 39)	
Staff welfare expenses	

For the year ended 31 March 2023	For the year ended 31 March 2022
399.33	342.69
24.85	21.78
11.79	9.46
<u>435.97</u>	<u>373.93</u>

Note 33 - Finance costs

Interest expense on financial liabilities measured at amortised cost :	
- on borrowings (other than compulsorily convertible preference shares)	
- on compulsorily convertible preference shares	
- on lease liabilities	
Interest to others *	
Other borrowing cost	

For the year ended 31 March 2023	For the year ended 31 March 2022
88.85	47.43
67.15	-
1.52	0.55
19.39	1.52
6.09	3.80
<u>183.00</u>	<u>53.30</u>

* Includes interest on shortfall of income tax of INR 0.12 (31 March 2022: INR 1.35)

Note 34 - Depreciation and amortization expense

Depreciation on property, plant and equipment (refer to note 3a)	
Amortization of other intangible assets (refer to note 3b)	
Depreciation on right-of-use assets (refer to note 4)	

For the year ended 31 March 2023	For the year ended 31 March 2022
98.76	69.81
1.58	1.90
6.22	2.30
<u>106.56</u>	<u>74.01</u>

Note 35 - Other expenses

Power and fuel	
Stores and spares consumed	
Sub contracting charges	
Packing charges	
Lab consumables	
Repairs and maintenance	
- Plant and machinery	
- Building	
- Others	
Commission on sales	
Freight charges	
Rates, fees and taxes	
Legal and professional fee (refer note (a) below)	
CSR expenditure (refer note (c) below)	
Net loss on sale of property, plant and equipment	
Travelling and conveyance	
House keeping expense	
Security expenses	
Printing and stationery	
Rent	
Expected credit loss on trade receivables	
Bad debts written off	
Insurance	
Director sitting fees	
Miscellaneous expenses	

For the year ended 31 March 2023	For the year ended 31 March 2022
94.18	78.98
42.92	37.85
22.49	32.11
70.60	60.30
29.80	14.93
25.70	5.62
2.96	0.32
8.45	31.75
30.54	31.45
13.23	9.08
43.59	18.31
13.50	8.30
11.47	7.32
-	0.07
19.33	14.68
16.57	14.16
9.01	7.63
6.02	6.85
1.01	0.78
-	3.53
2.59	0.53
8.58	7.02
2.02	0.07
18.02	15.15
<u>492.58</u>	<u>406.79</u>

(a) Payment to auditors (excluding goods and services tax)

As auditor:	
- Statutory audit	
- Certification	
- Reimbursement of expenses	
Total	

For the year ended 31 March 2023	For the year ended 31 March 2022
3.00	2.25
-	0.55
0.15	0.11
<u>3.15</u>	<u>2.91</u>

(b) Includes Auditor's Remuneration related to proposed IPO*

- Fees	
- Reimbursement of expenses	

13.55	9.58
0.13	0.48
<u>13.68</u>	<u>10.06</u>

*Total expenses (including auditor fees) in relation to proposed IPO of INR 46.25 (31 March 2022: INR 12.14, 31 March 2021: INR Nil) and INR 39.19 (31 March 2022: INR 12.14, 31 March 2021: INR Nil) have been included in "IPO expenses recoverable" under other current financial assets and "prepaid expenses" under other current assets respectively.

(c) Details of CSR expenditure:

(i) Amount required to be spent by the Company during the year:	11.36	7.03
(ii) Amount of expenditure incurred on:		
- Construction/acquisition of any asset:	-	-
- On purposes other than above:	11.47	7.32
(iii) Shortfall at the end of the year:	-	-
(iv) Total of previous years shortfall:	-	-
(v) Reason for shortfall:	NA	NA
(vi) Nature of CSR activities:		

Eradication of hunger and malnutrition, promoting education, promoting rural sports, art and culture, healthcare, destitute care and rehabilitation, animal welfare and COVID-19 relief

(vii) Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard:
(viii) CSR expenditure amounting to INR 6.17 has been incurred by Uninvents foundation through various implementing agencies.



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Note 36 - Tax expense

	For the year ended 31 March 2023	For the year ended 31 March 2022		
a. Amount recognised in Statement of Profit and Loss (including other comprehensive income)				
<i>Current tax:</i>				
- Current year	191.73	218.01		
- Changes in estimates related to prior year	(3.12)	-		
<i>Deferred tax:</i>				
- Attributable to origination and reversal of temporary differences	18.74	5.96		
Total tax expense recognized	207.35	223.97		
b. Reconciliation of effective tax rate	For the year ended 31 March 2023	For the year ended 31 March 2022		
Profit before tax	783.07	886.34		
Tax at India's statutory tax rate of 25.17%	197.10	223.09		
Tax effect of non-deductible expenses	13.57	1.47		
Changes in estimates related to prior year	(3.12)	-		
Income tax expense recognized in the statement of profit and loss	207.55	224.56		
c. Income tax expense recognized in other comprehensive income				
<i>Arising on income and expenses recognized in other comprehensive income</i>				
Remeasurement of defined benefit obligation	0.20	0.59		
Total income tax recognized in other comprehensive income	0.20	0.59		
<i>Bifurcation of the income tax recognized in other comprehensive income into:-</i>				
Items that will not be reclassified to profit or loss	0.20	0.59		
	0.20	0.59		
d. Deferred tax balances reflected in the Balance Sheet:	As at 31 March 2023	As at 31 March 2022		
Deferred tax asset	15.21	11.65		
Deferred tax liability	59.17	36.87		
Deferred tax liability (net)	43.96	25.22		
e. Movement in deferred tax balances				
	As at 1 April 2022	Recognized in Statement of Profit and Loss	Recognized in Other Comprehensive Income	As at 31 March 2023
Deferred tax liability				
Excess depreciation as per Income tax Act, 1961 over books	36.52	20.93	-	57.45
Unbilled revenue	0.35	0.33	-	0.68
Lease liabilities	-	1.04	-	1.04
Deferred tax liability (A)	36.87	22.30	-	59.17
Deferred tax asset				
Expenses allowable on payment basis	9.26	2.92	0.20	12.38
Expected credit loss allowance on trade receivables	2.06	(0.57)	-	1.49
Lease liabilities	0.01	(0.01)	-	-
Deferred income on grants	0.32	(0.10)	-	0.22
Provision for Obsolete Inventory	-	1.12	-	1.12
Deferred tax asset (B)	11.65	3.36	0.20	15.21
Deferred tax liability (net) (A-B)	25.22	18.94	(0.20)	43.96
	As at 1 April 2021	Recognized in Statement of Profit and Loss	Recognized in Other Comprehensive Income	As at 31 March 2022
Deferred tax liability				
Excess depreciation as per Income tax Act, 1961 over books	21.32	15.20	-	36.52
Unbilled revenue	2.80	(2.45)	-	0.35
Deferred tax liability (A)	24.12	12.75	-	36.87
Deferred tax asset				
Expenses allowable on payment basis	3.08	5.59	0.59	9.26
Expected credit loss allowance on trade receivables	1.17	0.89	-	2.06
Lease liabilities	0.18	(0.17)	-	0.01
Deferred income on grants	0.43	(0.11)	-	0.32
Deferred tax asset (B)	4.86	6.20	0.59	11.65
Deferred tax liability (net) (A-B)	19.26	6.55	(0.59)	25.22



