



HONOUR

HONOUR LAB LIMITED

THIRTEENTH (13th) ANNUAL REPORT

Financial Year 2023-24

HONOUR LAB LIMITED

THIRTEENTH (13th) ANNUAL REPORT

Financial Year 2023-24

Contents

Corporate Information.....	3
Notice	4
Boards' Report.....	14

Standalone Financial Statements

Independent Auditors' Report.....	37
Standalone Balance Sheet.....	44
Standalone Statement of Profit and Loss	45
Standalone Statement of Cash Flow	46
Standalone Statement of Changes in Equity	48
Notes to Standalone Financial Statements	49

Consolidated Financial Statements

Conosolidated Independent Auditors' Report.....	89
Consolidated Balance Sheet	95
Consolidated Statement of Profit and Loss	96
Consolidated Statement of Cash Flow	97
Consolidated Statement of Changes in Equity	99
Notes to Consolidated Financial Statements.....	100

Corporate Information

BOARD OF DIRECTORS:

1. Dr. K. Rathnakar Reddy	- Managing Director	- DIN: 00211510
2. Mrs. K. Krishnaveni	- Women Director	- DIN: 07033330
3. Justice Gopal Reddy Annareddy (Retd.)	- Independent Director	- DIN: 07306495
4. Dr. Adi Sesha Giri Jagarapu	- Independent Director	- DIN: 08774486
5. Dr. K. Subhas Chander Reddy	- Whole-Time Director	- DIN: 07254929
6. Mr. N. Muralidhar Reddy	- Whole-Time Director	- DIN: 09138114
7. Mr. A. Sudhakar Reddy	- Director	- DIN: 07766398

KEY MANAGERIAL PERSONAL:

Mr. Srinivas Vengala	- Company Secretary	- M.No. A22475
-----------------------------	---------------------	----------------

<u>STATUTORY AUDITORS</u> M/s. M.V. Narayana Reddy & Co., Chartered Accountants, Hyderabad	<u>COST AUDITORS</u> M/s. D V & Associates Cost Accountants, Hyderabad	<u>SECRETARIAL AUDITORS</u> M/s. Jyothirmai Sarang & Associates, Company Secretaries, Hyderabad
---	---	--

REGISTERED OFFICE:

8-3-166/7/1, Ground Floor,
Erragadda,
Hyderabad- 500 018,
Telangana – 500018, India.

REGISTRAR & SHARE TRANSFER AGENT:

Bigshare Services Pvt. Ltd
306, Right Wing, 3rd Floor, Amrutha Ville,
Opp.Yashoda Hospital, Somajiguda
Rajbhavan Road, Hyderabad – 500082

BANKERS:

1. State Bank of India, IFB Branch, Somajiguda, Hyderabad
2. RBL Bank Ltd., Madhapur Branch, Hyderabad
3. Yes Bank Ltd., Somajiguda Branch, Hyderabad
4. Bandhan Bank Ltd., Banjara Hills Branch, Hyderabad

<u>UNIT - I</u> Sy.No.202, Bonthapally, Sangareddy District, Telangana - 502313	<u>UNIT - III</u> Plot No.4, Hetero Infrastructure SEZ Ltd, Nakkapally Mandal, Visakhapatnam, Andhra Pradesh – 531081	<u>UNIT - 3A</u> Plot No. D-10, MIDC, Kurkumbh, Daund Taluk, Pune District, Maharashtra - 413802
<u>UNIT - 3B</u> Plot No. A-88, MIDC, Kurkumbh, Daund Taluk, Pune District, Maharashtra - 413802	<u>UNIT - V</u> Sy.No.371A, Gundlamachnoor, Sangareddy District, Telangana - 502296	<u>R & D</u> Sy.No.219, Bonthapally, Sangareddy District, Telangana - 502313

Honour Lab Limited

Regd. Office: # 8-3-166/7/1, Ground Floor, Erragadda, Hyderabad- 500 018,
Telangana – 500018, India, Tel: +91-40-23710405, www.honourlab.com

NOTICE

Notice is hereby given that the 13th (Thirteenth) Annual General Meeting of the Members of Honour Lab Limited (the “Company”) will be held on **Monday, the 30th September, 2024 at 3.00 p.m** at its registered office situated at # 8-3-166/7/1, Ground Floor, Erragadda, Hyderabad-500 018, Telangana, to transact the following business:

Ordinary Business:**1. To receive, consider and adopt:**

- a) **the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2024**
- b) **the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2024**

together with the reports of Directors and Auditors thereon.

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

“RESOLVED THAT the standalone and consolidated audited financial statements of the Company for the financial year ended 31st March, 2024 together with the reports of Directors and Auditors thereon, be and is hereby considered, approved and adopted”

2. To appoint Mr. Muralidhar Reddy Nomula (DIN: 09138114) who retires by rotation and being eligible offers himself for re-appointment

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

“RESOLVED THAT pursuant to Section 152 (6) of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Muralidhar Reddy Nomula, Whole-Time Director who is liable to retire by rotation be and is hereby re-appointed as a Director of the Company.”

3. To appoint M/s. Suryanarayana Reddy & Co., Chartered Accountants (Firm’s Registration No. 005752S), Statutory Auditors of the Company and to fix their remuneration

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

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory

modification(s) or re-enactment thereof for the time being in force), M/s. Suryanarayana Reddy & Co., Chartered Accountants (Firm’s Registration No. 005752S) be and are hereby appointed as Statutory Auditors of the Company for a term of 5 (Five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of the 18th Annual General Meeting to be held in the year 2029, at such remuneration as shall be fixed by the Board of Directors of the company;

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

Special Business:**4. To ratify the remuneration of M/s. D V & Associates, Cost Auditors for the financial year ending March 31, 2025**

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to ratify the remuneration payable to M/s. D V & Associates, Cost Accountants (Firm registration number: 001929), Hyderabad represented by Mr.Y.Janardhana Reddy (bearing Membership No. 13704) appointed by the Board of Directors of the Company as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2024-25, amounting to Rs 1,50,000/- (Rupees One Lakhs Fifty Thousand Only) plus taxes as applicable and reimbursement of actual out-of-pocket expenses.”

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

5. To Appoint Justice (Retd.) Gopal Reddy Annareddy (DIN: 07306495) as Independent Director of the Company

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149,150 and 152 of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules,2014, Schedule IV of the Companies Act, 2013 (including any statutory modification (s) or re-enactment thereof for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013, the approval of the shareholders of the Company be and is hereby accorded for the appointment of **Justice (Retd.) Gopal Reddy Annareddy (DIN: 07306495)** as an **Independent Director** of the Company for a tenure of **5 (five) years** commencing from **December 18, 2023 to December 17, 2028**, and he shall not be liable to retire by rotation;

“**RESOLVED FURTHER THAT** the Board of Directors of the Company and Company Secretary of the Company be and are hereby severally authorised to do all the acts, deed and things as may be required to give effect to this resolution and other incidental and ancillary matters there to.”

6. To appoint Dr.Adi Sessa Giri Jagarapu (DIN:08774486) as Independent Director of the Company

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149,150 and 152 of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules,2014, Schedule IV of the Companies Act, 2013 (including any statutory modification (s) or re-enactment thereof for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013, the approval of the shareholders of the Company be and is hereby accorded for the appointment of **Dr.Adi Sessa Giri Jagarapu (DIN:08774486)** as an **Independent Director** of the Company for a tenure of **5 (five) years** commencing from **December 18, 2023 to December 17, 2028**, and he shall not be liable to retire by rotation;

“**RESOLVED FURTHER THAT** the Board of Directors of the Company and Company Secretary of the Company be and are hereby severally authorised to do all the acts, deed and things as may be required to give effect to this resolution and other incidental and ancillary matters there to.”

7. To consider and approve the re-appointment of Mr.Muralidhar Reddy Nomula (DIN: 0009138114) as a Whole-Time Director of the Company

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

“**RESOLVED THAT** pursuant to the provisions of sections 196, 197, 198, 203 read with the Schedule V and other applicable provisions if any, of the Companies

Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Articles of Association of the company, **Mr.Muralidhar Reddy Nomula (DIN: 0009138114)** be and is hereby re-appointed as **Whole-Time Director** of the Company for a period of **Three (3) years** with effect from **April 08, 2024 to April 07, 2027**, who is liable to retire by rotation, on the following terms and conditions as may be agreeable to between the company and **Mr.Muralidhar Reddy Nomula** and as may be permissible under Law:

1. Period:

Three (3) years with effect from **April 08, 2024 to April 07, 2027**.

2. Salary, Allowances, perquisites incentives and Commission (hereinafter referred to as “Remuneration”)

2.1. Salary

- i. Basic Salary: At the rate not exceeding Rs. 5,25,900/- per month and
- ii. Other Allowances, Statutory & Annual Benefits: At the rate not exceeding Rs. 5,24,100/- per month, with such increments as may be decided by the Board of Directors of the Company from time to time, subject to a ceiling on increment.

2.2 Perquisites

In addition to the Remuneration as stated above, Mr.Muralidhar Reddy Nomula shall be entitled to the following perquisites.

- i. Provision of Car for use on Company’s business. The maintenance for use of car for private purpose shall be borne by him.
- ii. Use of communication devices such as Telephones, Mobiles at the residence for business purposes. Personal long-distance telephone calls shall be borne by him.
- iii. Contributions to Provident Fund and any other Retirement Benefits.
- iv. Personal accidents insurance premium as per company policy
- v. Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr.Muralidhar Reddy Nomula.

The value of the perquisites evaluated as per Income Tax Rules, 1962 wherever applicable and at cost in the absence of any such rule, shall be subject to an overall annual ceiling of an amount not exceeding the salary as stated above for the relevant period.

2.3 Performance Incentives

Mr.Muralidhar Reddy Nomula is eligible to performance incentives at the discretion of the Board and as per Company policy.

3. Minimum Remuneration

Where in any financial year during the period of his office as the Whole-Time Director, the company has no profits or its profits are inadequate, the above remuneration including perquisites shall be paid to Mr.Muralidhar Reddy Nomula as minimum remuneration.

4. Other Terms

Mr.Muralidhar Reddy Nomula shall subject to the superintendence, control and direction of the Board of Directors, manage and conduct the business and affairs of the Company. He shall not be paid any sitting fee for attending meetings of the Board and any other Committees.

The appointment can be terminated by Mr.Muralidhar Reddy Nomula or the Company, by one party giving to the other three calendar months' notice in writing or by payment of a sum equivalent to remuneration for the notice period or part thereof in case of shorter notice or on such other terms as may be mutually agreed.

RESOLVED FURTHER THAT the Board of Directors/Nomination and Remuneration Committee be and is hereby authorized to review, alter and vary such terms of appointment and remuneration and also to determine performance linked incentives/commission, so as to not exceed the limits specified in the said sections of the Companies Act, 2013 or any statutory modification thereof, as may be agreed to by the Board of Directors/ Nomination and Remuneration Committee and Mr.Muralidhar Reddy Nomula."

8. To consider and approve the re-appointment of Dr. K.Rathnakar Reddy (DIN: 00211510) as Managing Director of the Company

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

"RESOLVED THAT pursuant to the provisions of sections 196, 197, 198, 203 read with the Schedule V and other applicable provisions if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Articles of Association of the company, **Dr. K.Rathnakar Reddy (DIN: 00211510)** be and is hereby re-appointed as Managing Director of the Company for a period of **three (3) years commencing from July 01, 2024 to June 30, 2027**, who is not liable to retire by rotation, on the following terms and conditions

as may be agreeable to between the company and Dr. K.Rathnakar Reddy and as may be permissible at Law:

1. Period:

Three (3) years with effect from July 01, 2024 to June 30, 2027.

2. Salary, Allowances, perquisites incentives and Commission (hereinafter referred to as "Remuneration")

2.1. Salary

- Basic Salary: At the rate not exceeding Rs.15,73,936/- per month and
- Other Allowances, Statutory & Annual Benefits: At the rate not exceeding Rs.18,26,064/- per month, with such increments as may be decided by the Board of Directors of the Company from time to time, subject to a ceiling on increment.

2.2 Perquisites

In addition to the Remuneration as stated above, Dr. K.Rathnakar Reddy shall be entitled to the following perquisites.

- Provision of Car for use on Company's business. The maintenance for use of car for private purpose shall be borne by him.
- Use of communication devices such as Telephones, Mobiles at the residence for business purposes. Personal long-distance telephone calls shall be borne by him.
- Contributions to Provident Fund and any other Retirement Benefits.
- Personal accidents insurance premium as per company policy
- Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Dr. K.Rathnakar Reddy.

The value of the perquisites evaluated as per Income Tax Rules, 1962 wherever applicable and at cost in the absence of any such rule, shall be subject to an overall annual ceiling of an amount not exceeding the salary as stated above for the relevant period.

2.3 Performance Incentives/Bonus

Dr. K.Rathnakar Reddy is eligible to performance incentives/Bonus at the discretion of the Board and as per Company policy.

3. Minimum Remuneration

Where in any financial year during the period of his office as the Managing Director, the company has

no profits or its profits are inadequate, the above remuneration including perquisites shall be paid to Dr. K.Rathnakar Reddy as minimum remuneration.

4. Other Terms

Dr. K.Rathnakar Reddy shall subject to the superintendence, control and direction of the Board of Directors, manage and conduct the business and affairs of the Company. He shall not be paid any sitting fee for attending meetings of the Board.

The appointment can be terminated by Dr. K.Rathnakar Reddy or the Company, by one party giving to the other six calendar months' notice in writing or by payment of a sum equivalent to remuneration for the notice period or part thereof in case of shorter notice or on such other terms as may be mutually agreed.

"RESOLVED FURTHER THAT the Board of Directors/Nomination and Remuneration Committee be and is hereby authorized to review, alter and vary such terms of appointment and

remuneration and also to determine performance linked incentives/commission, so as to not exceed the limits specified in said sections of the

Companies Act, 2013 or any statutory modification thereof, as may be agreed to by the Board of Directors/ Nomination and Remuneration Committee and Dr. K.Rathnakar Reddy."

By Order of the Board
For **Honour Lab Limited**

Sd/-

Srinivas Vengala
Company Secretary
ICSI M.No. A22475

Date: 05-09-2024
Place: Hyderabad

Registered Office:
8-3-166/7/1, Ground Floor,
Erragadda, Hyderabad-500 018,
Telangana, India

Notes:

1. ***A MEMBER IS ENTITLED TO ATTEND AND VOTE AT THE MEETING AND ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER.***
2. The proxy, in order to be valid, must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting. The Proxy form is annexed to this Notice.
3. Members/Proxies are requested to bring the attendance slip duly filled in for attending the meeting and to bring their copies of the Annual Report to the meeting.
4. Members having any queries with respect to accounts may communicate the same to the Company well in advance before the meeting.
5. A statement pursuant to section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.
6. Relevant documents and registers are open for inspection by the members at the Registered Office of the Company on all working days during the business hours upto the date of the meeting and also at the meeting.
7. Route Map to the venue of Annual General Meeting is annexed to this Notice.

Explanatory Statement Pursuant to Section 102(1) of the Companies Act, 2013

As required under Section 102 (1) of the Companies Act, 2013, the following Explanatory Statement sets out material facts relating to the Special Business items of the accompanying Notice

Item No. 4 - To ratify the remuneration of M/s. D V & Associates, Cost Auditors for the financial year ending March 31, 2025

The Board of Directors at its Meeting held on 5th September, 2024, had appointed M/s. D V & Associates, Cost Accountants (Firm Registration No: 001929) as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2024-25 at a remuneration of Rs 1,50,000/- (Rupees One Lakhs Fifty Thousand Only), plus taxes as applicable and reimbursement of actual out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, ratification by the members is sought by passing an Ordinary Resolution as set out at Item No.3 of the Notice.

The Board recommends the Ordinary Resolution as set out at Item No.3 of the Notice for your approval.

None of the Directors or Key Managerial Personnel or their relatives are interested or concerned, financially or otherwise, in this resolution.

Item No.5 - To Appoint Justice (Retd.) Gopal Reddy Annareddy (DIN: 07306495) as Independent Director of the Company

Justice (Retd.) Gopal Reddy Annareddy (DIN: 07306495) who was appointed as Additional Director (Independent) of the Company in the Board Meeting held on December 18, 2023, is hereby proposed as Independent Director of the Company.

For reference of the members, a brief profile of Justice (Retd.) Gopal Reddy Annareddy is provided hereunder.

Justice (Retd.) Gopal Reddy Annareddy has practiced independently in High Court and City Civil Courts Hyderabad. Later he was appointed as Additional Central Government standing Counsel for three years in the month of August 1995. Appointed as Government pleader for Endowments, Forest, Environment and Energy for three years w.e.f., 28.7.1997, Standing Counsel for Canara Bank; Power Grid Corporation of India; M/s Ceat India Limited; Hyderabad Public School, Begumpet, Ramanthapur, Hyderabad; Andhra Mahila Sabha Arts & Science college, Hyderabad and panel Advocate for State Bank of India and State Bank of Hyderabad. He served as Additional Judge of High Court of Andhra Pradesh w.e.f.17.5.1999 and as Judge w.e.f. 20.4.2000.

Pursuant to the provisions of Section 149(6), 150, 152, 161, Schedule IV and other applicable provisions, if any of the Companies Act, 2013 read with Rule 4 & 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and keeping in view of his wide and vast experience, the Board of Directors of the Company at the recommendations of the Nomination and Remuneration Committee was proposed to appoint him as Independent Director of the Company for a tenure of 5 years commencing from December 18, 2023 to December 17, 2028 and he shall not be liable to retire by rotation.

In the opinion of the Board, Justice (Retd.) Gopal Reddy Annareddy, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Justice (Retd.) Gopal Reddy Annareddy as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.

Your Board recommends the proposed Special Resolution for members' approval to appoint Justice (Retd.) Gopal Reddy Annareddy as Independent Director of the Company for a tenure of 5 years commencing from December 18, 2023 to December 17, 2028 and he shall not be liable to retire by rotation.

Memorandum of interest

None of the Directors or Key Managerial Personnel or their relatives, except Justice (Retd.) Gopal Reddy Annareddy, to whom the resolution relates, are interested or concerned, in this resolution.

Item No.6 - To appoint Dr.Adi Sesha Giri Jagarapu (DIN:08774486) as Independent Director of the Company

Dr. Adi Sesha Giri Jagarapu (DIN : 08774486) who was appointed as Additional Director (Independent) of the Company in the board meeting held on December 18, 2023, is hereby proposed as Independent Director of the Company.

For reference of the members, a brief profile of Dr. Adi Sesha Giri Jagarapu is provided hereunder.

Dr. Adi Sesha Giri Jagarapu, a Techno Commercial Advisor for several pharmaceutical and cosmetic manufacturing Companies on behalf of several international and Indian multinational Companies Johnson and Johnson, Unilever, GlaxoSmith kline, Abbott, Parke Davis, Pfizer, Revlon, Gillette, Cavincare, Dr.Reddy's and more, for the past 33 years. He is a science graduate in chemistry and has a Master's in business management and a Doctorate from AIM - Westbrook university, U.S.A for his outstanding contribution to the pharmaceutical industry in India.

Pursuant to the provisions of Section 149(6), 150, 152, 161, Schedule IV and other applicable provisions, if any of the Companies Act, 2013 read with Rule 4 & 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and keeping in view of his wide and vast exposure and experience in the industry sectors such as Bulk drugs, energy conductors, fertilizers, agro chemicals etc, the Board of Directors of the Company at the recommendations of the Nomination and Remuneration Committee was proposed to appoint him as Independent Director of the Company for a tenure of 5 years commencing from **December 18, 2023 to December 17, 2028** and he shall not be liable to retire by rotation.

In the opinion of the Board, Dr. Adi Sesha Giri Jagarapu, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Dr. Adi Sesha Giri Jagarapu as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.

Your Board recommends the proposed Special Resolution for members' approval to appoint Dr. Adi Sesha Giri Jagarapu as Independent Director of the Company for a tenure of 5 years

commencing from December 18, 2023 to December 17, 2028 and he shall not be liable to retire by rotation.

Memorandum of interest

None of the Directors or Key Managerial Personnel or their relatives, except Dr. Adi Sesha Giri Jagarapu, to whom the resolution relates, are interested or concerned in this resolution.

Item No. 7 - To consider and approve the re-appointment of Mr.Muralidhar Reddy Nomula (DIN: 0009138114) as a Whole-Time Director of the Company

Mr. Muralidhar Reddy Nomula holds Master's Degree in Science, MBA and Executive Program from IIM, Bangalore. He has overall experience of 30+ years in the pharmaceutical manufacturing Operations and contributed towards the growth of the organizations.

He is having expertise knowledge and skill set in the following key areas including strategy, Operations, Finance & People:

- Led and driven the long term and short-term business plans in line with growth strategy for the organization with P&L responsibilities.
- Other Experiences includes Manufacturing and Supply Chain operations for API.
- Quality Management and Regulatory affairs, Process development, Technology transfer.
- Engineering & Greenfield and Brownfield Project management.
- Operational Excellence and External manufacturing.
- Safety & Environment management.
- Leadership / Mentoring / Team management / Team building.
- Comprehensive business understanding of Pharmaceutical business.

He joined the organization in May- 2019 as Sr.Vice President and Head of Operations of the company. Before joining the Company, he worked with leading global MNC pharmaceutical companies' viz., Dr Reddy's, Mylan Laboratories, Granules Omni Chem (CDMO) and Jubilant Life Sciences and held various Senior Leadership roles / positions with P&L responsibility.

Considering his vast experience in the Pharmaceutical industry and business Operations and also considering his contribution in the growth of the organization, it is considered appropriate and in the best interest of the Company to re-appoint Mr. Muralidhar Reddy Nomula as Whole-time Director of the Company, as per the terms and conditions as mentioned in the resolution.

At the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company re-appointed Mr.Muralidhar Reddy Nomula as Whole-Time Director for a further period of Three (3) years with effect from April 08, 2024 to April 07, 2027 subject to approval of

members and accordingly, recommends his appointment to the members by passing special resolution at Item No.6 of the Notice.

Memorandum of interest

None of the Directors or Key Managerial Personnel or their relatives, except Mr.Muralidhar Reddy Nomula, to whom the resolution relates, are interested or concerned in this resolution.

Item No.8 - To consider and approve the re-appointment of Dr. K.Rathnakar Reddy (DIN: 00211510) as Managing Director of the Company

Dr. Rathnakar Reddy is a Principal Director of Hetero Research Foundation, a sister concern of Hetero Group of companies.

Dr. Rathnakar Reddy holds a Master's Degree from Osmania University and Ph.D. from Nagarjuna University and joined as a Research Scientist in Hetero Research Centre in the year 1994.

Over the years, he has been appointed as Director of Hetero Group of Companies and he coordinates with all the scientists in developing Non-Infringement Process for several of the Active Pharmaceutical Ingredients and to convert Intellectual Property developed by them into business ventures, market forecasting and planning.

His main research interests are in the areas of Anti-Cancer and Anti-retroviral Drug developments and succeeded in bringing them in marketing at an affordable price for the patients in India and abroad.

He has widely published in 25 international journals and around 175 patents. He has focused in the last few years on the research issues in temporal databases.

He is closely associated with all the scientists and directors of Hetero Group of companies and promoting the product development in their units by providing know how technology from R&D.

He has overall experience of 30 years in Research and Development, Procurement of Raw materials for manufacturing of bulk drugs and also has an experience of overall management of the operations of the pharma companies and enormously contributed in the growth of the organizations.

Considering his vast experience in the Pharmaceutical industry and also considering his contribution in the growth of the organization it is considered appropriate and in the best interest of the Company to re-appoint Dr. K. Rathnakar Reddy as Managing Director of the Company, as per the terms and conditions as mentioned in the resolution.

At the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company re-appointed Dr. K. Rathnakar Reddy as Managing Director for a further period of Three (3) years with effect from July 01, 2024 to June 30, 2027 subject to approval of members and accordingly, recommends his appointment to the members by passing special resolution at Item No.7 of the Notice.

Memorandum of interest

None of the Directors or Key Managerial Personnel or their relatives, except Dr. K. Rathnakar Reddy, to whom the resolution relates, are interested or concerned in this resolution.