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Note 37 - Earnings per share

	For the year ended 31 March 2023	For the year ended 31 March 2022
i. Profit for basic/diluted earning per share of face value of INR 10 each		
Profit for the year	575.52	661.78
ii. Calculation of Weighted average number of equity shares for (basic and diluted)	4,80,00,000	4,80,00,000
Basic and diluted earnings per share (face value of INR 10 each)	11.99	13.79

Note: The equity shares and basic/diluted earnings per share has been presented to reflect the adjustments for sub-division of shares and issue of bonus shares in the year ending 31 March 2023 in accordance with Ind AS 33 - Earnings per Share.

Note 38 - Segment information

The Board of Directors monitors the operating results of this segment for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Financial Information. For management purpose, the Company has identified "Drugs and pharmaceutical products" as single operating segment.

a. Information about products and services

	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from drugs and pharmaceutical products	8,578.62	7,847.12
Total	8,578.62	7,847.12

b. Information about geographical areas

The geographical information analyses by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers. The following is the distribution of the Company's revenues and receivables by geographical market, regardless of where the goods were produced:

Revenue from customers	For the year ended 31 March 2023	For the year ended 31 March 2022
India	7,893.70	7,096.63
Outside India	684.92	750.49
	8,578.62	7,847.12

Trade receivables	As at 31 March 2023	As at 31 March 2022
India	2,070.54	1,516.99
Outside India	226.22	221.54
	2,296.76	1,738.53

iii) Non-current assets

The Company has common non-current assets for business in domestic and overseas markets. Hence, separate figures for non-current assets/ additions to property, plant and equipment have not been furnished.

c. Information about major customers (from external customers)

For year ended 31 March 2023, one customers of the Company constituted more than 10% of the total revenue of Company amounting to INR 1106.25 (31 March 2022, one customers of the Company constituted more than 10% of the total revenue of Company amounting to INR 1046.19)

Note 39 - Employee benefits

a. Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, towards Provident Fund and Employee State Insurance Scheme ('ESI') which are collectively defined as defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognized as an expense towards contribution to Provident Fund and ESI are as follows:

	For the year ended 31 March 2023	For the year ended 31 March 2022
Provident fund	21.06	18.18
ESI contribution	3.79	3.60
	24.85	21.78

b. Defined benefit plans

Gratuity

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employees who have completed five years of service are entitled to specific benefit. The level of benefit provided depends on the member's length of service and salary retirement age. The employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service. The same is payable on termination of service or retirement or death whichever is earlier.

The present value of the obligation under such defined benefit plan is determined based on an actuarial valuation as at the reporting date using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligations are measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans is based on the market yields on government bonds as at the date of actuarial valuation. Actuarial gains and losses (net of tax) are recognized immediately in the Other Comprehensive Income (OCI).

This is an unfunded benefit plan for qualifying employees. This scheme provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service.

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The above defined benefit plan exposes the Company to following risks:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary inflation risk:

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting

The following table sets out the status of the defined benefit plan as required under Ind AS 19 - Employee Benefits:

	As at 31 March 2023	As at 31 March 2022
i. Reconciliation of present value of defined benefit obligation		
Balance at the beginning of the year	19.45	13.31
Interest cost	1.40	0.90
Current service cost	5.33	3.61
Past service cost	-	-
Benefits paid	(0.72)	(0.68)
Actuarial loss recognized in other comprehensive income		
- from changes in financial assumptions	(2.67)	(0.24)
- from changes in demographic assumptions	2.38	1.46
- from experience adjustments	1.08	1.09
Balance at the end of the year	26.25	19.45
	For the year ended 31 March 2023	For the year ended 31 March 2022
ii. Amount recognized in statement of profit and loss		
Interest cost	1.40	0.90
Current service cost	5.33	3.61
Past service cost	6.73	4.51
iii. Remeasurements recognized in other comprehensive income		
Actuarial loss for the year on defined benefit obligation	0.79	2.31
	0.79	2.31
iv. Actuarial assumptions		
<i>(i) Economic assumptions</i>		
The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yield available on the Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.		
	As at 31 March 2023	As at 31 March 2022
Discount rate (per annum)	7.39%	7.18%
Future salary growth rate (per annum)	3.00%	5.00%
Expected average remaining working lives (years)	27.54	27.43
<i>(ii) Demographic assumptions</i>		
	As at 31 March 2023	As at 31 March 2022
Retirement age (years)	58	58
Mortality rate	100% (IALM) (2012-14)	100% (IALM) (2012-14)
Attrition rate (per annum)		
Upto 30 years	4.17%	50.00%
From 31 to 44 years	20.80%	16.00%
Above 44 years	10.43%	11.00%
v. Sensitivity analysis on defined benefit obligation on account of change in significant assumption:		
	As at 31 March 2023	As at 31 March 2022
Increase		
Discount rate (0.5% movement)	(0.59)	(0.48)
Future salary growth rate (0.5% movement)	0.64	0.50
Decrease		
Discount rate (0.5% movement)	0.62	0.51
Future salary growth rate (0.5% movement)	(0.62)	(0.49)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognized in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

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vi. Expected maturity analysis of the defined benefit plan in future years

	As at 31 March 2023	As at 31 March 2022
Within 1 year (next annual reporting year)	4.02	2.84
Between 1 to 6 years	12.60	9.19
Beyond 6 years	9.61	7.41
Total expected payments	26.23	19.44

vii. Weighted average duration and the expected employers contribution for next year of the defined benefit plan:

	As at 31 March 2023	As at 31 March 2022
Weighted average duration of the defined benefit plan (in years)	6.45	3.82
Expected employers contribution for next year	8.39	5.36

Note 40 - Related parties

A. List of related parties and nature of relationship with whom transactions have taken place during the current year and previous year

Description of Relationship	Name of the Party
Subsidiary	Univentis Medicare Limited (with effect from 31 December 2021) Univentis foundation (incorporated on 14 June 2021)
Key management personnel ('KMP')	Mr. Manoj Kumar Lohariwala (Chairman & Whole Time Director) 'Mr. Vinay Kumar Lohariwala (Whole Time Director- till 17 March 2022) (Managing Director- w.e.f 18 March 2022) Mr. Jayant Vasudeo Rao (Whole Time Director) Mr. Archit Aggarwal (Non-executive Director - w.e.f 1 April 2022) Mr. Sudhir Kumar Bassi (Independent Director- w.e.f 1 April 2022) Mr. Mahendar Korthiwada (Independent Director- w.e.f 1 April 2022) Mr. Shirish Gundopant Belapure (Independent Director- w.e.f 1 April 2022) Ms. Priyanka Sibal (Independent Director- w.e.f 1 April 2022) Mr. Rishi Gupta (Chief Financial officer) (w.e.f 1 April 2022) (till 26 April 2023) Mr. Gian Parkash Aggarwal (Non-executive Director)(till 1 April 2022) Mr. Pradosh Kumar (Non Executive Independent Director)(till 1 April 2022) Mr. Anup Agarwal (Non Executive Independent Director)(till 1 April 2022) Mr. Mukesh Kumar (Chief Financial officer) (till 1 April 2022) Ms. Shikha Kanwar (Company Secretary) (till 24th Jan 2022) Mr. Rajveer Singh (Company Secretary) (25 January 2022- 01 April 2022) Ms. Necharika Shukla (Company Secretary) (w.e.f 9 May 2022)
Entities in which KMP and/or their relatives have significant influence	Univentis Medicare Limited (upto 31 December 2021) Azine Healthcare Private Limited Pharmatech Healthcare Nugenic Pharma Private Limited Shubh Packaging

B. The following table provides the total amount of transactions that have been entered into with related parties for the relevant year

Nature of transaction	For the year ended 31 March 2023	For the year ended 31 March 2022
1 Revenue from operations (net of returns)		
Univentis Medicare Limited	1,106.25	1,046.19
Azine Healthcare Private Limited	5.29	23.29
Pharmatech Healthcare	14.25	14.09
Nugenic Pharma Private Limited	0.05	0.13
2 Purchase of Merchandise Exports from India Scheme ('MEIS') Licence		
Univentis Medicare Limited	0.46	-
3 Sale of asset		
Nugenic Pharma Private Limited	-	0.49
4 Purchase of packing material		
Univentis Medicare Limited	-	6.10
Shubh Packaging	111.82	73.61
Nugenic Pharma Private Limited	561.71	418.77
5 Purchase of store and spares		
Nugenic Pharma Private Limited	6.23	3.35
Shubh Packaging	0.13	0.03

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Nature of transaction	For the year ended 31 March 2023	For the year ended 31 March 2022
6 Purchase of trading goods		
Univentis Medicare Limited	2.04	-
7 Packing charges		
Shubh Packaging	0.13	-
8 Recovery of Employee medical Insurance		
Univentis Medicare Limited	0.42	-
9 Loans repaid during the year		
Manoj Kumar Lohariwala	20.00	70.05
Vinay Kumar Lohariwala	-	151.46
Gian Parkash Aggarwal	100.00	45.00
10 Loans received during the year		
Manoj Kumar Lohariwala	-	154.00
Vinay Kumar Lohariwala	-	164.00
Gian Parkash Aggarwal	-	247.50
11 Loan given to employee		
Rishi Gupta	5.00	-
Mukesh Kumar	-	0.10
12 Loan repaid by employee		
Mukesh Kumar	-	0.24
13 Sitting fees		
Anup Agarwal	-	0.03
Pradosh Kumar	-	0.04
Priyanka Dixit Sibal	0.43	-
Sudhir Kumar Bassi	0.84	-
Shirish G Belapure	0.47	-
Mahendar Korthiwada	0.28	-
14 Finance costs		
Manoj Kumar Lohariwala	7.57	3.15
Vinay Kumar Lohariwala	4.74	3.86
Gian Parkash Aggarwal	7.97	6.55
15 Employee benefits expenses *		
Vinay Kumar Lohariwala	4.80	4.80
Manoj Kumar Lohariwala	4.80	4.80
Rishi Gupta	8.81	-
Jayant Vasudeo Rao	1.47	1.34
Shikha Kanwar	-	0.30
Rajveer Singh	-	0.19
Mukesh Kumar	-	1.62
Neeharika Shukla	0.54	-
16 Financial Guarantee Income #		
Univentis Medicare Limited	1.63	-
17 Financial Guarantee charges ##		
Univentis Medicare Limited	0.88	-
Manoj Kumar Lohariwala	0.30	-
Vinay Kumar Lohariwala	0.30	-
Gian Parkash Aggarwal	0.30	-
18 Contribution to trust		
Univentis foundation (also refer note 35(c))	6.20	0.10

* Break-up of compensation of key managerial personnel of the Company.