By Order of the Board
For **Honour Lab Limited**

Sd/-

Srinivas Vengala
Company Secretary
ICSI M.No. A22475

Date: 05-09-2024
Place: Hyderabad

Registered Office:

8-3-166/7/1, Ground Floor,
Erragadda, Hyderabad-500 018,
Telangana, India

Land Mark: Beside Bata show room and SRO Office, Erragadda

VENUE:

Regd. Office: # 8-3-166/7/1, Ground Floor,
Erragadda, Hyderabad- 500 018, Telangana – 500018, India.
Tel: +91-40-23710405



HONOUR LAB LIMITED

Regd. Office: # 8-3-166/7/1, Ground Floor, Erragadda, Hyderabad- 500 018,
Telangana – 500018, India, Tel: +91-40-23710405, www.honourlab.com

Form No.MGT-11
PROXY FORM

*[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration), Rules, 2014]*

Name of the member(s) : _____
Registered Address _____
E-mail Id _____
Folio No./DP ID No. /Client ID No. : _____

I/We being a Member(s) of _____ shares of Honour Lab Limited, hereby appoint:

1. Name _____	Address: _____
E-Mail id: _____	Signature: _____ or failing him/her;
2. Name _____	Address: _____
E-Mail id: _____	Signature: _____ or failing him/her;
3. Name _____	Address: _____
E-Mail id: _____	Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 13th Annual General Meeting of the Company held at the Registered Office of the Company and any adjournment thereof in respect of such resolutions as are indicated below:

S.No.	Resolutions
Ordinary Business	
1	To receive, consider and adopt: a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2024 b) the Audited Consolidated Financial Statements and Cash Flow Statement of the Company for the financial year ended March 31, 2024 together with the reports of the Board of Directors and Auditors thereon.
2	To appoint Mr. N. Muralidhar Reddy (DIN: 09138114) who retires by rotation and being eligible offers himself for re-appointment
3	To appoint M/s. Suryanarayana Reddy & Co., Chartered Accountants (Firm's Registration No. 005752S), Statutory Auditors of the Company and to fix their remuneration
Special Business	
4	To ratify the remuneration of M/s. D V & Associates, Cost Auditors for the financial year ending March 31, 2025
5	To Appoint Justice (Retd.) Gopal Reddy Annareddy (DIN: 07306495) as Independent Director of the Company
6	To appoint Dr.Adi Sesha Giri Jagarapu (DIN:08774486) as Independent Director of the Company
7	To consider and approve the re-appointment of Mr.Muralidhar Reddy Nomula (DIN: 0009138114) as a Whole Time Director of the Company
8	To consider and approve the re-appointment of Dr. K.Rathnakar Reddy (DIN: 00211510) as Managing Director of the Company

Signed this day of _____, 2024

Please
affix
revenue
stamp

Signature of Shareholder: Signature of Proxy holder(s):

Notes:

1. This form of Proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company not less than Forty-Eight (48) hours before the commencement of the meeting.
2. A proxy need not be a member of the Company.
3. For the Resolutions, explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.

HONOUR LAB LIMITED

Regd. Office: # 8-3-166/7/1, Ground Floor, Erragadda, Hyderabad- 500 018,
Telangana – 500018, India, Tel: +91-40-23710405, www.honourlab.com

ATTENDANCE SLIP

(To be presented at the entrance of the 13th Annual General Meeting)

I /We hereby record my / our presence at the Annual General Meeting of the Company held at the Registered Office on Monday, the 30th September, 2024 at 3.00 p.m

Folio No. _____

Name of the Member _____ Signature _____

Name of the Proxyholder _____ Signature _____

BOARDS' REPORT

To
The Members
Honour Lab Limited

Your Directors have pleasure in presenting the 13th (Thirteenth) Annual Report on the business and operations of your Company along with the summary of Standalone and Consolidated Financial Statements for the year ended March 31, 2024.

Financial Summary / Results

The financial results for the year are as follows:

(Rs. in Millions)

Particulars	Consolidated		Standalone	
	2023-24	2022-23	2023-24	2022-23
Revenue from Operations	23611.53	21,325.17	23048.12	20910.22
Other Income	303.30	215.31	441.98	307.07
Total Income	23914.83	21,540.48	23490.10	21217.29
Profit Before Finance costs, Depreciation & Amortization and Tax	3854.39	1,926.30	4056.47	2067.85
Finance Cost	417.12	392.16	415.54	391.39
Depreciation and Amortization	443.66	377.30	391.55	334.34
Profit Before Tax	2993.61	1,156.84	3249.38	1342.12
Tax Expenses	802.03	474.04	865.51	520.24
Profit After Tax for the year before share of profit/(loss) from Associate	2191.58	682.80	2383.87	821.89
Share of Profit/(loss) from Associate	(0.29)	(0.09)	-	-
Net Profit for the year	2191.30	682.71	2383.87	821.89
Other Comprehensive Items (OCI): Items not to be reclassified to profit or loss in subsequent periods:				
- Re-measurement gain/(loss) on employee defined benefit plans	(21.23)	(8.11)	(20.37)	(8.13)
- Less: Deferred tax credit	5.34	2.04	5.13	2.05
Other comprehensive income for the year, net of tax	(15.89)	(6.07)	(15.24)	(6.08)
Total comprehensive income for the year, net of tax	2175.41	676.64	2368.63	815.80
Profit for the year Attributable to:				
- Equity holders of the parent	2191.30	682.71	-	-
- Non-controlling interests	-	-	-	-
Other comprehensive income for the year Attributable to:				
- Equity holders of the parent	(15.89)	(6.07)	-	-
- Non-controlling interests	-	-	-	-
Total comprehensive income for the year Attributable to:				
- Equity holders of the parent	2175.41	676.64	-	-
- Non-controlling interests	-	-	-	-
Earnings Per Share (EPS): Basic & diluted	438.26	136.54	476.77	164.38

Review of Operations and Performance

The Company has registered a turnover of Rs. 23,490.10 Million for the year ended March 31, 2024 as against Rs. 21,217.29 Million for the previous year on standalone basis and achieved Net Profit of Rs. 2368.63 Million as compared to Rs. 815.80 Million in the previous year which includes Other Comprehensive Income (OCI).

On consolidation basis, your company has achieved revenue of Rs. 23914.83 Million for the year ended March 31, 2024 as against Rs.21540.48 Million of the previous year and earned Net Profit of Rs. 2175.41 Million as compared to Rs. 676.64 Million in the previous year which includes Other Comprehensive Income (OCI).

Financial highlights on Standalone basis

- Operating Revenue increased by 10.22% to ₹ 23,048.12 Mn (₹ 20,910.22 Mn for FY23)
- Profit Before Tax (PBT) increased by 142.11% to 3249.38 Mn (₹ 1342.12 Mn for FY23)
- Profit After Tax (PAT) increased by 190.05% to 2383.87 Mn (₹ 821.89 Mn for FY23)

Financial highlights on Consolidation basis

- Operating Revenue increased by 10.72% to ₹ 23611.52 Mn (₹ 21325.17 Mn for FY23)
- Profit Before Tax (PBT) increased by 158.77% to ₹2993.61 Mn (₹1156.84 Mn for FY23)
- Profit After Tax (PAT) increased by 220.97% to ₹ 2191.30 Mn (₹ 682.71 Mn for FY23)

The revenues for the FY24 was increased due to process reengineering and effective utilization of the existing capacities of the Plant. The company is planning to maintain the consistency in increasing the revenues by adding new products to our portfolio in the next few years.

Future Prospects

Your Company continues its commitment towards producing cost-effective and affordable medicines to global market to meet unmet patient needs.

We continue our improvement journey in our core business for sustainable growth through productivity enhancement, capacity expansion, new customers addition and market share gains and new products introduction /launches.

It strives for operational excellence, cost leadership and innovation across its business. We apply principles of lean manufacturing and six sigma to optimise processes, reduce waste, and improve quality and reduce variations.

Your Company will also continue to pursue its strategic growth plan and we are working to improve manufacturing process, optimize costs, reduce waste and carbon footprint, operational expenditure, increase cash flow, rationalise manpower, protect margins, report positive earnings and derisking the business.

Several products are expected to be scaled up commercially in the forthcoming years. The products portfolio is being expanded and new markets are being explored. Your Directors are confident of achieving better results in the ensuing years.

Quality, Environment and Safety

Your Company is committed to the highest standards of product quality by implementing a robust quality management system and building a quality-focused culture. Our Quality Management System (QMS) lays emphasis on the appropriate management of resources, and management of quality through the entire product lifecycle, including periodic reviews at manufacturing and business unit level and senior management level.

The Company provide safe working environment in our production units through continuous improvements in our infrastructure and manufacturing practices. We mainly focus on the health and safety of our employees, including occupational health and safety, women's safety, and road safety.

The Company is giving utmost priority to environmental considerations. The Company accords topmost priority to the effluent treatment and pollution control in all its manufacturing facilities to safeguard the environment. Further, the Company provides all required equipment for preventing and mitigating air pollution by increasing the efficiency of operations and reducing emissions.

Awards and Recognitions

- Your Company has received "15th EXCEED Occupational Health Safety & Security Awards and Conference 2023" under Pharmaceutical sector for "Creating Safety, Health and Environment Protection Culture", issued by Sustainable Development Foundation on 15/12/2023.

The awards received for the Company are as below:

S. No.	Unit	Award
1	Honour Lab Limited, Unit-V	Platinum Award
2	Honour Lab Limited, Unit-III	Gold Award
3	Honour Lab Limited, Unit-IIIB	Gold Award
4	Honour Lab Limited, Unit-I	Silver Award

- Your Company has received National EHS Award (Category: Large Enterprises - Pharmaceutical Sector) at the 11th Global Safety Summit on 22/12/2023, issued by Fire and Safety Forum.

R&D and Manufacturing

The Company's R&D team enables the perfect blend of chemistry and technology, utilising our vast capabilities to develop practical solutions for our partners. Our state-of-the-art R&D facility with 200+ scientists and research team ensures that we are well equipped to address the unique needs of our partners.

The Company's six manufacturing facilities located in India, with approvals from global regulatory agencies, adhere to global safety norms. The Company provide reliable supply of products that meet the highest quality standards.

Our integrated expertise of R&D and Manufacturing makes us the CDMO partner of choice.

Our team brings decades of expertise in Process Development and Manufacturing. With our world-class infrastructure, we provide practical and scalable solutions that help bring your innovations to life..

Composite Scheme of Arrangement

During the year under review, The Board of Directors of the Company at its meeting held on 4th September 2023 has approved the Composite Scheme of Arrangement between M/s. Veer East Realty India Private Limited ("Transferor Company 1"), M/s. Hoster Labs Private Limited ("Transferor Company 2"), M/s. Honour Lab Limited ("Transferee Company" or "Demerged Company") and M/s. Anaika Infracon Private Limited ("Resulting Company") and the respective shareholders ("Scheme").

The Company has filed Composite Scheme of Arrangement (herein after referred to as "Scheme") pursuant to the provisions of Section 230 to 232 of the Companies Act, 2013 and the rules made thereunder between Veer East Realty India Private Limited ("Transferor Company 1") and Hoster Labs Private Limited ("Transferor Company 2") into Honour Lab Limited ("Transferee Company") and then demerger of the Real Estate Business Undertaking 2 of Honour Lab Limited ("Demerged Company") into Anaika Infracon Private Limited ("Resulting Company") and their respective shareholders, before the Hon'ble National Company Law Tribunal, Hyderabad Bench, at Hyderabad (Tribunal) on 27th September, 2023.

The Tribunal has admitted the Scheme and passed the order dated 8th December, 2023 for conducting the meetings of creditors of the Honour Lab Limited ("Transferee Company" or "Demerged Company") and dispensed with the meetings of creditors and shareholders of Transferor Company 1, Transferor Company 2, Resulting Company and Transferee Company or Demerged Company.

As per the orders of the Hon'ble Tribunal, the meetings of creditors (secured & unsecured) was conducted on 24th January, 2024 and the creditors has approved the scheme with requisite majority. The chairman appointed by the Hon'ble Tribunal has filed the reports with the Tribunal.

Thereafter, the Company has filed Joint Petition under Section 230 to 232 of the Companies Act, 2013 for approval of the Scheme before the Hon'ble Tribunal on 12th February, 2024.

The Company is waiting for Tribunal Order for approval of the Scheme.

Consolidated Accounts

As stipulated in the Companies Act, 2013, the consolidated financial statements for the year ended March 31, 2024,

have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies Act, 2013. The audited consolidated financial statements together with Auditors Report thereon forms part of the Annual Report.

Share Capital

The Authorized Share Capital of the Company is Rs. 7,00,00,000 (Rupees Seven Crores Only) divided into 70,00,000 (Seventy Lakhs) equity shares of Rs.10 (Rupees Ten) each.

The Paid-up Capital of the Company is Rs.5,00,00,000 (Rupees Five Crores Only) divided into 50,00,000 (Fifty Lakhs) equity shares of Rs.10 (Rupees Ten) each.

Subsidiaries, Joint Ventures and Associates

Your Company has 3 Subsidiaries i.e., Hoster Labs Private Limited, Dyuthi Labs Private Limited and Veer East Realty India Private Limited and one Associate i.e., Honour Infra Estates Limited as on March 31, 2024.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, the Company has prepared consolidated financial statements of the Company and its subsidiaries and associate (to the extent specified above) in accordance with the relevant Indian Accounting Standards as specified in the Companies (Accounts) Rules, 2014, which forms part of this Board's Report.

Further a report on the performance and financial position and statement containing the salient features of financial statements of Associate Company in the prescribed form AOC-1 is enclosed as **Annexure- I** to the Board's Report.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements and related information of the company and its subsidiaries and associate, wherever applicable, are available for inspection during regular business hours at the registered office of the Company.

Dividend

In order to conserve the surplus funds for operations and future growth, your Directors are not recommending any dividend for the year 2023-24.

Transfer to Reserves

Your Company has not transferred any amount to the general reserve for the Financial Year ended March 31, 2024.

Change in the Nature of Business, if any

During the year, there was no change in the nature of business of the company.

Alteration of Memorandum and Articles of Association

During the year under review, the Company has altered its Memorandum of Association to approve the changes in the objects necessary for furtherance of the objects specified in clause III (A) of Memorandum of Association of the Company vide Extra-Ordinary General Meeting held on 14th September, 2023.

The Company has not altered its Articles of Association of the Company.

Directors and Key Managerial Personnel

(a) Retirement by Rotation

In accordance with the provisions of the Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. N. Muralidhar Reddy (DIN: 09138114), Director shall retire by rotation at this Annual General Meeting and being eligible offer himself for re-appointment.

The Board of Directors recommends the re-appointment of Mr. N. Muralidhar Reddy for approval at the ensuing 13th Annual General Meeting.

(b) Changes in the Board, if any

During the year under review –

- Mr. Buchiram Venkat Sobhanadri Suri and Mr. Narsimha Reddy, Independent Directors of the Company were retired and ceased to be Independent Directors on the Board w.e.f. 26th September, 2023.
- Dr. Adi Sessa Giri Jagarapu and Justice (Retd.) A. Gopal Reddy were appointed as Independent Directors on the Board w.e.f. 18th December, 2023.

Except the above, there were no other changes in the Board.

(c) Declaration of Independence

The Independent Directors have submitted the declaration of independence, pursuant to Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, the Independent Directors of the Company fulfil the conditions specified under the Companies Act, 2013 and are independent of the management.

(d) Key Managerial Personnel:

As on date of report, Dr. K. Rathnakar Reddy, Managing Director, Dr. K. Subhas Chander Reddy, Whole-Time Director, Mr. N. Muralidhar Reddy, Whole-Time Director and Mr. Srinivas Vengala, Company Secretary are Key Managerial Personnel(s) of the Company in accordance with the provisions of section(s) 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Meetings of the Board

The Board of Directors of the Company met 4 times during the financial year under review on 26.06.2023, 04.09.2023, 18.12.2023 and 27.03.2024.

The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

Separate meeting of Independent Directors

In terms of requirements under Schedule IV of the Companies Act, 2013, one separate meeting of the Independent Directors was held during FY2024.

Audit Committee (AC)

The Audit Committee shall perform its duties as contemplated under section 177 and other applicable provisions (including any statutory modification(s) or re-enactment thereof for the time being in force) if any, of the Companies Act, 2013 and Rules made thereunder. As on date of this Report, the Audit Committee comprises of the Members namely:

1. Dr. J.A.S. Giri - Independent Director, Chairman (w.e.f 18.12.2023)
2. Justice (Retd) A. Gopal Reddy - Independent Director, Member (w.e.f 18.12.2023)
3. Dr. K. Rathnakar Reddy - Managing Director, Member

Mr. Buchiram Venkat Sobhanadri Suri, Independent Director, Chairman and Mr. Narsimha Reddy, Independent Director, Member of the Audit Committee of the Company were retired and ceased to be Independent Directors on the Board w.e.f. 26th September, 2023.

The Audit Committee met two times during the year under review on 04.09.2023 and 27.03.2024.

Nomination & Remuneration Committee (NRC)

The Nomination & Remuneration Committee shall perform its duties as contemplated under section 178 and other applicable provisions (including any statutory modification(s) or re-enactment thereof for the time being in force) if any, of the Companies Act, 2013 and Rules made thereunder. As per Section 178 of the Companies Act, 2013, the NRC shall consist majority of independent directors. As on date of this Report, the NRC comprises of the Members namely:

1. Justice (Retd) A. Gopal Reddy - Independent Director, Chairman (w.e.f 18.12.2023)
2. Dr. J. A.S. Giri - Independent Director, Member (w.e.f 18.12.2023)
3. Dr. K. Rathnakar Reddy - Managing Director, Member

Mr. Narsimha Reddy, Independent Director, Chairman and Mr. Buchiram Venkat Sobhanadri Suri, Independent Director, Member of the Nomination & Remuneration Committee of the Company were retired and ceased to be Independent Directors on the Board w.e.f. 26th September, 2023.

The NRC met two times during the year under review on 04.09.2023 and 27.03.2024.

Corporate Social Responsibility (CSR) Committee

As per Section 135 of the Companies Act, 2013, the Company constituted Corporate Social Responsibility committee of the Board of Directors, which consists three or more directors, out

of which at least one director shall be independent Director. As on date of this Report, the CSR Committee comprises of the Members namely:

1. Dr. K.Rathnakar Reddy - Managing Director, Chairman
2. Justice (Retd) A. Gopal Reddy - Independent Director, Member (w.e.f 18.12.2023)
3. Dr. J. A.S. Giri - Independent Director, Member (w.e.f 18.12.2023)

Mr. Buchiram Venkat Sobhanadri Suri, Independent Director, Member of the Corporate Social Responsibility committee of the Company was retired and ceased to be Independent Director on the Board w.e.f. 26th September, 2023.

The Company's CSR policy provides a constructive framework to review and organize the social outreach programs in Health, Education, Water and Sanitation, Sport & games, Infrastructure, Rural Development, Bio-diversity, Livelihood, Heritage, Art & Culture and Swachh Bharath etc.

During the year, the CSR committee monitored the implementation and adherence to the CSR policy. Details of the CSR policy and initiatives taken by the company during the year are available on the company's website: www.honourlab.com

The detailed Report on CSR activities of the Company is appended as **Annexure-II** to the Board's report.

The Committee met two times during the year under review on 04.09.2023 and 27.03.2024.

Board Evaluation

As per provisions of the Companies Act, 2013, an evaluation on the performance of the board, its committees and Directors, was undertaken.

Appointment of Directors and Remuneration Policy

The assessment and appointment of the members to the Board is based on the combination of criteria that includes ethics, personal and professional stature, domain and specification required for the position.

For the purpose of selection of any Director, the Nomination and Remuneration Committee identifies persons of integrity who possess relevant expertise, experience and leadership qualities required for the position. The Committee also ensures that the incumbent fulfils such criteria with regard to qualifications, positive attributes, independence, age and other criteria as laid down under the Companies Act, 2013. The Board has, on the recommendation of the Nomination and Remuneration Committee framed a Policy on remuneration of Directors, Key Managerial Personnel and other Employees.

Material Changes and Commitments affecting the Financial Position of the Company

During the year under review, there are no Material Changes and Commitments affecting the Financial Position of the Company.

Public Deposits

Your Company has not accepted any public deposits under section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (a) in the preparation of the annual accounts, for the period ended March 31, 2024, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2024 and of the *profit* of the Company for the year ended on that date;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a 'going concern' basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Auditors:

i. Statutory Auditors

Pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company has proposed to appoint M/s. Suryanarayana Reddy & Co., Chartered Accountants (Firm's Registration No. 005752S), as statutory auditors for a period of 5 years from conclusion of this 13th Annual General Meeting upto conclusion of 18th Annual General Meeting to be held in the year 2029. The Company has received their consent and eligibility complying with the provisions of the Companies Act, 2013 and in pursuant to the recommendation of the Audit Committee it is proposed to appoint M/s. Suryanarayana Reddy & Co., Chartered Accountants (Firm's Registration No. 005752S) as Statutory Auditors of the Company from

conclusion of this AGM upto the conclusion of 18th AGM to be held in the year 2029 which is required to be placed before the Annual General meeting to obtain approval of the members.

ii. **Cost Auditors**

In compliance with the provisions of Section 148 of the Companies Act, 2013, Audit Committee had recommended and the Board of Directors of the Company at their Meeting held on 4th September, 2023 have appointed M/s. D V & Associates, Cost Accountants (Firm Registration No. 001929), Hyderabad as the Cost Auditors of the Company for the FY 2023-24. The Cost Audit Report in Form CRA-4 for the year ended March 31, 2024 will be filed with the Central Government within the prescribed time submitted to the Central Government as per the stipulated timeline as contemplated under Section 148 (6) of the Companies Act, 2013 read with Rule 6 of the Companies (Cost Records and Audit) Rules, 2014 under the head "Drugs & Pharmaceuticals."

In this connection, the Audit Committee has recommended and the Board of Directors of the Company at their Meeting held on 5th September, 2024 has approved the re-appointment of M/s. D V & Associates, Cost Accountants, Hyderabad, as the Cost Auditors of the Company for the year ending 31st March, 2025. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors has to be ratified by the members. Accordingly, necessary resolution is proposed at the ensuing AGM for ratification of the remuneration payable to the Cost Auditors for FY 2024-25.

Further, the Company is maintaining Cost Records as specified by the Central Government pursuant to the provisions of section 148(1) of the Companies Act, 2013.

iii. **Secretarial Auditors**

In compliance with the Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, based on the recommendation of the Audit Committee, the Board has appointed M/s. Jyothirmai Sarang & Associates, Practicing Company Secretaries, as Secretarial Auditor to undertake the Secretarial Audit for the financial year ending 31st March, 2024. M/s. Jyothirmai Sarang & Associates, Practicing Company Secretaries has provided their Audit Report in Form-MR-3 for the financial year ended March 31, 2024. The Secretarial Audit Report in Form-MR-3 for the financial year ended March 31, 2024 is annexed herewith marked as **Annexure-III** to this Report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

iv. **Internal Auditors**

The Company has appointed a qualified Chartered Accountant as Internal Auditor of the Company for the FY24.

The Internal Auditors are independent, objective assurance and advisory function, responsible for evaluating and improving the effectiveness of risk management, and control processes. The internal audit team helps to enhance and protect organizational value by providing risk-based objective assurance, advice, and insight. The internal audit team prepares annual audit plans based on risk assessment and conducts extensive reviews covering financial, operational and compliance controls.

The Audit committee of the Board monitors the performance of internal auditors on a periodic basis through review of audit plans, audit findings and speed of issue resolution through follow-ups.

Explanation of the Board on the Qualifications, Reservations or Adverse Remark or Disclaimer made by the Statutory Auditor in the Audit Report(s), by the Company Secretary in practice in Secretarial Audit Report and Cost Auditors in Cost Audit Report

There are no qualifications, reservations or adverse remarks made by the by the statutory auditors in their statutory audit report or by the practicing company secretaries in the secretarial audit report or by the cost auditors in the cost audit report.

Reporting of Frauds

There have been no instances of fraud reported by the Auditors of the Company under Section 143(12) of the Companies Act, 2013 and the Rules framed there under either to the Company or to the Central Government.

Secretarial Standards

The Company complies with all applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India and approved by the Central Government.

Risk Management

Pursuant to Section 134(3)(m) of the Companies Act, 2013, the Board oversees company's process for deterring risk tolerance and review management's measurement and comparison of overall risk tolerance to established level. Major risks identified by the business and functions are systematically addressed through mitigating actions on continuous basis.

The Company is exposed to uncertainties owing to the sectors in which it operates. These uncertainties create new business opportunities with inherent risks. A key factor in determining a company's capacity to create sustainable value is the level of risk that the company is willing to take (at strategic and operational levels) and its ability to manage them effectively. Many risks exist in a company's operating environment

and they emerge on a regular basis. The Company's Risk Management processes focus on ensuring that these risks are identified on a timely basis and reasonably addressed.

The Company has been proactive in adopting new and effective tools to protect the interests of its members through establishment of effective Risk Management System.

Adequacy of Internal Financial Control Systems

The Company has in place adequate internal financial controls with reference to its financial statements. These controls are meant to ensure the accuracy and completeness of the accounting records and the preparation of reliable financial statements.

The internal control system is supported by qualified personnel and a continuous program of internal audit. The prime objective of such audits is to test the adequacy and effectiveness of all internal control systems laid down by the management and to suggest improvements.

The Audit Committee and Board reviews the timely preparation of reliable financial information and adequacy of internal controls. The Management duly considers and takes appropriate action on the recommendations made by the internal auditors, statutory auditors and the Audit Committee.

Contracts and Arrangements with Related Parties

There are no materially significant Related Party Transactions (RPTs) made by the Company with Promotes, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large.

As a matter of policy, all RPTs entered into during the financial year were on arm's length basis and in the ordinary course of business. All RPTs were placed before the Audit Committee of the Board of Directors for their approval. The Audit Committee has granted omnibus approval for RPTs.

Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 ("Act") and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Act including certain arm's length transactions under third proviso thereto are required to be disclosed in Form AOC-2. Information on transactions with related parties pursuant to Section 134(3)(h) of the Act to be read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure-IV** in Form AOC-2 and the same forms part of this report.

Details of RPTs form part of the notes to the financial statements provided in this annual report.

Particulars of Loans given, Investments made, Guarantee given and Securities provided

In compliance with the section 134 (3) (g) of the Companies Act, 2013, as on March 31, 2024, particulars of Loans given, Investments made, Guarantees given and securities provided under section 186 of the Companies Act, 2013 are given in the Notes to the financial statements forming part of the Annual Report.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 134 (3) (m) to be read with Rule 8 of Companies (Accounts) Rules, 2014 is given in **Annexure- V** hereto forming part of the report.

Vigil Mechanism

In compliance with Section 177 (9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company has formulated a Vigil Mechanism for all employees to report their concerns/grievances and redressal of such concerns/grievances. During the year under review the Company has not received any complaint(s) under the said policy.

Annual Return

The Annual Return of the Company as on March 31, 2024 is available on the Company's website and can be accessed at: <https://www.honourlab.com> and the same will be filed with Ministry of Corporate Affairs.

Details of significant and material orders passed by the courts or regulators or tribunals impacting the going concern status and Company's operations in future

During the financial year, there were no orders passed by any court or regulator or tribunal which may impact the going concern status or the company's operations in future.

The Details of Application made or any Proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their Status as at the end of the Financial Year

During the year under review, there were no applications made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016.

Difference in Valuation under Rule 8(5) (xii) of Companies (Accounts) Rules, 2014:

The Company has never made any one-time settlement against the loans obtained from the Banks or Financial Institutions. Hence, this Rule is not applicable to the Company.

Human Resource

The Company firmly believes that employees are the most valuable assets and key players of business success and sustained growth. Various employee benefits, recreational and team building programs are conducted to enhance employee skills, motivation and also to foster team spirit. The Company also conducts in-house training programs to develop leadership as well as technical / functional capabilities in order to meet future talent requirements.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company strongly believes in providing a safe and harassment free workplace for each and every individual working for the Company through various interventions and practices. It is the continuous endeavour of the Management of the Company to create and provide an environment to all its employees that is free from discrimination and harassment including sexual harassment.

The Company has formulated a policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Company has arranged various interactive awareness workshops in this regard for the employees at the manufacturing sites, R & D set ups and Corporate Office during the year under review.

The Company has adopted the Internal Complaints Committee ('ICC') in all the business units across India, wherever applicable; to consider and resolve all sexual harassment complaints reported by women. The constitution of the ICC is as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the committee includes external members from NGOs or with relevant experience. Half of the total members of the ICC are women.

During the financial year ended 31st March, 2024, the Company has not received any complaints pertaining to sexual harassment and there are no complaints pending as at the end of the financial year

Industrial Relations

Industrial relation has been cordial and your directors appreciate the sincere and efficient services rendered by the employees at all levels towards the successful working of the Company.

Acknowledgement

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Banks, Financial Institutions and various departments of Central and State Governments. Your Directors would like to thank the Shareholders, Customers, Suppliers, Dealers and Business Associates for the Support and confidence, which they have reposed in its management. Your Directors would look forward for all your continuous support in future. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

For and on behalf of the Board of Directors
For Honour Lab Limited

Sd/-
Dr. K. Rathnakar Reddy
Managing Director
DIN: 00211510

Sd/-
Dr. K. Subhas Chander Reddy
Whole-time Director
DIN: 07254929

Date: 05-09-2024
Place: Hyderabad

Annexure – I

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ Associates/ Joint ventures

PART 'A': Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Mns.)

S. No.	Name of the subsidiary	The date since when subsidiary was acquired	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Share Capital	Re-serves & surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before taxation	Profit/(Loss) after taxation	Proposed dividend	Extent of shareholding (In percentage)
1	Hoster Labs Private Limited	09-07-2020	2023-24	10.10	(442.89)	1764.72	1764.72	-	746.91	(244.10)	(180.62)	-	100%
2	Dyuthi Labs Private Limited	27-06-2020	2023-24	0.10	(0.12)	4.51	4.51	-	-	(0.03)	(0.03)	-	100%
3	Veer East Realty India Private Limited	25-02-2021	2023-24	137.78	574.64	910.78	910.78	-	-	(11.64)	(11.64)	-	100%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to Commence operations - Dyuthi Labs Private Limited & Veer East Realty India Private Limited
- Name(s) of the Subsidiary Companies which have been Liquidated or sold during the year – Nil

For and on behalf of the Board of Directors
For Honour Lab Limited

Date: 05-09-2024
Place: Hyderabad

Sd/-
Dr. K. Rathnakar Reddy
Managing Director
DIN: 00211510

Sd/-
Dr. K. Subhas Chander Reddy
Whole Time Director
DIN: 07254929

Sd/-
Srinivas Vengala
Company Secretary
ICSI M.No: A22475

PART 'B': Associates & Joint Ventures

(Statement pursuant to section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures)

Sl. No.	Name of Associate / Joint Venture	Rupees (In Millions)
Honour Infra Estates Limited		
1	Latest Audited Balance Sheet Date	31-03-2024
2	Date on which the Associate or Joint Venture was associated or acquired	7-10-2012
3	Shares of Associates / JV held by the company on year end	
	- Number	28,94,750
	- Amount Invested in Associate / JV	28.95
	- Extend of Holding %	49.99%
4	Description of how there is significant influence	Associate
5	Reason why the associate/JV is not consolidated	Consolidated
6	Net worth attributable to Shareholding as per latest audited Balance sheet	27.53
7	Profit / Loss for the year	(0.29)
	i. Considered in Consolidation	(0.29)
	ii. Not Considered in Consolidation	-

- Names of associates or joint ventures which are yet to commence operations – Not Applicable
- Names of associates or joint ventures which have been liquidated or sold during the year – Not Applicable

For and on behalf of the Board of Directors
For **Honour Lab Limited**

Date: 05-09-2024
Place: Hyderabad

Sd/-
Dr. K. Rathnakar Reddy
Managing Director
DIN: 00211510

Sd/-
Dr. K. Subhas Chander Reddy
Whole Time Director
DIN: 07254929

Sd/-
Srinivas Vengala
Company Secretary
ICSI M.No: A22475

Annual Report on Corporate Social Responsibility (CSR) Activities

1. Brief outline on CSR Policy of the Company

CSR mission of Honour Lab Limited (the Company) is to provide good health and prosperity for all. We work with local communities across India to provide diagnosis and health services based on the community requirements. We do this by partnering with healthcare establishments in India.

The Company also considers making quality education accessible as a responsibility. We continue to engage with local communities to provide education infrastructure such as construction of schools, reading material, uniforms apart from a well-structured scholarship programs to students in these communities.

The Company's CSR policy is to focus on the following areas that have been identified as a part of CSR initiatives which are mapped with the specified activities under section 135 companies Act, 2013 and rules made thereunder (including any amendment thereto or re-enactment thereof) viz., Health, Education, Water and Sanitation, Sport & games, Infrastructure, Bio-diversity, Livelihood, Heritage, Art & Culture and Swachh Bharath etc.

The Company continuously seek opportunities to help the society through corporate social responsibility initiatives in communities surrounding the company's manufacturing units and offices and also extends its support beyond its operational vicinities depending on the community needs and emergencies.

2. Composition of CSR Committee:

S. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Dr. K. Rathnakar Reddy	Managing Director, Chairman	2	2
2	Dr. K. Subhas Chander Reddy	Whole – Time Director, Member	2	1
3	Mr. Buchiram Venkat Sobhanadri Suri	Independent Director, Member (upto 26.09.2023)	2	1
4	Dr. J. A.S. Giri	Independent Director, Member (w.e.f 18.12.2023)	2	1
5	Justice (Retd) A. Gopal Reddy	Independent Director, Member (w.e.f 18.12.2023)	2	1

3. Provide the web-link where composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company

- www.honourlab.com

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) - **Not applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any - **Not applicable**

S.No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (Rs. In Million)
Not Applicable			

6. Average net profit of the company as per section 135(5) Rs. 3135 million

7. (Rs. In Million)

(a) Two percent of average net profit of the company as per section 135(5)	62.70
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	
(c) Amount required to be set off for the financial year, if any	
(d) Total CSR obligation for the financial year (7a+7b-7c)	62.70

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (Rs in Million.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
Total amount spent for the Financial Year was Rs.62.70 Million as against CSR obligation of Rs.62.70 Million	Not Applicable				

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
S. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.	Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation -Through Implementing Agency	
										Name	CSR Registration number.
Not Applicable											

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
S. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project		Amount spent for the project. (In Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation – Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1	To provide safe drinking water, RO plants are installed in villages.	Item No. (i) Safe drinking water	Yes	Andhra Pradesh	Anakapally	2.94	Yes	Hetero Foundation	CSR00010058
2	a) Provided Vidya Volunteers to promote quality education in Govt High Schools	Item No. (ii) Promoting Education	Yes	Telangana	Sangareddy	1.75	Yes	Hetero Foundation	CSR00010058
	b) Provided Uniforms, Note-books, Stationery & Other items to Govt School Children			Telangana	Khammam	4.35			
	c) Supported Students for Higher Education			Maharashtra	Pune	0.3			
	d) constructed School compound wall			Andhra Pradesh	Anakapally	0.99			
	e) Provided Scholarships for the merit Students								

(Contd.)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
S. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project		Amount spent for the project. (In Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation – Through implementing agency.	
				State.	District.			Name.	CSR registration number.
3	a) Provided financial support for the different health problems.	Item No. (i) Promoting Healthcare	Yes	Telangana	Khammam	6.79	Yes	Hetero Foundation	CSR00010058
	b) Supported TB patients by providing Nutrition kits under the project called Pradhan Mantri TB Mukh Bharat Abhiyaan								
	c) To provide Health services to the rural people at Nakkapalli, we have introduced Mobile Medical van.								
	d) Provide affordable eye care facilities to the rural people, Established Vision centre at Nakkapalli			Andhra Pradesh	Anakapally	1.51			
4	Supported Rural youth by leveling of the sports ground, to promote rural sports.	Item No. (vii) Promotion of Rural Sports	Yes	Andhra Pradesh	Anakapally	0.23	Yes	Hetero Foundation	CSR00010058
5	a) Constructed Community Hall	Item No. (x) Rural Development Projects	Yes	Andhra Pradesh	Anakapally	16.93	Yes	Hetero Foundation	CSR00010058
	b) Layered Gravel Road								
	c) Layered BT Road								
	d) Layered CC Road			Telangana	Sanga Reddy	6.26			
	e) CC Cameras installed in villages for Protection of the villagers			Telangana	Khammam	0.05			
6	Supported Livelihood	Item No. (ii) Livelihood Enhancement	Yes	Telangana	Hyderabad	5.55	Yes	Hetero Foundation	CSR00010058
7	Promoted Art & culture	Item No. (v) Protection of art and culture	Yes	Andhra Pradesh	Jammalamadugu	1.48	Yes	Hetero Foundation	CSR00010058
				Andhra Pradesh	Anakapally	0.34			

(Contd.)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
S. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project		Amount spent for the project. (In Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation – Through implementing agency.	
				State.	District.			Name.	CSR registration number.
8	Healthcare	Item No. (i) Promoting Health care	Yes	Telangana	Hyderabad	13.20	Yes	Sai Sindhu Foundation	CSR00025445
Total Amount						62.7			

- (d) Amount spent in administrative overheads : Nil
- (e) Amount spent on impact assessment, if applicable : Nil
- (f) Total amount spent for the financial year (8b+8c+8d+8e) : Rs.62.70 million
- (g) Excess amount for set off, if any

Sl.No.	Particulars	Amount (Rs. In Million)
(i)	Two percent of average net profit of the company as per section 135(5)	62.70
(ii)	Total amount spent for the Financial Year	62.70
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.00
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.00

9. (a) Details of Unspent CSR amount for the preceding three financial years:

S. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (Rs. In Million)	Amount spent in the reporting Financial Year (Rs. In Million).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (Rs. In Million)
				Name of the Fund	Amount (in Rs)	Date of transfer	
Not Applicable							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

S. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (Rs. In Million)	Amount spent on the project in the reporting Financial Year (Rs. In Million)	Cumulative amount spent at the end of reporting Financial Year. (Rs. In Million)	Status of the project - Completed /Ongoing.
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created Not Applicable or acquired through CSR spent in the financial year (asset-wise details):
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) - Not Applicable

For and on behalf of the Board of Directors
For **Honour Lab Limited**

Sd/-
Dr. K. Rathnakar Reddy
Chairman – CSR Committee
Managing Director
DIN: 00211510

Sd/-
Dr. K. Subhas Chander Reddy
Whole-time Director
DIN: 07254929

Date: 05-09-2024
Place: Hyderabad

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended 31 March 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

HONOUR LAB LIMITED

H.No. 8-3-166/7/1, Ground Floor, Erragadda,
Hyderabad 500018 Telangana.

We have conducted the Secretarial Audit on the compliance of applicable statutory provisions and the adherence to good corporate practices by **Honour Lab Limited** (hereinafter called “**the Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024 (‘Audit Period’), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Audit Period according to the provisions of:

- i. The Companies Act, 2013 (“**the Act**”) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of foreign direct investment, overseas direct investment and external commercial borrowings.
- v. Since the Company being an unlisted limited company, the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘**SEBI Act**’) do not apply:
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi. The Drugs and Cosmetics Act, 1940 and Rules made thereunder, and
- vii. Drugs (Prices Control) Order, 2013 and Notifications made thereunder.
- viii. The Narcotic Drugs and Psychotropic Substances Act, 1985
- ix. The Payment of Wages Act, 1936
- x. Minimum Wages Act, 1948
- xi. Employees Provident Fund and Misc. Provisions Act, 1952
- xii. Employees State Insurance Act, 1948
- xiii. Payment of Gratuity Act, 1972
- xiv. Contract Labour (Regulation & Abolition) Act, 1970
- xv. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- xvi. Income Tax Act, 1961
- xvii. GST Acts and Rules made thereunder
- xviii. The Insurance Act, 1938 as amended.
- xix. The Factories Act, 1948 and Andhra Pradesh Factories Rules, 1980

- xx. Water (Prevention & Control of Pollution) Act 1974 and rules there under
- xxi. Air (Prevention & Control of Pollution) Act 1981 and rules there under
- xxii. The Environment (Protection) Act, 1986
- xxiii. Hazardous and Other Wastes (Management & Trans boundary Movement) Rules, 2016
- xxiv. Customs Act, 1962
- xxv. The Boilers Act, 1923 and Indian Boilers Regulations - 1950
- xxvi. The Petroleum Act, 1934 and Petroleum Rules, 2002

We have also examined compliance with the applicable clauses of

- xxvii. Secretarial Standards issued by The Institute of Company Secretaries of India.

During the Audit period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

2. We further report that the Company has, in our opinion, complied with the provisions of the Companies Act, 2013 and the Rules made under that Act as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to:

- Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- Service of documents by the Company on its members, auditors, and the Registrar of Companies;
- The Board of Directors of the Company is duly constituted with proper balance of executive directors, non-executive directors, and independent directors.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- The decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.
- There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure

compliance with applicable laws, rules, regulations and guidelines.

- Minutes of proceedings of General Meetings and of the Board and its Committee meetings.
- Approvals of the Members, the Board of Directors, the Committees of Directors, and the government authorities, wherever required.
- Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement, and reappointment of Directors including the Managing Director and Whole-time Directors.
- Payment of remuneration to Directors including the Managing Director and Whole-Time Directors.
- Appointment and remuneration of Statutory Auditor, Secretarial Auditor and Cost Auditor.
- Borrowings and registration, modification, and satisfaction of charges wherever applicable.
- Investment of the Company's funds including investments and loans to others.
- Format of Balance Sheet and statement of profit and loss is as per Schedule III of the Companies Act, 2013.
- Report of the Board of Directors.
- The Directors have complied with the disclosure requirements in respect of their eligibility of appointment.

3. According to the information provided by the Company, we report that there was no prosecution initiated and no fines or penalties were imposed during the period under review under the Companies Act, Depositories Act, and Rules, Regulations and Guidelines framed there under on the Company or on its Directors and Officers.

4. We further report that:

- The Company is paying wages to all employees as per the provisions of Minimum Wages Act, 1948 and The Payment of Wages Act, 1936
- The Company has obtained consent of Pollution Control Board of respective states, as per the provision of Water (Prevention & Control of Pollution) Act, 1974 and, Air (Prevention & Control of Pollution) Act 1981 and rules there under and The Environment (Protection) Act, 1986.
- The Company is regular in payment of gratuity as per the rules of the Payment of Gratuity Act, 1972 and has provided 100% provision in the books of accounts.
- The Company has filed return as per the Factories Act, 1948.
- The Company has renewed the Insurance Policy under Employees State Insurance Act, 1948

- The Company has filed return under Employment Exchange Act/Rules
 - The Company has renewed the Policy with LIC for Gratuity under Payment of Gratuity Act, 1972.
5. We further report that based on the information received and records maintained by the Company, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
6. We further Report that during the Audit Period the Company has:
- No Public /Right/Preferential Issue of Shares/ Debentures/Sweat Equity.
 - The Company has not issued Bonus Shares.
 - No redemption / Buy-back of Securities.

- No major decision taken by the Members in pursuance of Section 180 of the Companies Act, 2013.
- A scheme of Amalgamation of the Company is passed by the members of the Company during the period under review.
- No Foreign Technical Collaborations.;

For JYOTHIRMAI SARANG & ASSOCIATES
COMPANY SECRETARIES

JYOTHIRMAI SARANG PATEL
FCS: 8349; CP. No.10833

Date: 05/09/2024
Place: Hyderabad

UDIN: F008349F001129304

ANNEXURE

To
The Member
HONOUR LAB LIMITED
H.No. 8-3-166/7/1, Ground Floor, Erragadda,
Hyderabad 500018 Telangana.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records on our audit.
2. We have followed the audit practices and processes as appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. The compliances of the provisions of corporate and other applicable laws. Rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the company efficiency of effectiveness with which the management has conducted the affairs of the company.

For JYOTHIRMAI SARANG & ASSOCIATES
COMPANY SECRETARIES

JYOTHIRMAI SARANG PATEL
FCS: 8349; CP. No.10833

Date: 05/09/2024
Place: Hyderabad

UDIN: F008349F001129304

Annexure – IV**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:

Honour Lab Limited (the 'Company') has not entered into any contract/ arrangement/transaction with its related parties which are not in ordinary course of business or which are not at arm's length basis during F.Y 2023-24.

The Company has laid down policies and processes/procedures so as to ensure compliance of Section 188 of the Companies Act, 2013 ("Act") and the corresponding Rules.

2. Details of material contracts or arrangement or transactions at arm's length basis:

Refer Annexure IV-(A)

For and on behalf of the Board of Directors
For **Honour Lab Limited**

Date: 05-09-2024
Place: Hyderabad

Sd/-
Dr. K. Rathnakar Reddy
Managing Director
DIN: 00211510

Sd/-
Dr. K. Subhas Chander Reddy
Whole-time Director
DIN: 07254929

Annexure – IV-(A)

(Rs. In Millions)

S. No.	Name of the related party	Nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of contracts / arrangements / transactions, including the value, if any	Amount paid as advances, if any
1	Hoster Labs Private Limited	Subsidiary	Sales	Ongoing	172.17	NA
2	Hetero Labs Limited	Entities with joint control	Sales	Ongoing	13810.57	NA
3	Hetero Drugs Limited	Entities with joint control	Sales	Ongoing	427.35	NA
4	Hindys Lab Private Limited	Entities with joint control	Sales	Ongoing	22.53	NA
5	Selmar Lab Private Limited	Entities with joint control	Sales	Ongoing	38.54	NA
6	Hazelo Lab Private Limited	Entities with joint control	Sales	Ongoing	27.87	NA
7	Dasami Lab Private Limited	Entities with joint control	Sales	Ongoing	205.67	NA
8	Aarani Enterprises Private Limited	Entities with joint control	Sales	Ongoing	186.33	NA
9	Makiz Pharma LLC	Entities with joint control	Sales	Ongoing	11.08	NA
10	Amarox Pharma S.A. De C.V.	Entities with joint control	Sales	Ongoing	65.03	NA
11	Annora Pharma Private Limited	Entities with joint control	Sales	Ongoing	804.01	NA
12	Hetero USA, Inc	Entities with joint control	Sales	Ongoing	13.13	NA
13	Evaric Pharmaceuticals Inc	Entities with joint control	Sales	Ongoing	2.71	NA
14	PT. Amarox Pharma Global	Entities with joint control	Sales	Ongoing	45.59	NA
15	Aspiro Pharma Limited	Entities with joint control	Sales	Ongoing	70.82	NA
16	Camber Pharmaceutical Co Limited	Entities with joint control	Sales	Ongoing	9.35	NA
17	Hetero FZCO	Entities with joint control	Sales	Ongoing	4.8	NA
18	Hoster Labs Private Limited	Subsidiary	Purchases	Ongoing	10.64	NA
19	Hetero Labs Limited	Entities with joint control	Purchases	Ongoing	3196.14	NA
20	Hetero Drugs Limited	Entities with joint control	Purchases	Ongoing	13.43	NA
21	Hindys Lab Private Limited	Entities with joint control	Purchases	Ongoing	3.44	NA
22	Hazelo Lab Private Limited	Entities with joint control	Purchases	Ongoing	12.52	NA
23	Dasami Lab Private Limited	Entities with joint control	Purchases	Ongoing	10.40	NA
24	Chemipack (India) Private Limited	Entities with joint control	Purchases	Ongoing	5.12	NA
25	Selmar Lab Private Limited	Entities with joint control	Purchases	Ongoing	87.49	NA

(Contd.)