	For the year ended 31 March 2023	For the year ended 31 March 2022
Short-term employee benefits	20.42	13.05
Post-employment benefits	2.07	1.97
Total compensation paid to key management personnel	22.49	15.02

The amount disclosed above in the table are the amounts recognized as expense during the reporting year related to key management personnel.

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The Company has guaranteed an amount of INR 350.00 (31 March 2022: Nil) to HDFC Bank on behalf of its Univentis Medicare Limited in relation to acquisition of Sharon Bio-Medicine Limited and has guaranteed an amount of INR 300.00 (31 March 2022: Nil) to HDFC Bank on behalf of Univentis Medicare Limited in relation to the short term borrowing facilities availed by the Subsidiary Company.

Refer note 19 for details of personal guarantee provided by Vinay Kumar Lohariwala, Manoj Kumar Lohariwala and Gian Parkash Aggarwal for the borrowing facilities availed by the Company. Also, the subsidiary company has acquired an wholly owned subsidiary subsequent to year ending on 31 March 2023 as per the provisions of Insolvency and Bankruptcy Code (refer note 46 for further details). The resolution plan required a performance guarantee to be furnished by Company, which was issued by the Subsidiary Company on behalf of the Company and was approved in extra ordinary general meeting of shareholding of the Subsidiary Company on 4 November 2022.

C. Balances outstanding at year end

Nature of balances	As at 31 March 2023	As at 31 March 2022
1 Non-current borrowings		
Gian Parkash Aggarwal	102.50	100.00
Manoj Kumar Lohariwala	84.00	-
Vinay Kumar Lohariwala	63.40	-
2 Current borrowings		
Manoj Kumar Lohariwala	-	104.00
Vinay Kumar Lohariwala	-	63.40
Gian Parkash Aggarwal	-	102.50
3 Trade payables		
Shubh Packaging	2.73	-
Nugenic Pharma Private Limited	85.04	105.44
4 Trade receivables		
Pharmatech Healthcare	10.50	7.76
Azine Healthcare Private Limited	4.31	6.76
Univentis Medicare Limited	311.96	130.99
5 Interest accrued but not due on borrowings		
Manoj Kumar Lohariwala	1.48	-
Vinay Kumar Lohariwala	0.79	-
Gian Parkash Aggarwal	1.77	-
6 Loan outstanding to employees		
Mukesh Kumar	-	0.10
Rishi Gupta	5.00	-
7 Prepaid expenses		
Univentis foundation	0.03	0.10
8 Employee related payables		
Manoj Kumar Lohariwala	0.30	0.30
Vinay Kumar Lohariwala	0.30	0.30
Jayant Vasudeo Rao	0.11	0.10
Rajveer Singh	-	0.08
Rishi Gupta	0.56	-
Neeharika Shukla	0.05	-
Mukesh Kumar	-	0.11

D. Terms and conditions of transactions with related parties

The transaction with related parties are made on terms equivalent to those that prevail in arm's length transactions and within ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

E. Refer note 15 and 16 for IPO expenses recoverable.

Note 41 - Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondences with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of amounts payable to such enterprises as at the year end has been made in the Financial Information based on information available with the Company as under:

Particulars	As at 31 March 2023	As at 31 March 2022
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;		
- Principal amount remaining unpaid to any supplier	0.50	11.86
- Interest due thereon remaining unpaid to any supplier	0.00 [^]	0.09
(ii) the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each year;	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006);	0.01	0.10
(iv) The amount of interest accrued and remaining unpaid at the end of accounting year; and	5.03	5.02
(v) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act 2006.	5.03	5.02

[^] The total value of interest in absolute value was INR 350/- but for reporting rounded upto INR 0.00 million.

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Innova Captab Limited (CIN: U24246MH2005PLC150371)

Notes to the Standalone Financial Statements for the year ended 31 March 2023

(Amount in INR millions, except for share data unless otherwise stated)

Note 42 - Financial instrument : fair value measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments of the Group, other than those which are measured at FVTPL:

	Note	As at 31 March 2023 (Amortised Cost)	As at 31 March 2022 (Amortised Cost)
Financial assets			
Investments	a	600.00	600.00
Loans	c	14.59	4.96
Trade receivables	c	2,296.76	1,738.53
Cash and cash equivalents	c	31.35	1.01
Bank balances other than above	c	118.50	20.87
Other financial assets	c	75.39	49.43
		<u>3,136.59</u>	<u>2,414.80</u>
Financial liabilities			
Borrowings	b	2,351.87	1,760.55
Lease liabilities	b	15.91	5.81
Trade payables	c	1,480.84	1,404.31
Other financial liabilities	c	63.17	46.73
		<u>3,911.79</u>	<u>3,217.40</u>

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments of the Group which are measured at FVTPL:

	Level	Note	As at 31 March 2023 (FVTPL)	As at 31 March 2022 (FVTPL)
Financial liabilities				
Other financial liabilities	3	d	78.94	600.00
			<u>78.94</u>	<u>600.00</u>

Notes:

- The carrying value of investment in Shivalik Solid Waste Management Limited was INR 2,500/-. Fair value of this investment is not considered to be material. As per paragraph 10 of Ind AS 27, the Company has elected to measure its investment in Univentis Medicare Limited (Subsidiary of the Company), at its cost.
- The Company's non-current borrowings have been contracted at market rates of interest. Accordingly, the carrying value of such non-current borrowings approximates fair value. Further, in accordance with amendment Ministry of Corporate Affairs notified in Ind AS 113 on 30 March 2019, fair value measurement of lease liabilities is not required. Fair value of other non-current other financial assets has not been disclosed as there is no significant differences between carrying value and fair value.
- Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments.
- The fair value of separable derivative component has been derived by using Discounted cash flow method with terminal growth of 5% and weighted average cost of capital at 13%. (level-3). Refer below details for valuation technique and unobservable inputs for the assets or liabilities.

	Valuation technique	Significant unobservable input	Sensitivities analysis
Option value of compulsorily convertible preference shares	Discounted cash flow	Growth rate-5% Year on year growth rate - Increase / (decrease) in growth rate by 1% would result in increase/(decrease) in CCPS liability by INR 22.46 / (15.84)	Cost of equity - increase/(decrease) in cost of equity by 1% would result in (decrease)/ increase in CCPS liability by INR (26.14) / 39.66

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

Particulars	Option value of compulsorily convertible preference shares
Balance at 1 April 2021	-
Gain included in Statement of Profit and Loss	-
- Net change in fair value	-
Balance at 31 March 2022	-
Initial recognition on issuance of instrument	98.70
Gain included in Statement of Profit and Loss	-
- Net change in fair value	(19.76)
Balance at 31 March 2023	78.94

There are no transfers between level 1, level 2 and level 3 during the years presented.

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Note 43(a) - Financial risk management

Risk management framework

The Company is exposed to market risk, credit risk and liquidity risk. The Company's board of director oversees the management of these risks. The Company's board of director is responsible to ensure that Company's financial risk activities which are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The board of directors reviews and agrees policies for managing each of these risks, which are summarized below.

(i) 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 interest rate risk and currency risk financial instruments affected by market risk include trade receivables, trade payables and borrowings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

(a) Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates. The Company is exposed to interest rate risk because funds are borrowed at floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The exposure of the Company's borrowing to interest rate changes as reported to the management at the end of the reporting year are as follows:

The exposure of the Company's borrowing to floating interest rate as reported at the end of the reporting year are as follows:

	As at 31 March 2023	As at 31 March 2022
Floating rate borrowings	979.33	1,304.45
Fixed rate borrowings	1,372.54	452.33
Total borrowings (gross of transaction cost)	2,351.87	1,756.78

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
Year ended 31 March 2023				
Interest rate (0.5% movement)	0.78	(0.78)	0.58	(0.58)
Year ended 31 March 2022				
Interest rate (0.5% movement)	0.24	(0.24)	0.18	(0.18)

(b) Currency risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Company's operating activities.

The Company does not enter into trade financial instruments including derivative financial instruments for hedging its foreign currency risk.

Exposure to currency risk :

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting year are as follows:

		As at 31 March 2023		As at 31 March 2022	
		Amount in Foreign Currency	Amount in Indian Currency	Amount in Foreign Currency	Amount in Indian Currency
Trade Receivable	USD	2.69	221.56	2.92	221.49
	EUR	0.05	4.66	0.00	0.05
Trade payables	USD	0.77	64.50	1.80	136.57
	EUR	0.00	0.40	0.34	28.52

Out of the above foreign currency exposures, none of the monetary assets and liabilities are hedged by a derivative instrument or otherwise.



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Sensitivity analysis:

The following table details the Company's sensitivity to a 5% increase and decrease in the INR against relevant foreign currencies 5% is the rate used in order to determine the sensitivity analysis considering the past trends and expectations of the management for changes in the foreign currency exchange rate. The sensitivity analysis includes the outstanding foreign currency denominated monetary items and adjust their transaction at the year end for 5% change in foreign currency rates. A positive number below indicates a increase in profit or equity where the INR strengthens 5% against the relevant currency. For a 5% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or equity balance below would be negative. This analysis is performed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the period end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
As at 31 March 2023				
USD 5% movement	14.30	(14.30)	10.70	(10.70)
EURO 5% movement	0.25	(0.25)	0.19	(0.19)
As at 31 March 2022				
USD 5% movement	4.24	(4.24)	3.18	(3.18)
EURO 5% movement	1.43	(1.43)	1.07	(1.07)

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

(a) Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

Based on internal assessment which is driven by the historical experience/current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognized in the Statement of Profit and Loss within other expenses.

The Company's exposure to credit risk for trade receivables by geographic region is as follows:

Particulars	As at	As at
	31 March 2023	31 March 2022
Within India	2,070.54	1,516.99
Outside India	226.22	221.54
Total	2,296.76	1,738.53

The carrying amount of the Company's most significant customer is INR 311.96 (31 March 2022: INR 130.99)

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables :

As at 31 March 2023	Gross carrying amount	Loss allowance	Weighted average loss rate	Whether credit-impaired
	Not due	1,699.83	(0.31)	-0.02%
Less than 90 days	518.66	(0.29)	-0.06%	No
90-180 days	49.03	(0.28)	-0.58%	No
More than 180 days	34.96	(4.84)	-13.85%	No
Total	2,302.48	(5.72)		

As at 31 March 2022	Gross carrying amount	Loss allowance	Weighted average loss rate	Whether credit-impaired
	Not due	1,338.33	(0.60)	-0.04%
Less than 90 days	367.00	(0.53)	-0.15%	No
90-180 days	30.23	(0.49)	-1.63%	No
More than 180 days	11.14	(6.55)	-58.81%	No
Total	1,746.70	(8.17)		

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(c) Security deposits

The Company furnished security deposits as margin money deposits to bank. The Company considers that its deposits have low credit risk or negligible risk of default as the parties are well established entities and have strong capacity to meet the obligations. Also, where the Company expects that there is an uncertainty in the recovery of deposit, it provides for suitable impairment on the same.