S. No.	Name of the related party	Nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of contracts / arrangements / transactions, including the value, if any	Amount paid as advances, if any
26	Aarani Enterprises Private Limited	Entities with joint control	Purchases	Ongoing	41.35	NA
27	Danika Traders Private Limited	Entities with joint control	Purchases	Ongoing	1245.88	NA
28	Audree Infotech Private Limited	Entities with joint control	Purchase of PPE	Ongoing	62.45	NA
29	Analys Lab Private Limited	Entities with joint control	Testing Charges	Ongoing	25.83	NA
30	Hetero Infrastructure SEZ Limited	Entities with joint control	Operating Lease Rent	Ongoing	23.05	NA
31	Hetero Drugs Limited	Entities with joint control	Operating Lease Rent	Ongoing	2.49	NA
32	Cirex Pharmaceuticals Private Limited	Entities with joint control	Operating Lease Rent	Ongoing	10.33	NA
33	Jitvan Land LLP	Entities with joint control	Operating Lease Rent	Ongoing	8.10	NA
34	Janina Marine Properties LLP	Entities with joint control	Operating Lease Rent	Ongoing	1.78	NA
35	Hetero Infrastructure SEZ Limited	Entities with joint control	Manufacturing Expenses	Ongoing	28.00	NA
36	Hetero Foundation	Entities with joint control	CSR Expenses	Ongoing	49.50	NA
37	Sai Sindhu Foundation	Entities with joint control	CSR Expenses	Ongoing	13.20	NA

For and on behalf of the Board of Directors
For **Honour Lab Limited**

Sd/-
Dr. K. Rathnakar Reddy
Managing Director
DIN: 00211510

Sd/-
Dr. K. Subhas Chander Reddy
Whole Time Director
DIN: 07254929

Date: 05-09-2024
Place: Hyderabad

Annexure – V

Details required under Section 134(3) (m) of Companies Act, 2013 and Rule 8 of Companies (Accounts) Rules, 2014 for the year ended 31st March 2024.

A. Conservation of Energy**(i) the steps taken or impact on conservation of energy:**

- (a) Use of coal catalyst to improve steam for fuel ratio to improve boiler efficiency;
- (b) Installation of AP FRC panel for improvement of power factor;
- (c) Use of LED lights instead of CFL;
- (d) Use of temperature controller with FRP cooling fan in cooling towers;
- (e) Replacement of old rewinded motors with energy efficient new motors;
- (f) Replacement of old transformers with energy saver transformers;

(ii) the steps taken by the Company for utilizing alternate sources of energy:

The Company has secured the permission for power trading through open access.

(iii) The capital investment on energy conservation equipment's: NIL**B. Technology Absorption**

As per Form 'B' which is enclosed herewith.

C. Foreign Exchange Earning & Outgo

Foreign Exchange earnings : Rs. 10297.27 million

Foreign Exchange outgo : Rs. 6517.40 million

Form “B”**Form for disclosure of particulars with respect to technology absorption Research & Development (R&D)**

1. **The research first approach has been the cornerstone of our organization and differentiating factor from our competitors.**

a. *Specific Areas in which R & D carried out by the company:*

Improvement in processes for the manufacture of certain bulk drugs continued. Efforts are on to develop alternative processes for bulk drugs and drug intermediates to reduce cost of production.

b. *Benefits derived as a result of the above:*

Perceptible reduction in costs and increase in productivity in respect of the manufacture of certain bulk drugs and intermediates and also helped us to maintain cost competitiveness in Key products.

c. *Future plan of action:*

R & D efforts on development of new molecules and improvements in process will continue in collaboration with established research laboratories.

d. *Expenditure on R & D:*

- i. Capital Expenditure : Rs. 111.72 Million
- ii. Recurring Expenditure : Rs. 328.69 Million
- iii. Total Expenditure : Rs. 440.40 Million
- iv. Total R & D Expenditure to sales : 1.91%

2. **Technology Absorption, Adaptation and Innovation**

a. *Efforts made towards technology absorption and innovation:*

Innovative technologies developed for manufacture of various Bulk Drugs and Drug Intermediates.

b. *Benefits derived from the above:*

Increase in productivity and reduction in costs.

c. *Information regarding technology imported during the last 5 years:*

Not Applicable

For and on behalf of the Board of Directors
For **Honour Lab Limited**

Date: 05-09-2024
Place: Hyderabad

Sd/-
Dr. K. Rathnakar Reddy
Managing Director
DIN: 00211510

Sd/-
Dr. K. Subhas Chander Reddy
Whole-time Director
DIN: 07254929

HONOUR LAB LIMITED

Standalone Financial Statements

Financial Year 2023-24

INDEPENDENT AUDITORS' REPORT

To the Members of Honour Lab Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Honour Lab Limited ("the Company"), which comprise the standalone balance sheet as at March 31, 2024, 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 for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the 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.

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

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

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

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.

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

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

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

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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

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 sub-section (11) of section 143 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. 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 Cash Flows and the Standalone Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act and the Companies (Indian Accounting Standard) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on 31st March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses our opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
 - (g) In our opinion and according to the information and explanations given to us, the managerial remuneration for the year ended 31 March 2024 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. the Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its standalone financial statements - Refer Note 40 to the standalone financial statements;
 - ii. the Company has not entered into any long-term contracts including derivative contracts requiring provision under the applicable law or accounting standards, for material foreseeable losses;
 - iii. there are no dues, required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. (a) the management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) the management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (c) based on the audit procedures 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 above clauses iv (a) and iv (b) contain any material misstatement; and
 - v. the Company has not declared any dividend during the year.
 - vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended 31st March, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.
- As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1st April 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31st March, 2024.

For **M V Narayana Reddy & Co.,**
Chartered Accountants
Firm Registration No. : 002370 S

Sd/-

Y Subba Rami Reddy
Partner
Membership No. 218248
UDIN:

Place: Hyderabad
Date : 5th September, 2024

Annexure A to the Independent Auditors' Report

The Annexure referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditors' Report to the members of the Company for the year ended 31st March, 2024:

- i) (a) (A) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment; and
(B) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the Company has maintained proper records showing full particulars of intangible assets.
(b) As informed to us by the management the Company has a policy of physically verifying property, plant and equipment in a phased manner over a period which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that there was no material discrepancies noticed on such verification.
(c) The title deeds of immovable properties 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) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988, as amended, and rules made thereunder.
- ii) (a) The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the procedure and coverage of such verification followed by management were appropriate. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
(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 on the basis of security of current assets. The quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company and no material discrepancies have been observed. The Company is yet to submit the statement for the quarter ended March 31, 2024 with the banks.

- iii) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has granted unsecured loans during the year. The Company has not made any investments, neither provided guarantees nor provided any securities during the year.
(a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has provided unsecured loans to subsidiaries and associate during the year and has not provided any guarantee or security to any other entity.

Particulars	Loans (₹ in mn)
Aggregate amount granted / provided during the year	
- Subsidiaries	1,116.82
- Associate	5.70
Balance outstanding as at balance sheet date in respect of above cases	
- Subsidiaries	1,982.53
- Associate	5.70

- (b) According to the information and explanations given to us and based on the audit procedures performed by us, the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.
(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, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular.
(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.
(e) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that no loans or advances in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
(f) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that 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 to promoters, related parties as defined in clause (76) of section 2 of the Act.

- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans given and investments made.
- v) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that, the Company has not accepted any deposits during the year in terms of the provisions of section 73 to 76 or any other relevant provisions of the Act and the Rules framed thereunder.
- vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, in relation to manufacture of bulk drugs and services rendered, and are of the opinion that the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) the Company has generally been regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues with the appropriate authorities during the year. There are no undisputed amounts payable in respect of aforesaid material statutory dues as at 31st March 2024, which were in arrears 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 the records of the Company examined by us, there are no dues of income tax or sales tax or goods and services tax or duty of customs or duty of excise or value added tax, which have not been deposited on account of any dispute. The particulars of service-tax as at March 31, 2024, which have not been deposited on account of any dispute, are as follows:

Statute	Nature of Dues	Tax Amount (₹ in mn.)	Pre -security deposit (₹ in mn.)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	13.81	1.38	FY 2015-16 to FY 2017-18	CESTAT, Hyderabad
		3.74	0.37	FY 2014-15	CESTAT, Hyderabad
	Excise	11.00	0.82	Oct-2016 to June-2017	Commissioner of Central Tax (Appeals-II), Pune
Goods and Service Tax	GST	0.51	-	FY 2023-24	Appellate Additional/Joint Commissioner (State Tax), Belgavi
		21.90	2.19	F.Y 2017-18 to 2019-20	Commissioner of Central Tax (Appeals-I), Hyderabad

- viii) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that there are no transactions that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 and not recorded in the books of account.
- 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 audit procedures, we report that the Company is not a declared wilful defaulter by any bank or financial institution or Government or any Government authority.
- (c) In our opinion and according to the information and explanations given to us 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 the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been 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 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 subsidiaries, associates or joint ventures.
- (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 subsidiaries, joint ventures or associate companies. Hence, reporting under this clause is not applicable.

- x) (a) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Hence, reporting under this clause is not applicable.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year under review. Accordingly, the provisions of this clause of the Order are not applicable to the Company and hence not commented upon.
- xi) (a) Based on the examination of the books and records of the company and according to the information and explanations given to us, considering the principles of materiality outlined in the standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) Based upon the audit procedures performed and the information and explanations given to us, we report that no report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given to us by the management, there are no whistle blower complaints received by the Company during the year.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Hence, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- xiii) In our opinion and according to the information and explanations provided to us, transactions with the related parties are in compliance with section 177 and 188 of the Act, to the extent applicable. The details of related party transactions as required by the applicable accounting standards have been disclosed in the notes to financial statements.
- 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 year under audit.
- xv) According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Act are not applicable to the Company.
- xvi) In our opinion and according to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.
- xvii) In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- xviii) In our opinion and according to the information and explanations given to us, there has been no resignation of the statutory auditors during the year and accordingly this clause 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 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 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) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 48 to the standalone financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of the Act. This matter has been disclosed in Note 48 to the standalone financial statements.

For M V Narayana Reddy & Co.,
Chartered Accountants
Firm Registration No. : 002370 S

Sd/-

Y Subba Rami Reddy
Partner
Membership No. 218248
UDIN:

Place: Hyderabad
Date : 5th September, 2024

“Annexure B” to the Independent Auditor’s Report of even date on the standalone financial statements of Honour Lab Limited.

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

We have audited the internal financial controls over financial reporting of Honour Lab Limited (“the Company”) as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For M V Narayana Reddy & Co.,
Chartered Accountants
Firm Registration No. : 002370 S

Sd/-

Y Subba Rami Reddy
Partner
Membership No. 218248
UDIN:

Place: Hyderabad
Date : 5th September, 2024

Standalone Balance Sheet as at March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non current assets			
Property, plant and equipment	3	5,593.17	4,743.92
Capital work-in-progress	51	519.54	229.40
Right-of-use assets	4	406.69	373.89
Other intangible assets	5	71.10	64.35
Financial assets			
Investments	6	1,718.23	1,610.62
Loans	7	1,988.23	1,154.35
Other financial assets	8	355.50	230.34
Non current tax assets	9	-	214.75
Other non-current assets	10	117.93	93.98
		10,770.39	8,715.60
Current assets			
Inventories	11	3,898.82	4,985.79
Financial assets			
Trade receivables	12	4,811.67	4,035.40
Cash & cash equivalents	13	14.12	15.49
Bank balances other than above	14	44.33	80.76
Other financial assets	15	22.36	30.10
Current tax assets (net)	16	53.98	-
Other current assets	17	896.79	650.57
		9,742.08	9,798.12
Total Assets		20,512.47	18,513.72
EQUITY and LIABILITIES			
Equity			
Equity share capital	18	50.00	50.00
Other equity		13,267.43	10,898.80
Total Equity		13,317.43	10,948.80
Liabilities			
Non current liabilities			
Financial liabilities			
Borrowings	19	371.51	64.58
Lease liabilities	20	379.74	339.87
Provisions	21	58.00	39.85
Deferred tax liabilities (net)	22	704.89	603.19
		1,514.14	1,047.48
Current liabilities			
Financial liabilities			
Borrowings	23	3,007.46	2,647.91
Trade payables	24		
(a) Total outstanding dues of micro and small enterprises		19.09	97.94
(b) Total outstanding dues of creditors other than micro and small enterprises		2,233.09	3,442.03
Lease liabilities	25	38.88	28.86
Other financial liabilities	26	115.89	238.08
Other current liabilities	27	104.99	57.91
Provisions	28	11.04	4.72
Current tax liabilities (net)	29	150.46	-
Total Liabilities		5,680.90	6,517.44
Total Equity and Liabilities		20,512.47	18,513.72
Material accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our Report of even date attached

For **M V Narayana Reddy & Co.,**

Chartered Accountants

Firm Registration No: 002370S

Sd/-

Y.Subba Rami Reddy

Partner

Membership No: 218248

Place: Hyderabad

Date : 5th September 2024

For and on behalf of the Board of Directors of
Honour Lab Limited

Sd/-

Dr. K. Rathnakar Reddy

Managing Director

DIN - 00211510

Sd/-

Dr.K.Subhas Chander Reddy

Wholtime Director

DIN - 07254929

Sd/-

Srinivas Vengala

Company Secretary

Membership No : A22475

Standalone Statement of Profit and Loss for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

	Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
I	Revenue from operations	30	23,048.12	20,910.22
	Other income	31	441.98	307.07
	Total Income		23,490.10	21,217.29
II.	EXPENSES			
	Cost of materials consumed	32	15,103.29	15,941.69
	Changes in inventories of finished goods and work-in-progress	33	281.14	(225.71)
	Employee benefits expense	34	1,282.31	1,090.93
	Finance costs	35	415.54	391.39
	Depreciation and amortisation expense	3, 4 & 5	391.55	334.34
	Other expenses	36	2,766.88	2,342.54
	Total Expenses		20,240.72	19,875.17
	Profit Before Tax		3,249.38	1,342.12
	Tax Expense			
	Current tax		783.12	349.69
	Short/(excess) tax provision for earlier years		(24.45)	86.59
	Deferred tax liability(net)		106.83	83.96
	Total tax expense		865.51	520.24
	Profit for the year		2,383.87	821.89
	OTHER COMPREHENSIVE INCOME (OCI)			
	Items not to be reclassified to profit or loss in subsequent periods:			
	Re-measurement gain / (loss) on employee defined benefit plans		(20.37)	(8.13)
	Less: Deferred tax credit		5.13	2.05
	Other comprehensive income for the year, net of tax		(15.24)	(6.08)
	Total comprehensive income for the year		2,368.63	815.80
	Earnings Per Equity Share Rs. 10/- each fully paid			
	Basic (Rs.)		476.77	164.38
	Diluted (Rs.)		476.77	164.38
	Material accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our Report of even date attached

For **M V Narayana Reddy & Co.,**

Chartered Accountants

Firm Registration No: 002370S

Sd/-

Y.Subba Rami Reddy

Partner

Membership No: 218248

For and on behalf of the Board of Directors of
Honour Lab Limited

Sd/-

Dr. K. Rathnakar Reddy

Managing Director

DIN - 00211510

Sd/-

Dr.K.Subhas Chander Reddy

Wholetime Director

DIN - 07254929

Sd/-

Srinivas Vengala

Company Secretary

Membership No : A22475

Place: Hyderabad

Date : 5th September 2024

Standalone Statement of Cash Flow for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

PARTICULARS	For the year ended March 31, 2024	For the year ended March 31, 2023
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	3,249.38	1,342.12
Adjustment for:		
Depreciation and amortization expense	391.55	334.34
Finance costs	415.54	391.39
Remeasurement of actuarial gains / losses	(20.37)	(8.13)
(Gain) /Loss on Sale of quoted investments	(46.15)	-
Loss on restatement of quoted investments	-	23.64
Foreign exchange fluctuation (net)	(53.36)	23.88
Allowance for credit loss	11.67	4.95
Interest received	(150.07)	(96.24)
Operating profit before working capital changes	3,798.20	2,015.95
Adjustments for:		
Trade receivables	(734.59)	(529.04)
Inventories	1,086.97	(739.23)
Loans and advances & other current assets	(222.51)	141.09
Trade payables, provisions & other liabilities	(1,163.99)	601.21
Cash generated from operations	2,764.08	1,489.99
Income taxes paid	(447.45)	(449.43)
Net Cash from Operating Activities (A)	2,316.64	1,040.56
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including intangible assets, capital work in progress and capital advances	(1,692.20)	(846.02)
Proceeds from sale of property, plant and equipment	-	1.29
Loans given	(833.88)	(52.34)
Fair value changes in investments	(188.93)	(92.43)
Proceeds from sale of investment	127.47	-
(Gain) /Loss on Sale of quoted investments	-	-
Interest received	21.42	96.24
Net Cash used in Investing Activities (B)	(2,566.12)	(893.26)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in borrowings (current)	359.56	240.16
Increase in borrowings (non current)	306.93	4.74
Finance costs	(418.37)	(391.39)
Net Cash from/(Used in) Financing Activities (C)	248.11	(146.49)
D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(1.37)	0.81
Cash and Cash Equivalents at the beginning of the year	15.49	14.68
Cash and Cash Equivalents at the end of the year	14.12	15.49

(Contd.)

Standalone Statement of Cash Flow (Contd.)

(All amounts are in Million Rupees except for share data or as otherwise stated)

Note:

- a) The above statement of cash flow has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard 7 (IndAS-7) "Statement of Cash Flows"
- b) Cash and cash equivalents comprises of:

	March 31,2024	March 31,2023
Cash on hand	4.48	1.78
Balances with scheduled banks in current accounts	9.63	13.71
Total	14.12	15.49

The reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities are:

	As at 01.04.2023	Cash flows	Non Cash Changes	As at 31.03.2024
Borrowings - non current	64.58	306.93	-	371.51
Borrowings - current	2,647.91	359.56	-	3,007.46

	As at 01.04.2022	Cash flows	Non Cash Changes	As at 31.03.2023
Borrowings - non current	59.84	4.74	-	64.58
Borrowings - current	2,407.75	240.16	-	2,647.91

The accompanying notes are an integral part of the financial statements.

As per our Report of even date attached

For **M V Narayana Reddy & Co.,**
Chartered Accountants
Firm Registration No: 002370S

Sd/-

Y.Subba Rami Reddy
Partner
Membership No: 218248

Place: Hyderabad
Date : 5th September 2024

For and on behalf of the Board of Directors of
Honour Lab Limited

Sd/-

Dr. K. Rathnakar Reddy
Managing Director
DIN - 00211510

Sd/-

Dr.K.Subhas Chander Reddy
Wholetime Director
DIN - 07254929

Sd/-

Srinivas Vengala
Company Secretary
Membership No : A22475

Standalone Statement of Changes in Equity for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

a. Equity Share Capital

As at 31.03.2024

Balance as at 31.03.2023	Changes in Equity Share Capital due to prior period errors	Restated balance as at 01.04.2023	Changes in equity share capital during the current year	Balance as at 31.03.2024
50.00	-	50.00	-	50.00

As at 31.03.2023

Balance as at 01.04.2022	Changes in Equity Share Capital due to prior period errors	Restated balance as at 01.04.2022	Changes in equity share capital during the current year	Balance as at 31.03.2023
50.00	-	50.00	-	50.00

b. Other Equity

As at 31.03.2024

Particulars	Retained Earnings	Other comprehensive income	Total
As at April 01, 2023	10,929.41	(30.61)	10,898.80
Profit for the year	2,383.87	-	2,383.87
Other Comprehensive Income	-	(15.24)	(15.24)
As at March 31, 2024	13,313.28	(45.85)	13,267.43

As at 31.03.2023

Particulars	Retained Earnings	Other comprehensive income	Total
As at April 01, 2022	10,107.53	(24.53)	10,083.00
Profit for the year	821.89	-	821.89
Other Comprehensive Income	-	(6.08)	(6.08)
As at March 31, 2023	10,929.41	(30.61)	10,898.80

The accompanying notes are an integral part of the financial statements.

As per our Report of even date attached

For **M V Narayana Reddy & Co.,**

Chartered Accountants

Firm Registration No: 002370S

Sd/-

Y.Subba Rami Reddy

Partner

Membership No: 218248

Place: Hyderabad

Date : 5th September 2024

For and on behalf of the Board of Directors of

Honour Lab Limited

Sd/-

Dr. K. Rathnakar Reddy

Managing Director

DIN - 00211510

Sd/-

Dr.K.Subhas Chander Reddy

Wholetime Director

DIN - 07254929

Sd/-

Srinivas Vengala

Company Secretary

Membership No : A22475

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

1. Corporate information

Honour Lab Limited ('the Company') is engaged in the manufacturing of Intermediates and Active Pharmaceutical Ingredients (APIs). However, the Company's major thrust area remains developing high-quality intermediates and APIs that meet competitive demands of the rapidly growing global drug markets. The Company has been recognized for its sophisticated manufacturing infrastructure, advanced quality control systems, extensive market insights, in-depth R&D expertise and exemplary customer care. The Company established in 2011, with its registered office at 8-3-166/7/1, Erragadda, Hyderabad, Telangana 500 018.

Honour has 5 state-of-the-art manufacturing facilities and 1 R&D facility. Honour operates through 5 strategically located and huge manufacturing units in India and each of our cGMP compliant facilities are equipped with state-of-the-art manufacturing infrastructure that effectively caters to the production needs, both in terms of quality and quantity.

The standalone financial statements were approved for issue by the Board of Directors on 05th September 2024.

2. Material accounting policies

2.1 Basis of preparation of financial statements

a) Compliance with Ind AS

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS). The Company has prepared these standalone financial statements to comply in all material respects with the Indian Accounting Standards notified under Section 133 of the Companies Act 2013, Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b) Historical Cost Convention

These financial statements have been prepared and presented under the historical cost basis on accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

c) Functional currency

These standalone financial statements are presented in Indian rupees, which is also the functional currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest million.

d) Current and non current classification

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Division II of Schedule III to the Companies Act, 2013.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within twelve months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets / liabilities include the current portion of non current assets / liabilities respectively. All other assets / liabilities are classified as non current.

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

e) Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate that approximates the prevalent exchange rate on the transaction date. Monetary assets and liabilities in foreign currencies are translated at the year-end rate. Any resultant exchange differences are taken to the statement of profit and loss.

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

f) Revenue
Revenue from contracts with customers

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives / discounts. Accumulated experience is used to estimate and provide for the discounts / right of return, using the expected value method.

Services

Revenue from sale of dossiers/licenses/services is recognised in accordance with the terms of the relevant agreements as accepted and agreed with the customers.

Interest income and dividend

Interest income is recognised on time proportion basis at Effective Interest Rate (EIR) applicable. Interest income is included in other income in the statement of profit and loss.

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

Government grants and subsidies:

Government grants are recognised when there is reasonable assurance that all attached conditions will be complied with and there is no uncertainty on collection. When the grant relates to an expense item, it is recognised in the statement of profit and loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as deferred income and amortised over the useful life of such assets. Entitlement from government authorities

are recognised in the profit or loss as other operating revenue when the right to receive is established as per the terms of the scheme with no future related cost and where there is no significant uncertainty regarding the ultimate collection of the relevant proceeds.

g) Income tax

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Excess/Short provision of tax relating to earlier years is separately disclosed.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

h) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

i) Property, plant and equipment
Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset.

Depreciation

Depreciation is recognised in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The useful lives of the assets conform to the life period specified in Schedule II to the Companies Act, 2013.

The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

j) Intangible assets
Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalized and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

Amortization:

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss.

The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at each reporting date. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

Derecognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an intangible asset is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

k) Inventories

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of packing materials, engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process.

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

l) Research and Development

Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment and acquired intangible assets utilized for research and development are capitalized and depreciated in accordance with the policies stated for Property, plant and equipment and intangible assets.

m) Impairment of non-financial assets

The carrying value of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If, any such indication exists, the Company estimates their recoverable amount and impairment is recognised if, the carrying amount of these assets/cash generating units exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit & Loss.

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

n) Employee benefits
Short-term employee benefits

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

Defined contribution plans

The Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

Defined benefit plans

In accordance with the Payment of Gratuity Act 1972, applicable for Indian companies, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is managed by the Life Insurance Corporation of India (LIC). The Company's obligation in respect of the gratuity plan, which is a Defined Benefit Plan, is provided for based on actuarial valuation using the Projected Unit Credit Method. The Company recognizes actuarial gains and losses immediately in other comprehensive income, net of taxes. Provision for Other Retirement / Long Term Compensated Absences (Leave Encashment) is made on the basis of actuarial valuation.

o) Provisions and contingent liabilities

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to assess contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the standalone financial statements.

p) Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of

borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

q) Financial instruments

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.