(iii) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including loans from banks at an optimized cost.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As at 31 March 2023	Carrying amount	On demand	Upto 1 Year	1-3 year	More than 3 years	Total
Borrowings	2,351.87	-	1,010.10	378.19	495.13	1,883.42
Other financial liabilities	63.17	-	63.17	-	-	63.17
Trade payables	1,492.20	-	1,492.20	-	-	1,492.20
Lease liabilities	15.91	-	3.59	7.14	41.92	52.65
Total	3,923.15	-	2,569.06	385.33	537.05	3,491.44

As at 31 March 2022	Carrying amount	On demand	Upto 1 Year	1-3 year	More than 3 years	Total
Borrowings	1,760.55	100.00	850.43	467.11	206.41	1,623.95
Other financial liabilities	582.31	-	582.31	-	-	582.31
Trade payables	1,427.27	-	1,427.27	-	-	1,427.27
Lease liabilities	5.81	-	1.76	10.75	-	12.51
Total	3,775.94	100.00	2,861.77	477.86	206.41	3,646.04

(iv) Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Note 43(b)- Capital risk management

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, business strategies and future commitments. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, trade payables and borrowings, less cash and cash equivalents and other bank balances.

Particulars	As at	As at
	31 March 2023	31 March 2022
Trade payables (Refer note 23)	1,480.84	1,404.31
Borrowings (Refer note 19)	2,351.87	1,760.55
Less: cash and cash equivalents (Refer note 12)	31.35	1.01
Less: Bank balances other than cash and cash equivalents (Refer note 13)	118.50	20.87
Adjusted debt	3,682.86	3,142.98
Equity share capital (Refer note 17)	480.00	120.00
Other equity (Refer note 18)	2,203.20	1,988.27
Total capital	2,683.20	2,108.27
Capital and net debt	6,366.07	5,251.25
Gearing ratio	57.85%	59.85%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to maintain investor, creditor and market confidence and to sustain future development of the business.



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Note 44 (i) - Contingent liabilities

(a) Claims against the Company not acknowledged as debts (to the extent not provided for)

	As at 31 March 2023	As at 31 March 2022
Income tax matters	0.60	0.60
	<u>0.60</u>	<u>0.60</u>

(i) For assessment year 2017-2018, the Income tax Assessing Officer had raised the demand of INR 13.09 vide order dated 15 December 2019. On 19 July 2021, the Assistant Commissioner of Income Tax reduced the demand to INR 0.60. The Company is of the view that the demand of INR 0.6 has been raised erroneously and accordingly, the Company has filed an application for rectification with the Deputy Commissioner of Income Tax to contest the demand. No tax expense has been accrued in Financial Statement for the tax demand raised as the Company is contesting the demand and the management, including its tax advisors, believe that its position will be likely be upheld in appellate process and the ultimate outcome of the proceeding will not have a material adverse effect on the Company's financial position and results of operations.

(b) Guarantee outstanding

	As at 31 March 2023	As at 31 March 2022
Guarantee outstanding	650.00	-
	<u>650.00</u>	<u>-</u>

The Company has guaranteed an amount of INR 350.00 (31 March 2022: Nil) to HDFC Bank on behalf of its Subsidiary Company in relation to acquisition of Sharon Bio-Medicine Limited and has guaranteed an amount of INR 300.00 (31 March 2022: Nil) to HDFC Bank on behalf of its Subsidiary Company in relation to the short term borrowing facilities availed by the Subsidiary Company.

Note 44 (ii): Other Commitments

	As at 31 March 2023	As at 31 March 2022
Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for	1,584.38	10.46
Export commitments against import of capital goods under EPCG scheme	-	126.54
	<u>1,584.38</u>	<u>137.00</u>

Note 45: Disclosures pursuant to Section 186 of the Companies Act, 2013:

	As at 31 March 2023	As at 31 March 2022
Investments:		
(i) Investment in equity shares: Univentis Medicare Limited		
Balance as at the year end ^	600.00	600.00
Maximum amount outstanding at any time during the year ^	600.00	600.00
(ii) Investment in equity shares: Shivalik waste management system		
Balance as at the year end ^	0.00	0.00
Maximum amount outstanding at any time during the year ^	0.00	0.00
^ The total value of shares in absolute value was INR 2,500/- but for reporting rounded upto INR 0.00 million.		
(iii) Guarantee provided by Company on behalf of Univentis Medicare Limited		
- For acquisition of Sharon Bio Medicine Limited (refer note 50 for details)		
Balance as at the year end	350.00	-
Maximum amount outstanding at any time during the year	350.00	-
(iv) Guarantee provided by Company on behalf of Univentis Medicare Limited		
- For availment of short term borrowing facilities		
Balance as at the year end	300.00	-
Maximum amount outstanding at any time during the year	300.00	-

Note 46-Subsequent events

Subsequent to year ended on 31 March 2023, The Company acquired Sharon Bio Medicine Limited ("Sharon"), an entity undergoing the corporate insolvency resolution process ("CIRP") under the Insolvency and Bankruptcy Code, 2016 ("IBC") before the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") since April 2017. Sharon is engaged in the business of manufacturing of intermediates and active pharmaceutical ingredients and finished dosages. It also offers contract manufacturing services for formulations. It also performs pre-clinical and toxicology research services. The company submitted a resolution plan dated 22 August 2022 (as modified on 6 October 2022) ("Resolution Plan") in relation to the CIRP involving Sharon. The Resolution Plan was approved by the committee of creditors on 16 November 2022 by a majority of 79.28% and subsequently an application for approval of the Resolution Plan was filed by the resolution professional with the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT"). In line with the resolution plan, it was decided that acquisition of Sharon would be done through Univentis medicare limited ("UML") as per board resolution passed by the board of directors of UML on 20 March 2023. The resolution plan also required a performance guarantee to be furnished by Company, which was issued by UML on behalf of the company and was approved in extra ordinary general meeting of shareholding of UML on 4 November 2022.

The Resolution Plan was approved by the NCLT pursuant to its order dated May 17, 2023 and implementation of the Resolution Plan commenced subsequently. In accordance with the terms of the Resolution Plan approved by the NCLT, Univentis medicare limited ("UML") infused Rs. 1,954.00 (Rs. 1,944.00 as loan and Rs. 10 as equity share capital) into Sharon on June 26, 2023 and closure of implementation pursuant to the Resolution Plan was achieved on 30 June 2023. Following such infusion of funds by UML, Sharon became a wholly owned subsidiary of UML. UML availed a loan of 1,450 from HDFC bank for purpose of aforesaid infusion into UML. The Guarantee for this loan was given by the company.

Further, as per the affidavit filed by resolution professional on behalf of Company, it was submitted before NCLT that following the acquisition of Sharon by UML, Sharon would merge into UML. However, given that the order dated May 17, 2023 did not record the fact of such merger, the monitoring committee of Sharon (as constituted pursuant to the Resolution Plan) filed an application dated June 16, 2023 before the NCLT requesting for a rectification of such order dated May 17, 2023 and clarification therein to specifically mention the fact of the proposed merger of Sharon into UML. The application dated June 16, 2023 was reserved for order on June 20, 2023 and the final copy of the order is awaited.

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However, Peter Beck und Partner Vermoegensverwaltung GMBH (the "Appellant", who is a financial creditor of Sharon) filed an appeal dated June 30, 2023 before the NCLAT against the order dated May 17, 2023 with Sharon, the resolution professional, Ernst & Young LLP who were the advisors to the monitoring committee of Sharon, our Company, committee of creditors and UML being named as the respondents (together, the "Respondents", and such appeal, the "Appeal"). The Appeal was filed alleging violation of the provisions of the IBC in that the approved resolution plan allegedly discriminates within the creditors of the same class including the Appellant, who was an unsecured financial creditor of Sharon, as no payment was being made to the Appellant. The first hearing of the matter was held on 31 July 2023 in which the judgement was reserved. As per legal assessment undertaken by the company, the present appeal raises no grounds permissible under Section 61 of the Code to challenge the Approval Order.

As part of implementation of plan, following administrative tasks are still being undertaken by the group:

- The payments to various stakeholders as envisaged in plan are underway by monitoring committee in terms of resolution plan.
- Sharon was a listed company and the delisting process has been initiated which would be completed once the payments to all public shareholders are completed.
- As part of plan implementation, all the pre-CIRP dues and liabilities have been extinguished. The process of formal closure at various forums is underway.

Also, during the year ending on 31 March 2023, following major events took place at Sharon:

- A Fire Broke out at API Unit at Plot No. 6, MIDC Area, Taloja on February 26, 2023 around 8.50 AM in Production Line -II. Property, plant and equipment having gross value Rs. 23.56 with its written down value Rs. 9.68 and Stock (Finished Goods) worth Rs. 1.10 were destroyed in the fire. The above assets were insured for which company has filed a claim of Rs. 40.96 for property, plant and equipment and Rs. 1.10 for inventory.
- On 9 March 2023, a search and Investigation was conducted by the Central Bureau of Investigation ("CBI") simultaneously at all business locations of the Company, including the Dehradun Plant, API unit at Taloja, Toxicology unit at Taloja, Satra Plaza and Corporate Office at Vashi, and the same continued overnight and was concluded on March 10, 2023. During the course of investigation, the CBI officials made enquiries with the management of the company, sought information from the key personnel and seized certain documents which are relevant for their investigation. It is pertinent to note that the CBI officials have seized and taken complete control over the server and other related accounting and secretarial records from the premises of the Corporate Office of the Company at Vashi and have carried the server with them for investigation purposes. They have also instructed the company personnel at Toxicology unit to surrender the server at the earliest, which was handed over to CBI on April 06, 2023. As per the management's assessment this search and seizure did not impact the ongoing operations of Sharon as the company had adequate data recovery measures in place. Further, the search and seizure, pertained to erstwhile promoters of Sharon and bears no negative/adverse impact on the Company.

Note 47: Other Statutory Information

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Company does not have any transactions with companies struck off.
- The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 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
- The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
- None of the entities in the Company have been declared wilful defaulter by any bank or financial institution or government or any government authority.
- The Company has complied with the number of layers prescribed under the Companies Act, 2013.
- The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- The Company including the "Companies in the Group" (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) do not have any Core Investment Company ("CIC")

Note 48 - Ratios as per the Schedule III requirements

a) Current Ratio = Current Assets divided by the Current Liabilities

Particulars	31 March 2023	31 March 2022	Variance in ratio
Current assets	3,783.81	3,132.78	
Current liabilities	2,593.20	2,615.62	
Ratio	1.46	1.20	21.83%

b) Debt Equity ratio = Total debt divided by the Total Equity where total debt refer to sum of current and non current borrowings.