Recognition and initial measurement

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets (unless it is a trade receivable without a significant financing component) and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Financial asset
Trade Receivables

A trade receivable without a significant financing component is initially measured at the transaction price (net of variable consideration) as the same are recorded after decreasing rebates as per para 51 of Ind AS 115.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Classification and subsequent measurement

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

- (i) amortised cost;
- (ii) Fair value through other comprehensive income (FVOCI) – equity investment; or
- (iii) Financial assets at fair value through profit or loss (FVTPL).

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognised by the Company are measured at the proceeds received net of direct issue cost.

Offsetting of financial instruments

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

r) Determination of Fair values

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the Principal Market for the asset or liability, or

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 — inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

s) Leases
Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets:

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, deferred lease components of security deposits and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Refer to the accounting policies in section (j) Impairment of non-financial assets.

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Lease liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the insubstance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets:

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the

commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment's that are low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense in statement of profit and loss on straight line basis.

t) Cash and cash equivalents

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less.

u) Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

v) Recent Accounting Pronouncements:

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 August 12, 2024, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing Ind AS 117 – Insurance contracts through the Companies (Indian Accounting Standards) Amendment Rules, 2024, applicable for FY 2024-25. The Company does not expect this amendment to have any significant impact in its financial statements.

Notes to Standalone Financial Statements for the year ended March 31, 2024
(All amounts are in Million Rupees except for share data or as otherwise stated)

3. Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Electrical Equipment	Lab Equipment	Furniture and Fixtures	Vehicles	Computers - EDP	Total Property, plant and equipment
Gross carrying value									
As at April 01, 2022	110.19	1,005.75	3,071.34	282.92	538.02	56.83	26.92	40.64	5,132.61
Additions	-	213.03	409.01	64.50	68.73	25.82	14.37	20.37	815.83
Disposals	-	-	-	-	-	-	(1.29)	-	(1.29)
As at March 31, 2023	110.19	1,218.78	3,480.35	347.43	606.75	82.66	40.00	61.01	5,947.16
Additions	-	319.43	601.75	139.00	65.88	28.51	5.29	43.21	1,203.06
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2024	110.19	1,538.20	4,082.10	486.43	672.63	111.16	45.28	104.22	7,150.21
Depreciation									
As at April 01, 2022	-	134.25	444.77	86.38	173.50	20.35	7.73	28.57	895.55
Charge for the year	-	38.01	167.50	28.74	54.38	6.32	4.41	8.49	307.86
Disposals	-	-	-	-	-	-	(0.18)	-	(0.18)
As at March 31, 2023	-	172.26	612.28	115.12	227.88	26.67	11.96	37.06	1,203.23
Charge for the year	-	42.81	186.18	35.01	60.30	8.38	4.93	16.21	353.81
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2024	-	215.06	798.45	150.14	288.17	35.05	16.90	53.27	1,557.04
Net carrying value									
As at March 31, 2023	110.19	1,046.52	2,868.07	232.30	378.87	55.98	28.03	23.95	4,743.92
As at March 31, 2024	110.19	1,323.14	3,283.65	336.29	384.46	76.11	28.39	50.95	5,593.17

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

4. Right-of-use assets

Particulars	Right-of-use assets
<u>Gross carrying value</u>	
As at April 01, 2022	428.78
Additions	-
As at March 31, 2023	428.78
Additions	57.48
As at March 31, 2024	486.26
<u>Amortisation</u>	
As at April 01, 2022	37.87
Charge for the year	17.01
As at March 31, 2023	54.89
Charge for the year	24.68
As at March 31, 2024	79.57
<u>Net carrying value</u>	
As at March 31, 2023	373.89
As at March 31, 2024	406.69

5 Other intangible assets

Particulars	Computer Software
<u>Gross carrying value</u>	
As at April 01, 2022	46.79
Additions	50.83
As at March 31, 2023	97.62
Additions	19.82
As at March 31, 2024	117.44
<u>Amortisation</u>	
As at April 01, 2022	23.62
Charge for the year	9.64
As at March 31, 2023	33.27
Charge for the year	13.06
As at March 31, 2024	46.33
<u>Net carrying value</u>	
As at March 31, 2023	64.35
As at March 31, 2024	71.10

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

6. Investments

Particulars		As at March 31, 2024	As at March 31, 2023
A.	Investments in equity instruments of subsidiaries (unquoted - valued at cost)		
	10,10,000 (March 31, 2023: 10,10,000) Equity Shares of Rs. 10 each fully paid-up in Hoster Labs Private Limited	10.10	10.10
	10,000 (March 31, 2023: 10,000) Equity Shares of Rs. 10 each fully paid-up in Dyuthi Labs Private Limited	0.10	0.10
	1,37,78,295 (March 31, 2023: 1,37,78,295) Equity Shares of Rs. 10 each fully paid-up in Veer East India Realty Private Limited	896.42	896.42
	Total (A)	906.62	906.62
B.	Investments in equity instruments of associates (unquoted - valued at cost)		
	28,94,750 (March 31, 2023: 28,94,750) Equity Shares of Rs. 10 each fully paid-up in Honour Infra Estates Limited	28.95	28.95
	Total (B)	28.95	28.95
C.	Other Investments (unquoted - valued at FVTPL)		
	1 (March 31, 2023 : 1) Equity Share of AED 1,00,000 each fully paid-up in Hetero FZCO	782.67	593.74
	Total (C)	782.67	593.74
D.	Quoted Investments in equity instruments (valued at FVTPL)		
	Nil (March 31, 2023 : 1,56,950) Equity Share of Rs. 1 each fully paid-up in Aurobindo Pharma Limited	-	81.32
	Total (D)	-	81.32
	Less: Provision for diminution in value of investments	-	-
	Total (A+B+C+D)	1,718.23	1,610.62
	Aggregate fair value of quoted investments	-	81.32
	Aggregate market value of quoted investments	-	81.32
	Aggregate amount of unquoted investments	1,718.23	1,529.31
	Aggregate amount of impairment - investments	-	-

7. Loans (non-current)

Particulars	As at March 31, 2024	As at March 31, 2023
considered good - unsecured		
Loans to related parties*	1,988.23	1,154.35
Total	1,988.23	1,154.35

*Pertaining to loan given to subsidiaries and associates for general corporate purposes with interest rate of 8% p.a to 9% p.a

Rs. 1,804.82 Mn. (March 31, 2023: Rs. 1,091.75 Mn.) loan to private companies in which any director of the Company is a director or member.

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

8. Other financial assets (non-current)

Particulars	As at March 31, 2024	As at March 31, 2023
considered good - unsecured		
Security deposits and others	67.23	71.32
Lease rental deposits with related parties	6.66	6.05
Interest accrued but not due	281.61	152.96
Total	355.50	230.34

9. Non current tax assets

Particulars	As at March 31, 2024	As at March 31, 2023
considered good - unsecured		
Income tax refund due	-	214.75
Total	-	214.75

10. Other non current assets

Particulars	As at March 31, 2024	As at March 31, 2023
considered good - unsecured		
Capital advances	97.11	73.15
Prepayments	20.83	20.83
Total	117.93	93.98

11. Inventories

Particulars	As at March 31, 2024	As at March 31, 2023
(Cost and net realisable value which ever is lower)		
Raw materials and packing material	1,381.29	2,191.39
Work-in-progress	1,039.55	1,386.89
Finished goods	1,430.35	1,364.15
Stores and spares	47.63	43.36
Total	3,898.82	4,985.79

12. Trade receivables

Particulars	As at March 31, 2024	As at March 31, 2023
considered good -unsecured		
to related parties *	2,350.51	1,670.03
to others	2,477.95	2,370.48
	4,828.45	4,040.51
Less: Allowance for credit loss	(16.78)	(5.11)
Total	4,811.67	4,035.40

* Rs. 778.86 Mn. (PY Rs. 466.36 Mn.) is due from private companies in which any director of the Company is a director or member.

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Ageing of trade receivables - outstanding as at March 31, 2024

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	4,040.81	342.61	406.11	19.49	-	4,809.02
(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	19.44	19.44
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-
Less: Allowance for credit loss						(16.78)
Total	4,040.81	342.61	406.11	19.49	19.44	4,811.67

Ageing of trade receivables - outstanding as at March 31, 2023

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	3,640.89	337.62	29.76	5.90	2.41	4,016.59
(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	3.49	3.49
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	20.44	20.44
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-
Less: Allowance for credit loss						(5.11)
Total	3,640.89	337.62	29.76	5.90	26.33	4,035.40

13. Cash & cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with Banks		
- in Current accounts with scheduled banks	9.63	13.71
Cash on hand	4.48	1.78
Total	14.12	15.49

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

14. Bank balances other than above

Particulars	As at March 31, 2024	As at March 31, 2023
- Deposits with original maturity of more than 3 months but less than 12 months	44.33	80.76
Total	44.33	80.76

15. Other financial assets (current)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Loan to employees	22.36	30.10
Total	22.36	30.10

16. Current tax assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
considered good - unsecured		
Income tax refund due	53.98	-
	53.98	-

17. Other current assets

Particulars	As at March 31, 2024	As at March 31, 2023
considered good - unsecured		
Pre-paid expenses	85.22	23.66
Insurance claim receivable	145.76	-
Balances with Statutory / Government authorities	636.88	626.91
Advances to vendors	28.93	-
Total	896.79	650.57

18. Equity share capital

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised		
70,00,000 (March 31, 2023: 70,00,000) Equity Shares of Rs. 10/- each	70.00	70.00
Total	70.00	70.00
Issued, Subscribed and Paid Up		
50,00,000 (March 31, 2023: 50,00,000) Equity Shares of Rs. 10/- each fully paid up	50.00	50.00
Total	50.00	50.00

18.1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2024		As at March 31, 2023	
	No.	Rs.	No.	Rs.
Equity Shares of Rs.10 each, fully paid up				
Balance as per last financial statements	5,000,000	50.00	5,000,000	50.00
Outstanding at the end of the year	5,000,000	50.00	5,000,000	50.00

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

18.2. Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share at the general meetings of the Company.

18.3. Details of Shareholders holding more than 5 % shares of the Company:

	As at March 31, 2024		As at March 31, 2023	
Equity Shares of Rs. 10/- each held by	% Holding	No.	% Holding	No.
Dr. B. Parthasaradhi Reddy	92.39%	4,619,500	92.39%	4,619,500

18.4. Details of share holding of Promoters as at March 31, 2024

Name of the shareholder	No.of shares	% of total shares	% change during the year
Dr. B. Parthasaradhi Reddy	4,619,500	92.39%	-
Dr. B.Vamsi Krishna	99,360	1.99%	-
Mrs. B.Kalavathi	9,360	0.19%	-
Mrs. B.Anvida	3,060	0.06%	-
Dr. K.Rathnakar Reddy	150,000	3.00%	-
Dr. B.Parthasaradhi Reddy, (Managing Trustee of Smt. M. Krishna Sindhuri Private Trust)	18,720	0.37%	-
Mrs. K. Krishnaveni	50,000	1.00%	-
Mr. K. Krishna Chaitanya	25,000	0.50%	-
Ms. K. Krishna Charitha	25,000	0.50%	-
Total	5,000,000	100%	

Details of share holding of Promoters as at March 31, 2023

Name of the shareholder	No.of shares	% of total shares	% change during the year
Dr. B. Parthasaradhi Reddy	4,619,500	92.39%	-
Dr. B.Vamsi Krishna	99,360	1.99%	-
Mrs. B.Kalavathi	9,360	0.19%	-
Mrs.B.Anvida	3,060	0.06%	-
Dr.K.Rathnakar Reddy	150,000	3.00%	-
Dr.B.Parthasaradhi Reddy, (Managing Trustee of Smt.M.Krishna Sindhuri Private Trust)	18,720	0.37%	-
Mrs. K.Krishnaveni	50,000	1.00%	-
Mr. K.Krishna Chaitanya	25,000	0.50%	-
Ms.K.Krishna Charitha	25,000	0.50%	-
Total	5,000,000	100%	

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

19. Borrowings (non-current)

Particulars	As at March 31, 2024	As at March 31, 2023
Secured borrowings from Banks		
Vehicle Loans (Refer Note" a" below)	15.31	14.58
Secured Term Loan from Banks (Refer Note" b" below)	306.20	-
Unsecured borrowings from Related Parties	50.00	50.00
(Terms of Repayment: Repayable after 5 years from the date of loan and extendable with mutual consent. Rate of Interest: Nil)		
Total	371.51	64.58

Note (a) :

Type of Loan	Vehicle Loan
Name of the Lendor	Mahindra & Mahindra Financial Services Limited
Security	Motor vehicles hypothecation
Rate of Interest	8.50% to 9.15% p.a.
Repayment	Repayable in 60 equated monthly instalments from the date of respective borrowing

Note (b) :

Type of Loan	Secured Term Loan
Name of the Lendor	State Bank of India
Security	Pari-passu first charge on all the current assets of the company both present and future along with secured working capital lenders under consortium of the company and Pari-passu first charge on Fixed assets of the company including land and building, plant & machinery both present and future along with other secured working capital lenders under consortium.
Rate of Interest	9.55% p.a.
Repayment	Repayable in 15 equated quarterly instalments commencing from 31 December 2024

20. Lease Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liabilities (refer Note 45)	379.74	339.87
Total	379.74	339.87

21. Provisions (Non-current)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for gratuity (funded)	37.87	23.18
Provision for compensated absences	20.13	16.67
Total	58.00	39.85

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

22. Deferred tax liabilities (net)

Particulars		As at March 31, 2024	As at March 31, 2023
Deferred tax liability relating to			
Depreciation on property, plant & equipment		482.07	414.70
Unamortized processing fees		1.13	-
Fair valuation of investments		243.39	195.84
Ind AS 116 Leases		4.30	3.86
	(A)	730.90	614.40
Deferred tax asset relating to			
Bonus 43B disallowance		4.27	-
On provisions of employees benefits		17.38	11.22
Disallowance of expenditure under Sec 35 DD		0.14	-
Allowance for debtors		4.22	-
	(B)	26.00	11.22
Deferred tax liabilities (net)	(A-B)	704.89	603.19

Deferred tax (assets)/liabilities:
For the year ended March 31, 2024:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Depreciation on property, plant & equipment	414.70	67.38	-	482.07
Allowance for debtors	-	(4.22)	-	(4.22)
Fair valuation of investments	195.84	47.55	-	243.39
Ind AS 116 Leases	3.86	0.44	-	4.30
Unamortized processing fees	-	1.13	-	1.13
Disallowance of expenditure under Sec 35 DD	-	(0.14)	-	(0.14)
Bonus 43B disallowance	-	(4.27)	-	(4.27)
Provision for Gratuity & Compensated absences	(11.22)	(1.03)	(5.13)	(17.38)
	603.19	106.83	(5.13)	704.89

For the year ended March 31, 2023:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Depreciation on fixed assets	351.93	62.76	-	414.70
Allowance for Credit loss	-	-	-	-
Unamortized processing fees	-	-	-	-
Fair valuation of investments	175.72	20.12	-	195.84
Ind AS 116 Leases	3.78	0.08	-	3.86
Provision for Gratuity & Compensated absences	(10.16)	0.99	(2.05)	(11.22)
	521.27	83.96	(2.05)	603.19

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

23. Borrowings (Current)

Particulars	As at March 31, 2024	As at March 31, 2023
Indian Rupee borrowings from banks (secured)(See Note (c) below)	2,905.70	2,328.31
Indian Rupee borrowings from banks (unsecured)(See Note (d) below)	-	314.85
Current maturities of non current borrowings	101.77	4.74
Total	3,007.46	2,647.91

Note (c) :
Security details:

The Working Capital borrowings from State Bank of India, RBL Bank Limited, Yes Bank Limited and Bandhan Bank Limited are secured by paripassu first charge on all present and future current assets, paripassu second charge on fixed assets.

Rate of Interest

Rate of interest on cash credit/WCDL varies from 9.10% to 10.35%

Rate of interest on PCFC varies from SOFR+150 bps to 200 bps

Note (d) :
Rate of Interest:

Rate of interest on unsecured loan varies from 8.70% to 9%

24. Trade payables

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro and small enterprises	19.09	97.94
Total (A)	19.09	97.94
Total outstanding dues of creditors other than micro and small enterprises		
to related parties	283.06	484.47
to others	1,950.03	2,957.56
Total (B)	2,233.09	3,442.03
Total (A+B)	2,252.18	3,539.97
(a) Dues remaining unpaid at the Balance sheet date		
Principal Amount	12.55	91.64
Interest on the above	0.24	1.51
(b) Interest Paid in terms of section 16 of the Act, along with the amount of payment made to the supplier and service providers beyond the appointed day during the period		
Principal amount	-	-
Interest on the above	-	-
(c) Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the period) but without adding the interest specified under the act	-	-
(d) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-
(e) Interest accrued and remaining unpaid as at Balance sheet date	6.54	6.30

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company and the same was relied upon by the auditors.

Ageing of trade payables - outstanding as at March 31, 2024

Particulars	Micro and small enterprises	Others	Disputed dues -Micro and small enterprises	Disputed dues -Others	Total
Less than 1 year	19.09	2,210.97	-	-	2,230.06
1-2 years	-	16.39	-	-	16.39
2-3 years	-	5.73	-	-	5.73
More than 3 years	-	-	-	-	-
Total	19.09	2,233.09	-	-	2,252.18

Ageing of trade payables - outstanding as at March 31, 2023

Particulars	Micro and small enterprises	Others	Disputed dues -Micro and small enterprises	Disputed dues -Others	Total
Less than 1 year	95.20	3,422.40	-	-	3,517.59
1-2 years	-	18.30	2.71	-	21.01
2-3 years	-	1.33	0.03	-	1.36
More than 3 years	-	-	-	-	-
Total	95.20	3,442.03	2.74	-	3,539.97

25. Lease liabilities (current)

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liabilities (refer note 45)	38.88	28.56
Total	38.88	28.56

26. Other financial liabilities (current)

Particulars	As at March 31, 2024	As at March 31, 2023
Valued at amortised cost		
Interest accrued but not due on borrowings	7.28	10.12
Capital creditors	79.00	200.71
Other payables	29.61	27.25
Total	115.89	238.08

27. Other current liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues	42.01	30.65
Advance received from customers	62.98	27.27
Total	104.99	57.91

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

28. Provisions (current)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for gratuity (funded)	5.07	1.51
Provision for compensated absences	5.97	3.21
Total	11.04	4.72

29. Current tax liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Income tax liability (net)	150.46	-
Total	150.46	-

30. Revenue from operations

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of Products (excluding GST)	23,031.33	20,864.41
Other operating revenues	16.79	45.80
Total	23,048.12	20,910.22

Disaggregation of revenue
Revenue based on business segment

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
APIs & Intermediates	23,031.33	20,864.41
Others	16.79	45.80
Total Revenue from operations	23,048.12	20,910.22

Revenue based on Geography

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Domestic	18,947.06	18,166.15
Export	4,101.07	2,744.07
Total Revenue from operations	23,048.12	20,910.22

Timing of revenue recognition

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Goods and services transferred at a point in time	23,048.12	20,910.22
Total Revenue from operations	23,048.12	20,910.22

Contract balances

The following table provides the information about receivables, contract assets and contract liabilities from contracts with customers

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables	4,811.67	4,035.40
Advance received from customers	62.98	27.27

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

31. Other income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest income ICDs & Others	150.07	95.69
Interest income lease security deposit	0.61	0.55
Foreign exchange fluctuation (net)	53.36	-
Gain on fair value of Investment	188.93	79.93
Gain on sale of listed securities	45.88	-
Dividend income	1.32	-
Other miscellaneous income	1.83	130.90
Total	441.98	307.07

32. Cost of materials consumed

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Raw materials consumed		
Opening stock at the beginning of the year	2,191.39	1,674.85
Add : Purchases	14,293.19	16,458.23
	16,484.58	18,133.08
Less : Closing stock at the end of the year	1,381.29	2,191.39
Cost of materials consumed	15,103.29	15,941.69

33. Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening stock of inventories		
Work-in-Progress of API and Intermediates	1,386.89	1,306.87
Finished goods of API and Intermediates	1,364.15	1,218.46
	2,751.05	2,525.33
Closing stock of inventories		
Work-in-Progress of API and Intermediates	1,039.55	1,386.89
Finished goods of API and Intermediates	1,430.35	1,364.15
	2,469.90	2,751.05
Changes in inventories of finished goods and work-in-progress	281.14	(225.72)

34. Employee benefits expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, allowances and wages	1,134.51	976.52
Gratuity	12.92	4.29
Contribution to provident fund and other funds	29.97	24.97
Compensated absences	5.98	12.41
Staff welfare expenses	98.94	72.74
Total	1,282.31	1,090.93

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

35. Finance costs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expense on		
- Term loans and working capital loans	354.14	274.37
- Others	44.50	88.20
Bank charges	16.91	28.82
Total	415.54	391.39

36. Other expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Manufacturing expenses		
Production expenses	244.69	182.65
Conversion charges	232.89	212.00
Power and fuel	689.84	673.01
Factory maintenance	166.23	150.11
Lab chemicals and maintenance	286.17	214.93
Factory lease expenses	0.57	0.50
Repairs & maintenance		
- Plant and machinery	232.48	172.14
- Buildings	146.17	114.36
- Electricals	46.62	28.52
- Others	22.29	14.92
(A)	2,067.94	1,763.16
Administrative expenses		
Advertisement expenses	0.38	0.08
Rent, rates and taxes	34.35	55.26
Product registration and development charges	35.95	30.85
Printing and stationery	14.68	12.61
Postage, telegram and telephone	6.55	5.67
Insurance	62.40	57.67
Travelling and conveyance	26.39	8.54
Vehicle hire charges	52.73	49.97
Professional charges	76.69	44.60
Political contributions	150.00	100.00
Donations	4.45	0.72
General and office expenses	32.12	10.82
Loss on sale of property, plant & equipment	-	0.12
Selling expenses	117.87	82.48
Statutory Auditor's remuneration	10.00	7.50
Corporate social responsibility expenses	62.70	60.00
Allowance for credit loss	11.67	4.95
Foreign exchange fluctuation (net)	-	23.88
Loss on fairvalue of investments	-	23.64
(B)	698.94	579.37
Total	(A) + (B) 2,766.88	2,342.54

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

37. Earnings per share (EPS)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit available for equity shareholders	2,383.87	821.89
Weighted average number of equity shares in computing basic and diluted EPS	5,000,000	5,000,000
Face value of each equity share (Rs.)	10	10
Earnings per share		
- Basic (Rs.)	476.77	164.38
- Diluted (Rs.)	476.77	164.38

38. Taxes
(a) Income tax expense:

The major components of income tax expenses are:

(i) Profit or loss section

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current tax	783.12	349.69
Short / (excess) tax provision for earlier years	(24.45)	86.59
Deferred tax charge	106.83	83.96
Total income tax expense recognised in Statement of Profit & Loss	865.51	520.24

(ii) OCI Section

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Deferred tax credit to OCI	5.13	2.05

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit before tax (A)	3,249.38	1,342.12
Enacted tax rate in India (B)	25.168%	25.168%
Expected tax expenses (C = A*B)	817.80	337.79
Adjustments for		
Taxes with respect to earlier years	(24.45)	86.59
Expenses disallowed under Income Tax Act, 1961	55.14	1.40
Others	17.01	94.46
Total (D)	865.51	520.24

39. Significant accounting, estimates and assumptions

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Estimates and assumptions

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

i) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

ii) Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

iii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iv) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

40. Employee benefits***Gratuity benefits provided by the Company***

In accordance with applicable Indian laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund.