Particulars	31 March 2023	31 March 2022	Variance in ratio
Current borrowings	1,010.10	1,087.03	
Non - current borrowings	1,341.77	673.52	
Total debt	2,351.87	1,760.55	
Total equity	2,683.20	2,108.27	
Ratio	0.88	0.84	4.96%



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c) Debt service coverage Ratio = Earning available for debt service divided by interest and principal repayments

Particulars	31 March 2023	31 March 2022	Variance in ratio
Net profit after tax	575.52	661.78	
Add : Non cash operating expenses and finance cost	289.56	127.31	
Depreciation and amortization expense	106.56	74.01	
Finance costs	183.00	53.30	
Earning available for debt service	865.08	789.09	
Interest cost on borrowing (A)	186.35	70.89	
Current maturities of non current borrowings (B)	30.77	107.37	
Undiscounted lease liability less than one year (C)	3.59	1.76	
Total Interest and Principal repayments (D)= (A+B+C)	220.70	180.01	
Ratio	3.92	4.38	-10.58%

d) Return on equity ratio = Profit after tax divided by equity

Particulars	31 March 2023	31 March 2022	Variance in ratio
Profit after tax	575.52	661.78	
Total equity at beginning of the year (A)	2,108.27	1,328.21	
Total equity at end of the year (B)	2,683.20	2,108.27	
Average equity (C = (A+B)/2)	2,395.73	1,718.24	
Ratio	24.02%	38.51%	-37.63%

There is decrease in return on equity ratio due to decrease in profit after tax during the year ended 31 March 2023.

e) Inventory Turnover ratio = Cost of goods sold divided by average inventory

Particulars	31 March 2023	31 March 2022	Variance in ratio
Cost of goods sold	6,672.89	6,088.74	
Inventory at beginning of the year (A)	1,052.86	914.45	
Inventory at end of the year (B)	972.72	1,052.86	
Average Inventory (C =(A+B)/2)	1,012.79	983.66	
Ratio	6.59	6.19	6.44%

f) Trade receivables turnover ratio = Revenue from operations divided by average trade receivables

Particulars	31 March 2023	31 March 2022	Variance in ratio
Revenue from operation	8,586.73	7,854.55	
Trade receivables at beginning of the year (A)	1,738.53	1,385.53	
Trade receivables at end of the year (B)	2,296.76	1,738.53	
Average trade receivables (C =(A+B)/2)	2,017.65	1,562.03	
Ratio	4.26	5.03	-15.36%

g) Trade payable turnover ratio = Total of purchase and other expenses divided by average trade payables

Particulars	31 March 2023	31 March 2022	Variance in ratio
Purchase of raw materials (A)	6,376.28	5,884.75	
Purchase of stock in trade (B)	216.48	342.39	
Total purchase (C=(A+B))	6,592.76	6,227.14	
Other expenses (D)*	478.52	395.34	
Total (E=(C+D))	7,287.76	6,964.87	
Trade payable at beginning of the year (F)	1,404.31	1,122.33	
Trade payable at end of the year (G)	1,480.84	1,404.31	
Average trade payable (H=(F+G)/2)	1,442.58	1,263.32	
Ratio	5.05	5.51	-8.37%

* Other expenses exclude CSR expenditure, net loss on sale of property, plant and equipment, Bad debts written off and expected credit loss on trade receivables as the aforesaid expenses are not related to trade payable.

h) Net capital turnover ratio = Revenue from operations divided by working capital whereas working capital = current assets - current liabilities

Particulars	31 March 2023	31 March 2022	Variance in ratio
Revenue from operations	8,586.73	7,854.55	
Current assets (A)	3,783.81	3,132.78	
Current liabilities (B)	2,593.20	2,615.62	
Working capital (C=A-B)	1,190.61	517.16	
Ratio	7.21	15.19	-52.51%

Net capital turnover ratio has decreased due to higher increase in the working capital of the company as compared to increase in the revenue from operations.



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Innova Captab Limited (CIN: U24246MH2005PLC150371)
Notes to the Standalone Financial Statements for the year ended 31 March 2023
(Amount in INR millions, except for share data unless otherwise stated)

j) Net profit ratio = Profit after tax divided by revenue from operations

Particulars	31 March 2023	31 March 2022	Variance in ratio
Profit after tax	575.52	661.78	
Revenue from operations	8,586.73	7,854.55	
Ratio	6.70%	8.43%	-20.45%

j) Return on capital employed = Earning before Interest and Tax (EBIT) divided by Capital Employed

Particulars	31 March 2023	31 March 2022	Variance in ratio
Profit before tax (A)	783.07	886.34	
Finance cost (B)	183.00	53.30	
Other income (C)	87.34	28.56	
EBIT (D) = (A)+(B)-(C)	878.73	911.08	
Total assets (E)	6,783.36	5,449.10	
Total liabilities (F)	4,100.16	3,340.83	
Intangible assets (G)	7.69	4.47	
Tangible net worth (H)=(E)-(F)-(G)	2,675.50	2,103.80	
Current borrowings (I)	1,010.10	1,087.03	
Non - current borrowings (J)	1,341.77	673.52	
Total debt (K)=(I)+(J)	2,351.87	1,760.55	
Deferred tax liabilities (net) (L)	43.96	25.22	
Capital employed (M) = (H)+(K)+(L)	5,071.34	3,889.57	
Ratio (D)/(M)	17.33%	23.42%	-26.03%

The return on capital employed as decreased because of decrease in earning before tax.

k) Return on Investment = Income generated by investment divided by time weighted average investment.

Particulars	31 March 2023	31 March 2022	Variance in ratio
Income generated from investment (A)	-	-	
Investment (B)	600.00	600.00	
Ratio (A)/(B)	-	-	-

For BSR & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

For and on behalf of Board of Directors of
Innova Captab Limited



Gaurav Mahajan
Partner
Membership Number : 507857



Manoj Kumar Lohariwala
Chairman & Wholetime Director
DIN : 00144656



Vinay Kumar Lohariwala
Managing Director
DIN : 00144700



Neeharika Shukla
Company Secretary
Membership No. A42724



Gaurav Srivastava
Chief Financial Officer

Place: Panchkula
Date: 12 August 2023

Place: Panchkula
Date: 12 August 2023