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

The components of gratuity cost recognised in the statement of profit and loss for the years ended March 31, 2024 and March 31, 2023 consist of the following:

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Current service cost	11.54	8.59
Interest on net defined benefit liability, net	4.88	4.13
Gratuity cost recognised in statement of profit and loss	16.42	12.72
Remeasurement on the net defined benefit liability:		
Return on plan assets (greater)/less than discount rate	(0.09)	(3.06)
Actuarial (gains) / losses due to DBO assumptions changes	2.77	(1.35)
Components of defined benefit costs recognised in other comprehensive income	2.68	(4.41)
Details of the employee benefits obligations and plan assets are provided below:		
Present value of funded obligations	86.85	67.20
Fair value of plan assets	43.92	42.51
Net defined benefit liability recognised	42.94	24.69
Details of changes in the present value of defined benefit obligations are as follows:		
Defined benefit obligations at the beginning of the year	67.20	60.17
Current service cost	11.54	8.59
Interest on defined obligations	4.88	4.13
Re-measurements due to:		
Actuarial loss due to change in assumptions	2.77	(1.35)
Actuarial (gain)/loss due to demographic assumptions	-	-
Actuarial loss due to experience changes	4.97	3.23
Benefits paid	(4.50)	(7.57)
Defined benefit obligations at the end of the year	86.85	67.20
Fair value of plan assets at the beginning of the year	42.51	36.78
Employer contributions	2.70	7.42
Interest on plan assets	3.12	2.85
Re-measurements due to:		
Return on plan assets excluding interest on plan assets	0.09	(1.30)
Benefits paid	(4.50)	(3.24)
Plan assets at the end of the year	43.92	42.51

Sensitivity Analysis:

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
(a) Effect of 1% change in assumed discount rate		
- 1% increase	60.35	60.35
- 1% decrease	75.23	75.23

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	74.84	74.84
- 1% decrease	60.43	60.43
(c) Effect of 1% change in assumed attrition rate		
- 1% increase	69.45	69.45
- 1% decrease	64.65	64.65

Summary of the actuarial assumptions: The actuarial assumptions used in accounting for the Gratuity Plan are as follows:

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Discount rate	7.33%	7.51%
Rate of return of plan assets	7.65%	7.65%
Attrition rate	1.00%	1.00%
Rate of compensation increase	4.00%	4.00%

The expected future cash flows in respect of gratuity were as follows:

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Expected future benefit payments		
31-Mar-24	1.52	1.52
31-Mar-25	4.58	4.58
31-Mar-26	2.85	2.85
31-Mar-27	3.34	3.34
31-Mar-28	2.22	2.22

Provident fund benefits & Employee State Insurance benefits

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund & employee state insurance, which is defined contribution plan. The Company 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 recognised as an expense towards contribution to provident fund & employee state insurance for the year aggregated to Rs 29.97 (March 31, 2023: Rs 24.97) and is included in "Contribution to provident fund and other funds".

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

	March 31, 2024	March 31, 2023
a. Assumptions		
Discount Rate	7.22%	7.51%
Salary Escalation	4.00%	4.00%
Mortality rate (LIC)	2012-14	2006-08

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

	March 31, 2024	March 31, 2023
b. Changes in present value of the defined benefit obligation		
Present Value of Obligation as at beginning of year	19.87	16.99
Interest Cost	1.02	0.90
Current Service Cost	4.95	3.85
Benefits paid	(12.47)	(9.53)
Actuarial (gain) / loss on obligations	12.73	7.67
Present value of obligations as at end of year	26.10	19.87

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

41. Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Contingent Liabilities		
(a) Guarantees	10.00	10.00
(ii) Commitments		
(a) Unexpired Letters of Credits	259.69	143.80
(b) Estimated amount of contracts remaining to be executed on capital account and net off advances	169.75	-

(iii) The Company has preferred appeals on service tax issue pertaining to financial year 2014-15 before the CESTAT, Hyderabad under Finance Act, 1944. Total disputed amount is Rs 3.74 Mn. out of which Rs 0.37 Mn. is deposited under protest which was shown in other current assets. The Company is of the view that the Departments' contentions are not sustainable and is confident of favourable decision in its favour.

(iv) The Company has preferred appeals on service tax issue pertaining to financial years 2015-16 to 2017-18 before the CESTAT, Hyderabad under Finance Act, 1944. Total disputed amount is Rs 13.81 Mn. out of which Rs 1.38 Mn. is deposited under protest which was shown in other current assets. The Company is of the view that the Departments' contentions are not sustainable and is confident of favourable decision in its favour.

(v) The Company has preferred appeals on Goods and Service Tax (GST) issue pertaining to financial year 2023-24 before the Appellate Additional/Joint Commissioner (State Tax), Belgavi. Total disputed amount is Rs 0.51 Mn. The Company is of the view that the Departments' contentions are not sustainable and is confident of favourable decision in its favour.

(vi) The Company has preferred appeals on Goods and Service Tax (GST) issue pertaining to financial years 2017-18 to 2019-20 before the Commissioner of Central Tax (Appeals-I), Hyderabad. Total disputed amount is Rs 21.90 Mn. out of which Rs 2.19 Mn. is deposited under protest which was shown in other current assets. The Company is of the view that the Departments' contentions are not sustainable and is confident of favourable decision in its favour.

(vii) The Company has preferred appeals on Excise duty issue pertaining to period October 2016 to June 2017 at Commissioner of central tax (Appeals-II), Pune. Total disputed amount is Rs 11.00 Mn. out of which Rs 0.82 Mn. is deposited under protest which was shown in other current assets. The Company is of the view that the Departments' contentions are not sustainable and is confident of favourable decision in its favour.

(viii) In respect of Provident fund (PF), there are numerous interpretative issues relating to the Supreme Court (SC) Judgement on PF dated February 28, 2019. As a matter of caution, the Company has made the payments prospectively from FY 2019-20. The Company will update its position, on receiving further clarity on this subject.

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

42. Related party disclosure
List of related parties
(i) Names of related parties and related party relationship

Sr.No	Name of the Related Party	Nature of Relationship
1	Hoster Labs Private Limited	Subsidiary
2	Veer East Realty India Private Limited	Subsidiary
3	Dyuthi Labs Private Limited	Subsidiary
4	Honour Infra Estates Limited	Associate
Key Management Personnel:		
1	Dr.K.Rathnakar Reddy	Managing Director
2	Dr.K.Subhas Chander Reddy	Wholetime Director
3	N. Muralidhar Reddy	Wholetime Director
4	A. Sudhakar Reddy	Director
5	K. Krishnaveni	Woman Director
6	Narasimha Reddy	Independent Director (Resigned w.e.f. 29.09.2023)
7	Buchiram Venkat Sobhanadri Suri	Independent Director (Resigned w.e.f. 29.09.2023)
8	J.Adi Sesha Giri	Independent Director (Appointed w.e.f 18.12.2023)
9	A Gopal Reddy	Independent Director (Appointed w.e.f 18.12.2023)
10	V.Srinivas	Company Secretary

The above Directors have been considered as Key Management Personnel as they are involved in planning, directing and controlling the activities of the reporting enterprise.

Promoter

- 1 Dr.B. Parthasaradhi Reddy

Relatives of KMP

- 1 Krishna Chaitanya Kura

Other related parties:

1	Hetero Labs Limited	17	Danika Traders Private Limited
2	Hetero Drugs Limited	18	Jitvan Land LLP
3	Cirex Pharmaceuticals Private Limited	19	Janina Marine Properties LLP
4	Chemipack (India) Private Limited	20	Sai Sindhu Foundation
5	Hetero Infrastructure SEZ Limited	21	Hetero Foundation
6	Hindys Lab Private Limited	22	Camber Pharmaceutical Co Limited
7	Hazelo Lab Private Limited	23	Amarox Pharma S.A. De C.V.
8	Dasami Lab Private Limited	24	Hetero Singapore Pte Limited
9	Selmar Lab Private Limited	25	Hetero USA Inc
10	Annora Pharma Private Limited	26	Hetero FZCO
11	Aspiro Pharma Limited	27	Makiz-Pharma LLC
12	Analys Lab Private Limited	28	Pharmed Healthcare company SAE
13	Audree Infotech Private Limited	29	Evaric Pharmaceuticals Inc
14	Aarani Enterprises Private Limited	30	PT. AmaroX Pharma Global
15	Paamit Lab Pvt Ltd	31	Ascent Pharmaceuticals Inc
16	Hetero Healthcare Ltd		

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

ii) The following transactions were carried out with the related parties in the ordinary course of business:

Nature of the Transaction & Nature of Relationship	2023-24	2022-23
Sales / Conversion Income		
Subsidiary		
Hoster Labs Private Limited	172.17	316.82
Other related parties:		
Hetero Labs Limited	13,810.57	12,388.44
Hetero Drugs Limited	427.35	570.77
Hindys Lab Private Limited	22.53	9.58
Selmar Lab Private Limited	38.54	114.32
Hazelo Lab Private Limited	27.87	48.27
Dasami Lab Private Limited	205.67	47.44
Aarani Enterprises Private Limited	186.33	190.10
Makiz Pharma LLC	11.08	311.37
Amarox Pharma S.A. De C.V.	65.03	9.92
Annora Pharma Private Limited	804.01	534.04
Hetero USA, Inc	13.13	130.50
Hetero FZCO	4.80	-
Evaric Pharmaceuticals Inc	2.71	165.92
PT. AmaroX Pharma Global	45.59	22.58
Aspiro Pharma Limited	70.82	11.77
Camber Pharmaceutical Co Limited	9.35	17.30
Ascent Pharmaceuticals Inc	-	7.89
Purchases / Conversion charges		
Subsidiary		
Hoster Labs Private Limited	10.64	15.48
Other related parties:		
Hetero Labs Limited	3,196.14	2,944.09
Hetero Drugs Limited	13.43	28.37
Hindys Lab Private Limited	3.44	18.95
Hazelo Lab Private Limited	12.52	29.16
Dasami Lab Private Limited	10.40	7.26
Cirex Pharmaceuticals Private Limited	11.13	-
Chemipack (India) Private Limited	5.12	7.42
Selmar Lab Private Limited	87.49	71.69
Annora Pharma Private Limited	0.07	-
Aarani Enterprises Private Limited	41.35	1.98
Danika Traders Private Limited	1,245.88	951.45
Purchase of PPE		
Other related parties:		
Audree Infotech Private Limited	62.45	39.82
Testing Charges		
Other related parties:		
Analys Lab Private Limited	25.83	75.21

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Nature of the Transaction & Nature of Relationship	2023-24	2022-23
Lease & Rental Expenses		
Other related parties:		
Hetero Infrastructure SEZ Limited	23.05	25.57
Hetero Drugs Limited	2.49	2.28
Cirex Pharmaceuticals Private Limited	10.33	10.33
Jitvan Land LLP	8.10	-
Janina Marine Properties LLP	1.78	-
Manufacturing Expenses		
Other related parties:		
Hetero Infrastructure SEZ Limited	28.00	-
Corporate social responsibility expenses		
Other related parties:		
Hetero Foundation	49.50	43.20
Sai Sindhu Foundation	13.20	16.80
Interest earned		
Subsidiary		
Hoster Labs Private Limited	128.43	86.35
Veer East Realty India Private Limited	10.94	5.61
Dyuthi Labs Private Limited	0.07	-
Associate		
Honour Infra Estates Limited	0.11	-
Other related parties:		
Hetero Infrastructure SEZ Limited	-	0.55
Remuneration		
Key Management Personnel		
Remuneration Paid		
Dr.K.Rathnakar Reddy	46.70	38.90
Dr.K.Subhas Chander Reddy	19.76	20.07
N. Muralidhar Reddy	16.52	17.96
Directors sitting Fee		
Narasimha Reddy	0.18	0.28
Buchiram Venkat Sobhanadri Suri	0.20	0.33
J.Adi Sesha Giri	0.18	-
A Gopal Reddy	0.18	-
Salary expenses		
Krishna Chaitanya Kura	2.73	-
Srinivas Vengala	2.42	2.27
Investment made during the year		
Subsidiary		
Hoster Labs Private Limited	-	10.00
Associate		
Honour Infra Estates Limited	-	2.50

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Nature of the Transaction & Nature of Relationship	2023-24	2022-23
Loans and Advances given		
Subsidiary		
Hoster Labs Private Limited	1,001.72	49.86
Dyuthi Labs Private Limited	0.04	0.05
Veer East Realty India Private Limited	115.06	2.44
Associate		
Honour Infra Estates Limited	5.70	-
Loans and Advances received		
Hoster Labs Private Limited	288.64	-

iii) Amount due to / from related parties

Outstanding balances & Nature of Relationship	As at March 31, 2024	As at March 31, 2023
Trade Receivables		
Subsidiaries		
Hoster Labs Private Limited	0.00	247.28
Other related parties:		
Hetero Labs Limited	1,015.65	10.28
Hetero Drugs Limited	174.84	211.75
Dasami Lab Private Limited	224.39	59.68
Hazelo Lab Private Limited	18.60	11.51
Hindys Lab Private Limited	24.55	2.32
Annora Pharma Private Limited	511.33	392.84
Aspiro Pharma Limited	60.28	11.49
Valary Lab Pvt Ltd	0.13	-
Pammit Lab Pvt Ltd	8.05	9.16
Aarani Enterprises Pvt Ltd	92.72	85.78
Hetero Healthcare Ltd	2.44	8.83
Hetero USA, Inc	14.01	122.02
Amarox Pharma S.A. De C.V.	1.67	-
PT. Amaro Pharma Global	14.87	22.93
Makiz Pharma Ltd	165.25	297.70
Seven Pharma Columbia SAS	9.63	-
Hetero FZCO	4.86	-
Evaric Pharmaceuticals Inc	-	170.50
Camber Pharmaceutical Co Limited	7.26	5.87
Pharmed Healthcare Company SAE Limited	-	0.08
Trade Payables		
Other related parties:		
Cirex Pharmaceuticals Private Limited	1.26	6.78
Analys Lab Pvt Ltd	3.60	30.54
Selmar Lab Private Limited	22.86	12.34

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Outstanding balances & Nature of Relationship	As at March 31, 2024	As at March 31, 2023
Danika traders Pvt Ltd	254.59	432.77
Chemipack (India) Private Limited	0.76	2.04
Capital Creditors		
Other related parties:		
Audree Infotech Private Ltd	15.86	12.83
Hetero Infrastructure SEZ Limited	7.13	36.79
Borrowings - non current		
Dr.B. Parthasaradhi Reddy (Promoter)	50.00	50.00
Loans - non current		
Subsidiary		
Hoster Labs Private Limited	1,804.82	1,091.75
Veer East Realty India Private Limited	176.84	61.78
Dyuthi Labs Private Limited	0.87	0.82
Associate		
Honour Infra Estates Limited	5.70	-
Other Financial Assets- Non Current		
Subsidiary		
Hoster Labs Private Limited	255.80	140.22
Veer East Realty India Private Limited	20.22	10.37
Dyuthi Labs Private Limited	0.12	0.06
Associate		
Honour Infra Estates Limited	0.10	-
Other financial assets (non current)		
Other related parties:		
Hetero Infrastructure SEZ Limited	6.64	6.03
Cirex Pharmaceuticals Private Limited	0.02	0.02
Lease Liability -Non Current		
Hetero Infrastructure SEZ Limited	264.53	263.91
Cirex Pharmaceuticals Private Limited	72.73	75.96
Jitvan Land LLP	34.84	-
Janina Marine Properties LLP	7.64	-
Lease Liability -Current		
Hetero Infrastructure SEZ Limited	26.03	25.61
Cirex Pharmaceuticals Private Limited	3.57	3.25
Jitvan Land LLP	7.61	-
Janina Marine Properties LLP	1.67	-

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management personnel and their relatives is not ascertainable and, therefore, not included above.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured.

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

43. Segment reporting

In accordance with Ind AS 108 "Operating Segments", segment information has been given in the consolidated financial statements of Honour Lab Limited, and therefore no separate disclosure on segment information is given in these financial statements.

44. Financial risk management

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

a. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk, except for trade receivables.

Trade and other receivables

The customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are regularly monitored. The Company's receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past. Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Before accepting any new customer, the Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs.4,811.67 and Rs.4,035.40 as of March 31, 2024 and March 31, 2023, respectively, being the total of the carrying amount of balances with trade receivables.

b. Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

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

Particulars	Up to 12 months	1 to 5 years	> 5 years	Total
March 31, 2024 :				
Non Current borrowings	-	371.51	-	371.51
Lease liabilities	38.88	189.33	190.41	418.61
Current borrowings	3,007.46	-	-	3,007.46
Trade payables	2,252.18	-	-	2,252.18
Other Current Financial liabilities	115.89	-	-	115.89
	5,414.41	560.84	190.41	6,165.66

Particulars	Up to 12 months	1 to 5 years	> 5 years	Total
March 31, 2023 :				
Non Current borrowings	-	64.58	-	64.58
Lease liabilities	28.86	184.48	155.39	368.73
Current borrowings	2,647.91	-	-	2,647.91
Trade payables	3,539.97	-	-	3,539.97
Other current financial liabilities	238.08	-	-	238.08
	6,454.81	249.06	155.39	6,859.26

c. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

	Increase	Decrease	Decrease	Increase
March 31, 2024 :				
Working capital loans	1%	1%	(33.29)	33.29
March 31, 2023 :				
Working capital loans	1%	1%	(26.62)	26.62

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

ii) Foreign Currency Risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar and Euro against the functional currencies of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows:

- a) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

	Currency	Amount in Foreign Currency	Amount in mn	Conversion Rate	Amount in Foreign Currency	Amount in mn	Conversion Rate
Trade payables	USD	8.81	734.54	83.41	17.37	1,427.56	82.17
PCFC payable	USD	11.35	946.65	83.41	11.56	950.27	82.17
Trade receivables	USD	31.27	2,607.79	83.41	25.09	2,061.59	82.17

- b) Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate		Effect on profit before tax	
	Increase	Decrease	Increase/(Decrease)	
March 31, 2024 :				
USD	1.00%	1.00%	9.27	(9.27)
March 31, 2023 :				
USD	1.00%	1.00%	(3.16)	3.16

45. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

	Level	Carrying value		Fair value	
		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Financial assets					
Financial assets at cost					
a) Investments					
Investment in Subsidiaries	3	906.62	906.62	906.62	906.62
Investment in Associates	3	28.95	28.95	28.95	28.95
Financial assets at fair value through profit & loss:					
a) Investments					
-Equity instruments -Quoted	1	-	81.32	-	81.32
-Equity instruments- Unquoted	3	782.67	593.74	782.67	593.74

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

	Level	Carrying value		Fair value	
		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Financial assets at amortised cost:					
a) Trade receivables	3	4,811.67	4,035.40	4,811.67	4,035.40
b) Cash and cash equivalents	3	14.12	15.49	14.12	15.49
c) Bank balances other than above	3	44.33	80.76	44.33	80.76
d) Loans	3	1,988.23	1,154.35	1,988.23	1,154.35
e) Other Financial asset	3	377.86	260.44	377.86	260.44
Total Financial assets		8,954.44	7,157.07	8,954.44	7,157.06
Financial liabilities					
Financial liabilities at amortised cost:					
a) Borrowings	3	3,378.98	2,712.49	3,378.98	2,712.49
b) Trade payables	3	2,252.18	3,539.97	2,252.18	3,539.97
c) Lease liabilities	3	418.61	368.73	418.61	368.73
d) Other financial liabilities	3	115.89	238.08	115.89	238.08
Total Financial Liabilities		6,165.66	6,859.26	6,165.66	6,859.26

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, the management has assessed that fair value of borrowings approximate their carrying amounts largely since they are carried at floating rate of interest.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

Financial liabilities

There are no transfers between levels 1, 2 and 3 during the year.

46. Ind AS 116 - Leases

Effective April 01, 2019, the Company adopted Ind AS 116, on lease contracts existing on April 1, 2019 using the modified retrospective method with Right of use assets recognised at an amount equal to the lease liabilities in the Balance sheet. The Right of use assets and Lease liabilities as on March 31, 2024 and March 31, 2023 are as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	373.89	390.90
Additions	57.48	-
Depreciaton expense	24.68	17.01
Closing Balance	406.69	373.89

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Set out below are the carrying amounts of lease liabilities (included under other financial liabilities) and the movements during the period:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	368.73	370.39
Additions	57.48	-
Accretion of interest	37.49	34.24
Payments	45.08	35.90
Closing Balance	418.62	368.73
Non current lease liability	379.74	339.87
Current lease liability	38.88	28.86

47. Events occurring after balance sheet date

No significant subsequent events have been observed which may require an adjustment to the balance sheet.

48. Capital 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. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total equity. The Company intends to keep the gearing ratio between 0.2 to 1. The Company includes within net debt, borrowings including interest accrued on borrowings less cash and short-term deposits.

Particulars	As at March 31, 2024	As at March 31, 2023
Borrowings including int. accrued on borrowings	3,386.26	2,722.60
Less: cash and cash equivalents	14.12	15.49
Net debt	3,372.14	2,707.12
Equity	50.00	50.00
Other Equity	13,267.43	10,898.80
Total Equity	13,317.43	10,948.80
Gearing ratio (Net Debt/ Total Equity)	0.25	0.25

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

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

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

49. Research & Development Expenditure

Details of Research and development expenses incurred during the year included in other expenses.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue Expenditure		
Lab Chemicals and Materials	46.88	30.23
Power & Fuel	13.01	10.53
Employee Cost	170.50	127.16
Other Expenditure	98.29	69.57
Total (A)	328.69	237.50
Capital Expenditure		
R & D Building	40.70	15.71
R & D Equipment	71.02	80.65
Total (B)	111.72	96.36
Total R & D Expenditure (A) + (B)	440.40	333.86

50. Details of Corporate social responsibility expenditure

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Amount required to be spent as per section 135 of the Companies Act, 2013	62.60	59.78
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) On purpose other than (i) above	62.70	60.00

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
a) Ongoing Projects		
Amount required to be spent during the year :	-	-
Amount spent during the year :	-	-
b) Other than ongoing projects :		
Amount required to be spent during the year	62.60	59.78
Amount spent during the year	62.70	60.00
Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard:		
Contribution to		
Hetero Foundation	49.50	43.20
Sai Sindhu Foundation	13.20	16.80

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

51. Capital Work in progress

Particulars	As at March 31, 2024	As at March 31, 2023
Plant & Machinery	234.64	133.85
Civil works	284.89	95.54
Total	519.54	229.40

Capital work in progress ageing schedule

CWIP	Amount in CWIP as at 31.03.2024				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	519.54		-	-	519.54
Projects temporarily suspended	-	-	-	-	-

CWIP	Amount in CWIP as at 31.03.2023				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	229.40		-	-	229.40
Projects temporarily suspended	-	-	-	-	-

52. Auditors Remuneration (exclusive of taxes)
Statutory Audit Fee

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Statutory Audit	7.50	6.00
Tax Audit	2.50	1.50
Total	10.00	7.50

Cost Audit Fee (included in Professional charges)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cost Audit	0.15	0.15
	0.15	0.15

Secretarial Audit Fee (included in Professional charges)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Secretarial Audit	0.10	0.10
	0.10	0.10

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

53. Key Financial Ratios

Particulars	Numerator	Denominator	FY 2023-24	FY 2022-23	% Vari- ance	Reasons for variance
Current Ratio (a)	Current Assets	Current Liabilities	1.71	1.50	14.07	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	25.37%	24.77%	2.41	
Debt Service Coverage Ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses+Interest	Debt service = Interest & Lease Payments + Principal Repayments	12.75%	19.16%	(33.43)	Increase due to increase in profitability during the year
Return on Equity	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	19.65%	7.74%	153.87	Increase due to increase in profitability during the year
Inventory turnover ratio	Cost of goods sold	Average Inventory	3.46	3.40	1.72	
Trade Receivables turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	5.21	5.52	(5.68)	
Trade payables Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	4.94	5.08	(2.87)	
Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	5.68	6.37	(10.96)	
Net profit ratio	Net Profit	Net sales = Total sales - sales return	10.34%	3.90%	165.11	Higher earning before interest and tax is mainly on account of decreasing cost
Return on Capital Employed (ROCE)	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	21.06%	12.15%	73.31	Increase due to increase in profitability during the year
Return on Investment	Income generated from investments	Time weighted average investments	19.65%	7.74%	153.87	

54. Other Statutory Information:

- (i) The Company has been sanctioned working capital limit in excess of Rs.50 mn, in aggregate, from banks or financial institutions on the basis of security of current assets. The quarterly returns or statements for June 2023, September 2023 and December 2023 as filed by the Company with the banks or financial institutions are in agreement with the books of accounts. Quarterly returns for March 2024 are yet to be filed.

55. Contribution to political parties

Contribution to political parties as per Sec. 182 of Companies Act 2013:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
To political parties (through Electoral Bonds)	150.00	100.00
Total	150.00	100.00

Notes to Standalone Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

56. Composite Scheme of Arrangement ('Scheme')

Composite Scheme of Arrangement ('Scheme') was entered into between our Company and its subsidiaries Hoster Labs Private Limited (hereinafter as 'subsidiary') and Veer East India Realty Private Limited (hereinafter as 'non-core subsidiary'), pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Companies Act, 2013. The Scheme was approved by the Board pursuant to its resolution dated September 04, 2023. The Scheme is currently pending for approval with the National Company Law Tribunal (NCLT), Hyderabad.

Under the Scheme, all assets and liabilities of the above subsidiary and non-core subsidiary shall be demerged into Honour Lab Limited with effect from April 1, 2024 and October 1, 2023 respectively. The Scheme also provides that Honour Lab Limited shall further demerge its non-core business related assets and liabilities into Anaika Infracon Private Limited ('New Company') with effect from October 1, 2023. In consideration for the demerger, the equity shareholders of the Company shall receive equity shares of face and paid-up value of ₹ 10 each of the New Company in accordance with swap ratio specified under the Scheme. Pending the approval of the Scheme by NCLT, the Company has not given effect to the Scheme in the financial statement.

57. Previous year figures have been regrouped to conform with current year's figures.

As per our Report of even date attached
For **M V Narayana Reddy & Co.,**
Chartered Accountants
Firm Registration No: 002370S

Sd/-

Y.Subba Rami Reddy
Partner
Membership No: 218248

Place: Hyderabad
Date : 5th September 2024

For and on behalf of the Board of Directors of
Honour Lab Limited

Sd/-

Dr. K. Rathnakar Reddy
Managing Director
DIN - 00211510

Sd/-

Dr.K.Subhas Chander Reddy
Wholetime Director
DIN - 07254929

Sd/-

Srinivas Vengala
Company Secretary
Membership No : A22475

HONOUR LAB LIMITED

Consolidated Financial Statements

Financial Year 2023-24

INDEPENDENT AUDITORS' REPORT

To the Members of Honour Lab Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Honour Lab Limited (hereinafter referred to as "the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its associate comprising of the Consolidated Balance Sheet as at 31st March, 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity, for the year then ended, and notes to the consolidated financial statements, including material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act"), in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associate, as at 31st March, 2024, their consolidated profit including other comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

The Holding Company's Board of Directors is responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group and its associate in accordance with the accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

Those respective Board of Directors of the companies included in the Group including its associate are also responsible for overseeing the financial reporting process of the Group including its associate.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements

of such entities or business activities included in the consolidated financial statements of which we are the independent auditors.

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

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

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 subsection (11) of section 143 of the Act, based on our audit, we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xx) of the Order.
- 2 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 of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act and the Companies (Indian Accounting Standard) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2024 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group and its associate company incorporated in India is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. Our report expresses our opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies;
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in the consolidated financial statements {Refer Note 42 to the consolidated financial statements};
 - ii. The Group and its associate has not entered into any long-term contracts including derivative contracts requiring provision under the applicable law or accounting standards, for material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group and its associate incorporated in India during the year ended March 31, 2024;
 - iv.
 - a) The management has represented that, to the best of its knowledge and belief, no funds any other sources or kind of funds) by the Holding Company to or in any other person or entity, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Holding Company from any person or entity, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise,

that the Holding Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- (c) based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under above clauses iv (a) and iv (b) contain any material misstatement;
- (v) The Group and its associate has not declared any dividend during the year; and
- (vi) Based on our examination, which included test checks, and that performed by the respective auditors of the subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act, except for the instances mentioned below, the Holding Company, subsidiaries and associate have used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software.

Nature of exception	Details of exception
Instances of accounting software for maintaining its books of account which did not have a feature of recording audit trail (edit log) facility and the same was not operated throughout the year for all relevant transactions recorded in the software.	In respect of 1 subsidiary, Audit trail was not enabled during the year for Veer East India Realty Private Limited

Further, where audit trail (edit log) facility was enabled and operated throughout the year for the accounting software(s) we did not come across any instance of the audit trail feature being tampered with.

For **M V Narayana Reddy & Co.,**
Chartered Accountants
Firm Registration No. : 002370 S

Sd/-
Y Subba Rami Reddy
Partner
Membership No. 218248
UDIN:

Place: Hyderabad
Date: 05-09-2024

Annexure ‘1’ referred to in paragraph 1 under the heading “Report On Other Legal and Regulatory Requirements” of our report of even date.

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

xxi. With respect to the matters specified in clause (xxi) of paragraph (3) and paragraph 4 of the Companies (Auditor’s Report) Order, 2020 (“CARO”/ “the Order”) issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, we report that there are no qualifications or adverse remarks in the CARO reports of the said companies included in the consolidated financial statements except for the following:

Name of the Company	CIN	Nature of relationship	Clause number of the CARO report which is qualified or is adverse
Honour Lab Limited	U24233TG2011PLC077561	Holding Company	Clause - (vii)(b)
Hoster Labs Private Limited	U24230TG2020PTC141547	Subsidiary	Clause - xvii
Dyuthi Labs Private Limited	U24230TG2020PTC141168	Subsidiary	Clause - xvii
Veer East Realty India Private Limited	U70102TG2006PTC050812	Subsidiary	Clause - xvii
Honour Infra Estates Limited	U45400TG2012PLC083644	Associate	Clause - xvii

For **M V Narayana Reddy & Co.,**
Chartered Accountants
Firm Registration No. : 002370 S

Sd/-

Y Subba Rami Reddy
Partner
Membership No. 218248

UDIN:

Place: Hyderabad
Date: 05-09-2024

Annexure 2 to the Independent Auditors' Report of even date on the Consolidated Financial Statements of Honour Lab Limited.

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

In conjunction with our audit of the Consolidated Financial Statements of the Holding Company as of and for the year ended 31st March, 2024, we have audited the internal financial controls over financial reporting of Honour Lab Limited ("the Holding Company"), its subsidiary companies and its associate company, which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Group and its associate, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Group and its associate which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting were operating effectively as of March 31, 2024, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M V Narayana Reddy & Co.,**
Chartered Accountants
Firm Registration No. : 002370 S

Sd/-

Y Subba Rami Reddy
Partner
Membership No. 218248
UDIN:

Place: Hyderabad
Date: 05-09-2024

Consolidated Balance Sheet as at March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non current assets			
Property, plant and equipment	3	6,359.46	5,464.99
Capital work in progress	55	593.43	236.57
Right-of-use assets	4	411.43	378.92
Goodwill on consolidation		159.85	159.85
Other intangible assets	5	77.36	70.28
Financial assets			
Investments	6	810.21	702.89
Loans	7	5.70	-
Other financial assets	8	83.98	83.53
Non current tax asset	9	0.39	215.86
Deferred tax asset (net)	10	153.86	90.16
Other non-current assets	11	119.02	95.77
		8,774.69	7,498.81
Current Assets			
Inventories	12	4,925.55	6,029.84
Financial assets			
Trade receivables	13	5,156.79	4,018.52
Cash & cash equivalents	14	133.74	34.00
Bank balances other than above	15	44.33	80.76
Other financial assets	16	22.42	30.16
Current tax assets (net)	17	54.66	-
Other current assets	18	1,073.47	828.10
		11,410.95	11,021.37
Total Assets		20,185.65	18,520.19
EQUITY and LIABILITIES			
Equity			
Equity share capital	19	50.00	50.00
Other equity		12,798.88	10,623.47
Total Equity		12,848.88	10,673.47
Liabilities			
Non Current Liabilities			
Financial liabilities			
Borrowings	20	371.51	64.58
Lease liabilities	21	385.27	345.47
Provisions	22	64.10	44.11
Deferred tax liability (net)	23	704.89	603.19
		1,525.78	1,057.35
Current Liabilities			
Financial liabilities			
Borrowings	24	3,007.46	2,647.91
Lease liabilities	25	38.94	28.92
Trade payables	26		
(a) Total outstanding dues of micro and small enterprises		20.12	100.41
(b) Total outstanding dues of creditors other than micro and small enterprises		2,322.22	3,686.56
Other financial liabilities	27	139.50	252.30
Other current liabilities	28	120.87	68.28
Provisions	29	11.41	4.98
Current tax liabilities	30	150.46	-
		5,810.99	6,789.36
Total Liabilities		7,336.76	7,846.71
Total Equity and Liabilities		20,185.65	18,520.19
Material accounting policies	2.2		

The accompanying notes are an integral part of the financial statements.

As per our Report of even date attached

For **M V Narayana Reddy & Co.,**

Chartered Accountants

Firm Registration No: 002370S

Sd/-

Y.Subba Rami Reddy

Partner

Membership No: 218248

Place: Hyderabad

Date : 5th September, 2024

For and on behalf of the Board of Directors of
Honour Lab Limited

Sd/-

Dr. K. Rathnakar Reddy

Managing Director

DIN - 00211510

Sd/-

Dr.K.Subhas Chander Reddy

Wholtime Director

DIN - 07254929

Sd/-

Srinivas Vengala

Company Secretary

Membership No : A22475

Consolidated Statement of Profit and Loss for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
INCOME			
Revenue from operations	31	23,611.52	21,325.17
Other income	32	303.30	215.31
Total Income		23,914.83	21,540.48
EXPENSES			
Cost of materials consumed	33	15,475.34	16,297.46
Changes in inventories of finished goods and work-in-progress	34	252.15	(300.54)
Employee benefits expense	35	1,405.55	1,174.63
Finance costs	36	417.12	392.16
Depreciation and amortisation expense	3,4 & 5	443.66	377.30
Other expenses	37	2,927.39	2,442.62
Total expenses		20,921.22	20,383.64
Profit before tax		2,993.61	1,156.84
Tax expense			
Current tax		783.12	349.69
Short provision for earlier years		(24.45)	86.41
Deferred tax		43.35	37.94
Total tax expense		802.03	474.04
Profit after tax for the year before share of loss from associate		2,191.58	682.80
Share of loss from Associate		(0.29)	(0.09)
Net profit for the year		2,191.30	682.71
OTHER COMPREHENSIVE INCOME (OCI)			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain/(loss) on employee defined benefit plans		(21.23)	(8.11)
Less: Deferred tax		5.34	2.04
Other comprehensive income for the year, net of tax		(15.89)	(6.07)
Total comprehensive income for the year		2,175.41	676.64
Profit for the year			
Attributable to:			
Equity holders of the parent		2,191.30	682.71
Non-controlling interests		-	-
Other comprehensive income for the year			
Attributable to:			
Equity holders of the parent		(15.89)	(6.07)
Non-controlling interests		-	-
Total comprehensive income for the year			
Attributable to:			
Equity holders of the parent		2,175.41	676.64
Non-controlling interests		-	-
Earnings Per Equity Share Rs. 10/- each fully paid up			
Computed on the basis of total profit for the year			
Basic (Rs.)		438.26	136.54
Diluted (Rs.)		438.26	136.54
Material accounting policies	2.2		

The accompanying notes are an integral part of the financial statements.

As per our Report of even date attached
For **M V Narayana Reddy & Co.,**
Chartered Accountants
Firm Registration No: 002370S

Sd/-

Y.Subba Rami Reddy
Partner
Membership No: 218248

Place: Hyderabad
Date : 5th September, 2024

For and on behalf of the Board of Directors of
Honour Lab Limited

Sd/-

Dr. K. Rathnakar Reddy
Managing Director
DIN - 00211510

Sd/-

Dr.K.Subhas Chander Reddy
Wholetime Director
DIN - 07254929

Sd/-

Srinivas Vengala
Company Secretary
Membership No : A22475

Consolidated Statement of Cash Flow for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

PARTICULARS	For the year ended March 31, 2024	For the year ended March 31, 2023
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,993.61	1,156.84
Adjustment for:		
Depreciation	443.66	377.30
Interest expense	417.12	392.16
Remeasurement of actuarial gains / losses	(21.23)	(8.11)
(Gain) /Loss on Sale of quoted investments	(45.88)	23.76
Foreign exchange fluctuation (net)	(53.46)	24.71
Allowance for credit loss	11.67	4.95
Interest Received	(11.55)	(4.45)
Operating Profit before Working Capital Changes	3,733.95	1,967.17
Adjustments for:		
Changes in trade receivables	(1,096.48)	(380.63)
Changes in inventories	1,104.29	(877.20)
Changes in financial & non financial assets	(221.75)	119.56
Changes in trade payables, financial & non financial liabilities	(1,425.77)	840.00
Cash Generated from Operations	(1,639.72)	(298.27)
Income Taxes Paid	(447.40)	(488.58)
Net Cash from Operating Activities	1,646.83	1,180.33
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, plant and equipment	(1,734.86)	(963.01)
Proceeds from sale of PPE	-	1.29
Proceeds from sale of investment	127.47	-
Loans given	(5.70)	-
Fair value changes in investments	(188.93)	(58.70)
Interest received	8.40	4.45
Net Cash used in Investing Activities	(1,793.62)	(1,015.96)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in borrowings (current)	359.56	240.16
Increase in borrowings (non current)	306.93	4.74
Interest paid	(419.95)	(392.16)
Net Cash from / (used in) Financing Activities	246.54	(147.27)
D Net Increase in cash and cash equivalents (A+B+C)	99.74	17.10
Cash and Cash Equivalents at the beginning of year	34.00	16.90
Cash and Cash Equivalents at the end of year	133.74	34.00
Components of cash and cash equivalents:	3/31/2024	3/31/2023
Cash on hand	6.28	4.36
Balances with scheduled banks in current accounts	127.46	29.64
Total cash and cash equivalents	133.74	34.00

(Contd.)

Consolidated Statement of Cash Flow (Contd.)

(All amounts are in Million Rupees except for share data or as otherwise stated)

The reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities are:

	As at 01.04.2023	Cash flows	Non Cash Changes	As at 31.03.2024
Borrowings - non current	64.58	306.93	-	371.51
Borrowings - current	2,647.91	359.56	-	3,007.46

	As at 01.04.2022	Cash flows	Non Cash Changes	As at 31.03.2023
Borrowings - non current	59.84	4.74	-	64.58
Borrowings - current	2,407.75	240.16	-	2,647.91

The accompanying notes are an integral part of the financial statements.

As per our Report of even date attached

For **M V Narayana Reddy & Co.,**

Chartered Accountants

Firm Registration No: 002370S

Sd/-

Y.Subba Rami Reddy

Partner

Membership No: 218248

Place: Hyderabad

Date : 5th September 2024

For and on behalf of the Board of Directors of

Honour Lab Limited

Sd/-

Dr. K. Rathnakar Reddy

Managing Director

DIN - 00211510

Sd/-

Dr.K.Subhas Chander Reddy

Wholetime Director

DIN - 07254929

Sd/-

Srinivas Vengala

Company Secretary

Membership No : A22475

Consolidated Statement of Changes in Equity for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

a. Equity Share Capital

As at 31.03.2024

Balance as at 31.03.2023	Changes in Equity Share Capital due to prior period errors	Restated balance as at 01.04.2023	Changes in equity share capital during the current year	Balance as at 31.03.2024
50.00	-	50.00	-	50.00

As at 31.03.2023

Balance as at 01.04.2022	Changes in Equity Share Capital due to prior period errors	Restated balance as at 01.04.2022	Changes in equity share capital during the current year	Balance as at 31.03.2023
50.00	-	50.00	-	50.00

b. Other Equity

As at 31.03.2024

Particulars	Retained Earnings	Other comprehensive income	Total
As at April 01, 2023	10,649.45	(25.99)	10,623.47
Profit for the year	2,191.30	-	2,191.30
Other Comprehensive Income	-	(15.89)	(15.89)
As at March 31, 2024	12,840.75	(41.87)	12,798.88

As at 31.03.2023

Particulars	Retained Earnings	Other comprehensive income	Total
As at April 01, 2022	9,966.74	(19.92)	9,946.82
Profit for the year	682.71	-	682.71
Other Comprehensive Income	-	(6.07)	(6.07)
As at March 31, 2023	10,649.45	(25.99)	10,623.47

The accompanying notes are an integral part of the financial statements.

As per our Report of even date attached

For **M V Narayana Reddy & Co.,**

Chartered Accountants

Firm Registration No: 002370S

Sd/-

Y.Subba Rami Reddy

Partner

Membership No: 218248

For and on behalf of the Board of Directors of

Honour Lab Limited

Sd/-

Dr. K. Rathnakar Reddy

Managing Director

DIN - 00211510

Sd/-

Dr.K.Subhas Chander Reddy

Wholetime Director

DIN - 07254929

Sd/-

Srinivas Vengala

Company Secretary

Membership No : A22475

Place: Hyderabad

Date : 5th September 2024

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

2.1 Corporate information

Honour Lab Limited ('the Parent Company') is engaged in the manufacturing of Bulk Drug Intermediates and Active Pharmaceutical Ingredients (APIs). However, the Company's major thrust area remains developing high-quality intermediates and raw materials that meet competitive demands of the rapidly growing global drug markets. The Parent Company has been recognized for its sophisticated manufacturing infrastructure, advanced quality control systems, extensive market insights, in-depth R&D expertise and exemplary customer care. The Parent Company, incorporated in 2011 under Companies Act, 1956, has its registered office at 8-3-166/7/1, Erragadda, Hyderabad, Telangana 500 018.

Honour has 5 state-of-the-art manufacturing facilities and an R & D Unit. Honour operates through 5 strategically located and huge manufacturing units in India and each of our cGMP compliant facilities are equipped with state-of-the-art manufacturing infrastructure that effectively caters to the production needs, both in terms of quality and quantity.

Please refer note 46 for list of subsidiaries and associates of the Parent Company.

The consolidated financial statements were approved for issue by the Board of Directors on 05th September 2024.

2.2 Basis of preparation of financial statements

a) Statement of compliance

These consolidated financial statements as of and for the year ended 31 March 2024 comply in all material aspects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015, and presentation requirements of Division II of Schedule III to the Companies Act, 2013, and as amended from time to time together with the comparative period data as at and for the year ended 31 March 2023.

These consolidated financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date, 31st March 2024.

The accounting policies have been applied consistently over all the periods presented in these financial statements.

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

- i) certain financial assets are measured either at fair value or at amortised cost depending on the classification;

- ii) employee defined benefit assets/(liability) are recognised as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;

- iii) investments in associates which are accounted for using the equity method.

2.3 Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the notes mentioned hereinafter.

2.4 Material accounting policies

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and associate. Control is achieved when the group has:

- i) power over the Investee
- ii) is exposed or has rights to variable returns from its involvement with the investee, and
- iii) has the ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- i) The contractual arrangement with the other vote holders of the investee
- ii) Rights arising from other contractual arrangements
- iii) The Company's voting rights and potential voting rights
- iv) The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

The group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent group, i.e., year ended on 31st March. When the end of the reporting period of the Parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent to enable the Parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:**Investment in subsidiaries**

- i) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- ii) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- iii) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

b) Functional currency

These financial statements are presented in Indian rupees, which is also the functional currency of the group. All financial information presented in Indian rupees has been rounded to the nearest million.

c) Current and non current classification

All the assets and liabilities have been classified as current or non current as per the group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within twelve months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months after the reporting date; or
- the group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non current assets/ liabilities respectively. All other assets/ liabilities are classified as non current.

d) Foreign exchange transactions

Foreign currency transactions are accounted at the rates prevailing on the date of transaction. Year end monetary assets and liabilities are translated at the exchange rate ruling on reporting date. Exchange differences on settlement / conversion are adjusted to the Statement of Profit and Loss. Non monetary items measured at historical cost / fair value, are translated using the exchange rate prevailing on the date of transaction / fair value measurement respectively.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Indian rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill / capital reserve arising in the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill / capital reserve or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (April 1, 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

e) Revenue
Revenue from contracts with customer

Revenue from contract with customers is recognised when the group satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

Rendering of services

Revenue from rendering of services is recognized over time by measuring progress towards satisfaction of performance obligation for the services rendered. The Group uses output method for measurement of revenue from home solution operations/ painting and related services and royalty income as it is based on milestone reached or units delivered. Input method is used for measurement of revenue from processing and other service as it is directly linked to the expense incurred by the Group.

Interest income and dividend

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

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

Government grants and subsidies

Government grants are recognised when there is reasonable assurance that all attached conditions will be complied with and there is no uncertainty on collection. When the grant relates to an expense item, it is recognised in the statement of profit and loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as deferred income and amortised over the useful life of such assets. Entitlement from government authorities are recognised in the profit or loss as other operating revenue when the right to receive is established as per the terms of the scheme with no future related cost and

where there is no significant uncertainty regarding the ultimate collection of the relevant proceeds.

f) Income tax

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Excess / short provision of tax relating to earlier years is separately disclosed.

Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

g) Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

h) Property, plant and equipment
Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation

Depreciation is recognised in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The estimated useful lives are in line with the life periods specified in Schedule II of the Companies Act 2013.

The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

i) Goodwill and Other intangible assets
Goodwill

Goodwill represents the excess of consideration transferred, together with the amount of non-controlling interest in the acquire, over the fair value of the group's share of identifiable net assets acquired.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying value of the equity accounted investee.

Other intangible assets
Measurement at recognition:

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalized and the related expenditure is recognized in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets

are carried at cost less accumulated amortization and accumulated impairment loss, if any.

Amortization:

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss.

The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at each reporting date. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

Derecognition:

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an intangible asset is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

j) Inventories

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of packing materials, engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process.

Inventories consist of Construction Work-in-Progress - At Lower of Cost and Net realisable value. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs, borrowing costs, allocated overheads and expenses incidental to the projects undertaken by the subsidiary company.

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

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

k) Research and Development

Expenditure on research is recognized as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment and acquired intangible assets utilized for research and development are capitalized and depreciated in accordance with the policies stated for Property, plant and equipment and Intangible Assets.

l) Impairment of non-financial assets

The carrying amounts of the Group'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 goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed at the end of each reporting year.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications 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. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

m) Employee benefits
Short-term employee benefits

Short-term employee benefit obligations are recognised at an undiscounted amount and the same is charged to the Statement of Profit and Loss for the period which the related services are rendered.

Defined contribution plans

Retirement benefit in the form of Provident Fund and Employee State Insurance is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the Provident Fund and Employee State Insurance. The Group recognizes contribution payable to the Provident Fund and Employee State Insurance which is charged to the Statement of Profit and Loss for the period in which the contributions to the respective funds accrue as per relevant statutes.

Defined benefit plans

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is based on an independent actuarial valuation carried out using

the projected unit credit method. Defined benefit costs in the nature of current and past service cost and net interest expense or income are recognized in the Statement of Profit and Loss in the period in which they occur. Re-measurements, comprising of actuarial gains and losses, the effect of change to the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occurs. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods. Past service cost is recognised in statement of profit and loss in the period of a plan amendment.

Compensated absences

Provision for Compensated Absences and its classifications between current and non-current liabilities are based on independent actuarial valuation. The actuarial valuation is done as per the projected unit credit method as of the reporting date.

n) Provisions and contingent liabilities

The Group estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Group uses significant judgements to assess contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

o) Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

p) Segment accounting:

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Operating segments have been identified on the basis of the nature of products / services

1. Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.
2. Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenses which relate to the group as a whole and not allocable to segments are included under unallocable expenditure.
3. Income which relates to the group as a whole and not allocable to segments is included in unallocable income.
4. Segment result includes margins on inter-segment and sales which are reduced in arriving at the profit before tax of the group.
5. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the group as a whole and not allocable to any segment.

Inter-Segment transfer pricing:

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

q) Financial instruments

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 and liabilities
Initial recognition and measurement

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets (unless it is a trade receivable without a significant financing component) and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Classification and Subsequent measurement

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

- (i) amortised cost.
- (ii) Fair value through other comprehensive income (FVOCI) – equity investment; or
- (iii) Financial assets at fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

De-recognition of Financial Assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the assets and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

De-recognition of Financial Liabilities

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. 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 de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments recognised by the Group are measured at the proceeds received net of direct issue cost.

Offsetting of financial instruments

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

Impairment of financial assets:

The Group applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i. Trade receivables
- ii. Financial assets measured at amortized cost (other than trade receivables and lease receivables)

In case of trade receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Group reverts to recognizing impairment loss allowance based on 12-month ECL.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is

based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the Statement of Profit and Loss under the head 'Other expenses'.

r) Determination of Fair values

The Group measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

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

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

s) Leases

The Group assesses at contract inception if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

The Group determines the lease term as the noncancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

Assets acquired under leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Group as a lessee

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets:

The group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, deferred lease components of security deposits and lease payments made at or before the commencement date less any lease incentives received. Unless the group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Refer to the accounting policies in section (j) Impairment of non-financial assets.

Lease liabilities:

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase

option reasonably certain to be exercised by the group and payments of penalties for terminating a lease, if the lease term reflects the group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the insubstance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets:

The group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment's that are low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense in statement of profit and loss on straight line basis.

t) Cash and cash equivalents

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less.

u) Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

v) Changes in Accounting Standards and other recent accounting pronouncements

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 August 12, 2024, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing Ind AS 117 – Insurance contracts through the Companies (Indian Accounting Standards) Amendment Rules, 2024, applicable for FY 2024-25. The Group does not expect this amendment to have any significant impact in its financial statements.

Notes to Consolidated Financial Statements for the year ended March 31, 2024
(All amounts are in Million Rupees except for share data or as otherwise stated)

3. Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Electrical Equipment	Lab Equipment	Furniture and Fixtures	Vehicles	Computers - EDP	Total Property, plant and equipment
Gross carrying value									
As at April 01, 2022	119.28	1,094.55	3,563.49	317.88	592.58	78.14	27.22	45.43	5,838.55
Additions	-	222.88	443.07	68.05	93.13	28.01	14.37	34.24	903.75
Disposals	-	-	-	-	-	-	(1.29)	-	(1.29)
As at March 31, 2023	119.28	1,317.43	4,006.57	385.93	685.71	106.14	40.30	79.67	6,741.01
Additions	-	335.97	651.25	144.52	83.08	32.61	5.29	46.32	1,299.05
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2024	119.28	1,653.40	4,657.82	530.44	768.79	138.76	45.58	125.98	8,040.06
Depreciation									
As at April 01, 2022	-	136.72	464.56	88.90	176.63	22.30	7.73	29.47	926.31
Charge for the year	-	40.82	191.17	32.18	61.03	8.41	4.43	11.83	349.88
Disposals	-	-	-	-	-	-	(0.18)	-	(0.18)
As at March 31, 2023	-	177.53	655.74	121.08	237.66	30.72	11.98	41.30	1,276.02
Charge for the year	-	45.93	211.80	38.22	68.56	10.88	4.96	24.23	404.58
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2024	-	223.47	867.54	159.30	306.22	41.59	16.95	65.53	1,680.59
Net carrying value									
As at March 31, 2023	119.28	1,139.90	3,350.83	264.84	448.04	75.43	28.31	38.36	5,464.99
As at March 31, 2024	119.28	1,429.94	3,790.28	371.14	462.57	97.16	28.64	60.45	6,359.46

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

4. Right-of-use assets

Particulars	Right-of-use assets	Total
<u>Gross carrying value</u>		
As at April 01, 2022	434.58	434.58
Additions	-	-
Disposals	-	-
As at March 31, 2023	434.58	434.58
Additions	57.48	57.48
Disposals	-	-
As at March 31, 2024	492.06	492.06
<u>Amortisation</u>		
As at April 01, 2022	38.36	38.36
Charge for the year	17.30	17.30
Disposals	-	-
As at March 31, 2023	55.66	55.66
Charge for the year	24.97	24.97
Disposals	-	-
As at March 31, 2024	80.63	80.63
<u>Net carrying value</u>		
As at March 31, 2023	378.92	378.92
As at March 31, 2024	411.43	411.43

Note: Amortisation related to Dyuthi Labs Private Limited subsidiary amounting to Rs.0.13 Million for the Financial year 2023-24 has been considered as part of capital work in progress.

5 Other intangible assets

Particulars	Computer Software	Total
<u>Gross carrying value</u>		
As at April 01, 2022	48.94	48.94
Additions	55.40	55.40
As at March 31, 2023	104.34	104.34
Additions	21.34	21.34
As at March 31, 2024	125.68	125.68
<u>Amortisation</u>		
As at April 01, 2022	23.81	23.81
Charge for the year	10.25	10.25
As at March 31, 2023	34.06	34.06
Charge for the year	14.25	14.25
As at March 31, 2024	48.31	48.31
<u>Net carrying value</u>		
As at March 31, 2023	70.28	70.28
As at March 31, 2024	77.36	77.36

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

6. Investments

Particulars	As at March 31, 2024	As at March 31, 2023
Investments in equity instruments of associates (unquoted - valued at cost)		
28,94,750 (March 31, 2023: 26,44,750) Equity Shares of Rs. 10 each fully paid-up in Honour Infra Estates Limited	27.55	27.83
Other Investments (unquoted - valued at FVTPL)		
1 (March 31, 2023: 1) Equity Share of AED 1,00,000 each fully paid-up in Hetero FZCO	782.67	593.74
Other Investments (quoted - valued at FVTPL)		
1,56,950 (March 31, 2023: 1,56,950) Equity Share of Rs. 1 each fully paid-up in Aurobindo Pharma Limited	-	81.32
Total	810.21	702.89
Aggregate amount of quoted investments	-	81.32
Aggregate amount of unquoted investments	810.21	621.57

7. Loans (non-current)

Particulars	As at March 31, 2024	As at March 31, 2023
considered good - unsecured		
Loans to related parties*	5.70	-
Total	5.70	-

8. Other financial assets (non-current)

Particulars	As at March 31, 2024	As at March 31, 2023
considered good, unsecured		
Lease rental deposits	6.66	6.05
Other deposits	71.85	75.16
Interest accrued but not due	5.47	2.32
	83.98	83.53

9. Non current tax assets

Particulars	As at March 31, 2024	As at March 31, 2023
Income tax refund due	0.39	215.86
Total	0.39	215.86

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

10. Deferred tax asset (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax liability relating to		
Depreciation on PPE	42.68	31.69
	42.68	31.69
Deferred tax asset relating to		
Unabsorbed loss as per Income tax act	194.79	120.64
On provisions of employees benefits	1.68	1.18
Impact of accounting for leases as per Ind AS	0.03	0.03
Preliminary expenses to the extent not written off	0.03	-
	196.54	121.85
	153.86	90.16

Deferred tax (assets)/liabilities:
For the year ended March 31, 2024:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other compre- hensive income	Closing Balance
Deferred tax liability relating to				
Depreciation on PPE	31.69	10.99	-	42.68
(A)	31.69	10.99	-	42.68
Deferred tax asset relating to				
Unabsorbed loss as per Income tax act	120.64	74.15	-	194.79
On provisions of employees benefits	1.18	0.29	0.22	1.68
Impact of accounting for leases as per Ind AS	0.03	(0.00)	-	0.03
Preliminary expenses to the extent not written off	-	0.03	-	0.03
(B)	121.85	74.47	0.22	196.54
Deferred tax asset (net)	90.16	63.48	0.22	153.86
(B-A)				

For the year ended March 31, 2023:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other compre- hensive income	Closing Balance
Deferred tax liability relating to				
Depreciation on PPE	16.91	14.78	-	31.69
(A)	16.91	14.78	-	31.69
Deferred tax asset relating to				
Unabsorbed loss as per Income tax act	60.12	60.52	-	120.64
On provisions of employees benefits	0.91	0.28	(0.01)	1.18
Impact of accounting for leases as per Ind AS	0.03	(0.00)	-	0.03
(B)	61.06	60.80	(0.01)	121.85
(B-A)	44.15	46.02	(0.01)	90.16

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

11. Other non current assets

Particulars	As at March 31, 2024	As at March 31, 2023
considered good - unsecured		
Capital advances	98.20	74.94
Prepayments	20.83	20.83
Total	119.02	95.77

12. Inventories

Particulars	As at March 31, 2024	As at March 31, 2023
(Cost and net realisable value which ever is lower)		
Raw materials and packing material	1,448.62	2,304.80
Work-in-progress	1,082.02	1,465.25
Finished goods	1,544.18	1,416.67
Stores and spares	50.19	46.16
Work in Progress - freehold land and related costs	800.53	796.95
Total	4,925.55	6,029.84

13. Trade receivables

Particulars	As at March 31, 2024	As at March 31, 2023
considered good -unsecured		
to related parties *	2,660.59	1,631.94
to others	2,512.98	2,391.69
	5,173.57	4,023.63
Less: Allowance for credit loss	(16.78)	(5.11)
Total	5,156.78	4,018.52

* 622.66 Mn (March 31, 2023: 352.74 Mn) is due from private companies in which a director of the Company is a director or member.

Ageing of trade receivables - outstanding as at March 31, 2024

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	4,385.93	342.61	406.11	19.49	-	5,154.13
(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	19.44	19.44
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-
Less: Allowance for credit loss						(16.78)
Total	4,385.93	342.61	406.11	19.49	19.44	5,156.78

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Ageing of trade receivables - outstanding as at March 31, 2023

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	3,623.20	338.43	29.76	5.90	2.41	3,999.70
(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	3.49	3.49
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	20.44	20.44
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-
Less: Allowance for credit loss	-	-	-	-	-	(5.11)
Total	3,623.20	338.43	29.76	5.90	26.33	4,018.52

14. Cash & cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with Banks		
- in Current accounts with scheduled banks	127.46	29.64
Cash on hand	6.28	4.36
Total	133.74	34.00

15. Bank balances other than above

Particulars	As at March 31, 2024	As at March 31, 2023
- Deposits with original maturity of less than 12 months	44.33	80.76
Total	44.33	80.76

Deposits with a carrying amount of Rs. 44.33 (March 31, 2023: Rs. 80.76) pertaining to Honour Lab Limited, are towards margin money given for letter of credit and bank guarantees.

16. Other financial assets (current)

Particulars	As at March 31, 2024	As at March 31, 2023
considered good, unsecured		
Loans to employees	22.36	30.10
Security deposits	0.06	0.06
Total	22.42	30.16

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

17. Current tax assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
considered good - unsecured		
Income tax refund due	54.66	-
	54.66	-

18. Other current assets

Particulars	As at March 31, 2024	As at March 31, 2023
considered good, unsecured		
Advance to suppliers	33.23	2.76
Prepayments	87.46	27.15
Balances with Statutory/Government authorities	807.02	798.19
Insurance claim receivable	145.76	-
Total	1,073.47	828.10

19. Equity share capital

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised		
70,00,000 (March 31, 2023: 70,00,000) Equity Shares of Rs. 10/- each	70.00	70.00
Total	70.00	70.00
Issued, Subscribed and Paid Up		
50,00,000 (March 31, 2023: 50,00,000) Equity Shares of Rs. 10/- each fully paid up	50.00	50.00
Total	50.00	50.00

19.1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2024		As at March 31, 2023	
Equity Shares of Rs.10 each, fully paid up	No.	Rs.	No.	Rs.
Balance as per last financial statements	5,000,000	50.00	5,000,000	50.00
Outstanding at the end of the year	5,000,000	50.00	5,000,000	50.00

19.2. Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share at the general meetings of the Company.

19.3. Details of Shareholders holding more than 5 % shares of the Company:

	As at March 31, 2024		As at March 31, 2023	
Equity Shares of Rs. 10/- each held by	% Holding	No.	% Holding	No.
Dr. B. Parthasaradhi Reddy	92.39%	4,619,500	92.39%	4,619,500

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

19.4. Details of share holding of Promoters as at March 31, 2024

Name of the shareholder	No.of shares	% of total shares	% change during the year
Dr. B. Parthasaradhi Reddy	4,619,500	92.39%	-
Dr. B. Vamsi Krishna	99,360	1.99%	-
Mrs. B. Kalavathi	9,360	0.19%	-
Mrs. B. Anvida	3,060	0.06%	-
Dr. K. Rathnakar Reddy	150,000	3.00%	-
Dr. B. Parthasaradhi Reddy, (Managing Trustee of Smt. M. Krishna Sindhuri Private Trust)	18,720	0.37%	-
Mrs. K. Krishnaveni	50,000	1.00%	-
Mr. K. Krishna Chaitanya	25,000	0.50%	-
Ms. K. Krishna Charitha	25,000	0.50%	-
Total	5,000,000	100%	

Details of share holding of Promoters as at March 31, 2023

Name of the shareholder	No.of shares	% of total shares	% change during the year
DR.B. Parthasaradhi Reddy	4,619,500	92.39%	-
Dr. B.Vamsi Krishna	99,360	1.99%	-
Mrs. B.Kalavathi	9,360	0.19%	-
Mrs.B.Anvida	3,060	0.06%	-
Dr.K.Rathnakar Reddy	150,000	3.00%	-
Dr.B.Parthasaradhi Reddy, (Managing Trustee of Smt. M.Krishna Sindhuri Private Trust)	18,720	0.37%	-
Mrs. K.Krishnaveni	50,000	1.00%	-
Mr.K.Krishna Chaitanya	25,000	0.50%	-
Ms.K.Krishna Charitha	25,000	0.50%	-
Total	5,000,000	100%	

20. Borrowings (non-current)

Particulars	As at March 31, 2024	As at March 31, 2023
Secured borrowings from Banks		
Holding Company:		
Vehicle Loans (Refer Note" a" below)	15.31	14.58
Secured Term Loan from Banks (Refer Note" b" below)	306.20	-
Unsecured borrowings from Related Parties	50.00	50.00
(Terms of Repayment: Repayable after 5 years from the date of loan and extendable with mutual consent. Rate of Interest: Nil)		
Total	371.51	64.58

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Note (a) :

Type of Loan	Auto Loan
Name of the Lendor	Mahindra & Mahindra Financial Services Limited
Security	Motor vehicles hypothecation
Rate of Interest	8.50% to 9.15% p.a.
Repayment	Repayable in 60 equated monthly instalments from the date of respective borrowing

Note (b) :

Type of Loan	Secured Term Loan
Name of the Lendor	State Bank of India
Security	Pari-passu first charge on all the current assets of the company both present and future along with secured working capital lenders under consortium of the company and Pari-passu first charge on Fixed assets of the company including land and building, plant & machinery both present and future along with other secured working capital lenders under consortium.
Rate of Interest	9.55% p.a.
Repayment	Repayable in 15 equated quarterly instalments commencing from 31 December 2024

21. Lease Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liabilities	385.27	345.47
Total	385.27	345.47

22. Provisions (Non-current)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for gratuity (funded)	42.35	26.33
Provision for compensated absences	21.75	17.78
Total	64.10	44.11

23. Deferred tax liabilities (net)

Particulars		As at March 31, 2024	As at March 31, 2023
Deferred tax liability relating to			
Depreciation on property, plant and equipment		482.07	414.70
Unamortized processing fees		1.13	-
Fair valuation of investments		243.39	195.84
Impact of accounting for leases as per Ind AS		4.30	3.86
	(A)	730.90	614.40
Deferred tax asset relating to			
Provision for Gratuity & Compensated absences		17.38	11.22
Allowance for debtors		4.22	-
Disallowance of expenditure under Sec 35 DD		0.14	-
Bonus 43B disallowance		4.27	-
	(B)	26.00	11.22
Deferred tax liabilities (net)	(A-B)	704.89	603.19

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Deferred tax (assets)/liabilities:
For the year ended March 31, 2024:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Depreciation on fixed assets	414.70	67.38	-	482.07
Unamortized processing fees	-	1.13	-	1.13
Allowance for Credit loss	-	(4.22)	-	(4.22)
Fair valuation of investments	195.84	47.55	-	243.39
Ind AS 116 leases	3.86	0.44	-	4.30
Disallowance of expenditure under Sec 35 DD	-	(0.14)	-	(0.14)
Bonus 43B disallowance	-	(4.27)	-	(4.27)
Provision for gratuity & compensated absences	(11.22)	(1.03)	(5.13)	(17.38)
	603.19	106.83	(5.13)	704.89

For the year ended March 31, 2023:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Depreciation on fixed assets	351.93	62.76	-	414.70
Unamortized processing fees	-	-	-	-
Allowance for Credit loss	-	-	-	-
Fair valuation of investments	175.72	20.12	-	195.84
Ind AS 116 leases	3.78	0.08	-	3.86
Provision for gratuity & compensated absences	(10.16)	0.99	(2.05)	(11.22)
	521.27	83.96	(2.05)	603.19

24. Borrowings (Current)

Particulars	As at March 31, 2024	As at March 31, 2023
Indian Rupee borrowings from banks (secured) (See Note (c) below)	2,905.70	2,328.31
Indian Rupee borrowings from banks (unsecured) (See Note (d) below)	-	314.85
Current maturities of non current borrowings	101.77	4.74
Total	3,007.46	2,647.91

Parent Company
Note (c) :
Security details:

The Working Capital borrowings from State Bank of India, RBL Bank Limited, Yes Bank Limited and Bandhan Bank Limited are secured by paripassu first charge on all present and future current assets, paripassu second charge on fixed assets.

Rate of Interest

Rate of interest on cash credit/WCDL varies from 9.10% to 10.35%

Rate of interest on PCFC varies from SOFR+150 bps to 200 bps

Note (d) :

The Indian Rupee working Capital borrowings from Shinhein Bank are unsecured.

Rate of Interest:

Rate of interest on unsecured loan varies from 8.70% to 9%

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

25. Lease liabilities (current)

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liabilities	38.94	28.92
Total	38.94	28.92

26. Trade payables

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro and small enterprises*	20.12	100.41
Total (A)	20.12	100.41
Total outstanding dues of creditors other than micro and small enterprises		
to related parties	308.07	545.70
to others	2,014.16	3,140.85
Total (B)	2,322.22	3,686.56
Total (A+B)	2,342.34	3,786.97

Ageing of trade payables - outstanding as at March 31, 2024

Particulars	MSME	Others	Disputed dues -MSME / Others	Total
Less than 1 year	20.12	2,300.10	-	2,320.22
1-2 years	-	16.39	-	16.39
2-3 years	-	5.73	-	5.73
More than 3 years	-	-	-	-
Total	20.12	2,322.22	-	2,342.34

Ageing of trade payables - outstanding as at March 31, 2023

Particulars	MSME	Others	Disputed dues -MSME / Others	Total
Less than 1 year	100.41	3,665.24	-	3,765.66
1-2 years	-	19.99	-	19.99
2-3 years	-	1.33	-	1.33
More than 3 years	-	-	-	-
Total	100.41	3,686.56	-	3,786.97

27. Other financial liabilities (current)

Particulars	As at March 31, 2024	As at March 31, 2023
Valued at amortised cost		
Interest accrued but not due	7.28	10.12
Capital creditors	99.64	211.84
Other payables	32.57	30.34
Total	139.50	252.30

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

28. Other current liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues	57.85	40.99
Advance from customers	63.02	27.29
Total	120.87	68.28

29. Provisions (current)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for gratuity (funded)	5.13	1.56
Provision for compensated absences	6.28	3.42
Total	11.41	4.98

30. Current tax liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Income tax liability (net)	150.46	-
Total	150.46	-

31. Revenue from operations

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of products	23,594.73	21,279.36
Other operating revenues	16.79	45.80
Total	23,611.52	21,325.17

Disaggregation of revenue
Revenue based on business segment

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
API	23,594.73	21,279.36
Others	16.79	45.80
Total Revenue from operations	23,611.52	21,325.17

Revenue based on Geography

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Domestic	20,866.26	18,789.50
Export	2,745.26	2,535.67
Total Revenue from operations	23,611.52	21,325.17

Timing of revenue recognition

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Goods and services transferred at a point in time	23,611.52	21,325.17
Total Revenue from operations	23,611.52	21,325.17

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Contract balances

The following table provides the information about receivables, contract assets and contact liabilities from contracts with customers

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables	5,156.79	4,018.52
Advance received from customers	63.02	27.29

32. Other income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest Income on		
- Electricity deposits, bank deposits	11.55	4.45
Foreign exchange fluctuation gain (net)	53.46	-
Gain on fair value of the investments	188.93	79.93
Gain on sale of listed securities	45.88	-
Other miscellaneous & non-operating income	2.17	130.93
Dividend Income	1.32	-
Total	303.30	215.31

33. Cost of materials consumed

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Raw materials consumed		
Opening stock at the beginning of the year	2,304.80	1,727.92
Add : Purchases	14,619.17	16,874.35
	16,923.96	18,602.26
Less : Closing stock at the end of the year	1,448.62	2,304.80
Total	15,475.34	16,297.46

34. Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening stock of inventories		
Finished goods of API and Intermediates	1,465.25	1,237.28
Work-in-progress of API and Intermediates	1,416.67	1,345.19
Work in Progress - Freehold Land and related costs	796.95	795.87
	3,678.88	3,378.34
Closing stock of inventories		
Finished goods of API and Intermediates	1,544.18	1,465.25
Work-in-progress of API and Intermediates	1,082.02	1,416.67
Work in Progress - Freehold Land and related costs	800.53	796.95
	3,426.73	3,678.88
Decrease / (increase) in inventories of finished goods and work-in-progress	252.15	(300.54)

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

35. Employee benefits expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, allowances and wages	1,248.59	1,053.51
Contribution to provident fund and other funds	32.54	27.27
Gratuity Expenses	14.18	5.21
Compensated absences	6.90	13.16
Staff welfare expenses	103.33	75.48
Total	1,405.55	1,174.63

36. Finance costs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expense on		
- Term loans and working capital loans	354.14	274.37
- Others	45.83	88.77
Bank charges	17.15	29.03
Total	417.12	392.16

37. Other expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Manufacturing expenses		
Production expenses	248.40	192.42
Conversion charges	236.94	197.13
Power and Fuel	740.97	719.76
Factory maintenance	171.20	153.50
Lab chemicals and maintenance	322.99	237.62
Factory lease expenses	0.57	0.50
Repairs & maintenance		
Plant and machinery	246.94	181.90
Buildings	153.69	120.80
Electricals	50.39	30.26
Others	22.77	15.97
(A)	2,194.85	1,849.85
Administrative expenses		
Advertisement	0.38	0.12
Rent, Rates and taxes	49.66	56.54
Product registration fee	35.95	30.85
Printing and stationery	16.96	14.14
Postage, telegram and telephone	7.15	5.94
Insurance	69.34	61.79
Travelling and conveyance	26.53	8.68
Vehicle hire charges	58.07	53.81
Professional charges	77.94	44.82
Political contributions	150.00	100.00

(Contd.)

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Donations	4.45	0.72
General and office expenses	32.59	11.43
Loss on sale of PPE	-	0.12
Loss on fair value of investment	-	23.64
Selling expenses	118.81	82.48
Auditor's remuneration	10.10	7.88
Cost audit fee	0.23	0.15
Foreign exchange fluctuation loss (net)	-	24.71
Corporate social responsibility expenses	62.70	60.00
Allowance for credit loss	11.67	4.95
(B)	732.54	592.77
Total	(A)+(B) 2,927.39	2,442.62

38. Earnings per share (EPS)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit available for equity shareholders	2,191.30	682.71
Weighted average number of equity shares in computing basic and diluted EPS	5,000,000	5,000,000
Face value of each equity share (Rs.)	10	10
Earnings per share		
- Basic (Rs.)	438.26	136.54
- Diluted (Rs.)	438.26	136.54

39. Taxes
(a) Income tax expense:

The major components of income tax expenses are:

(i) Profit or loss section

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current tax	783.12	349.69
Short tax provision for earlier years	(24.45)	86.41
Deferred tax	43.35	37.94
Total income tax expense recognised in statement of Profit & Loss	802.03	474.04

(ii) OCI Section

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Deferred tax	5.34	2.04

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit before tax (A)	2,993.61	1,156.84
Enacted tax rate in India (B)	25.168%	25.168%
Expected tax expenses (C = A*B)	753.43	291.15
Adjustments for		
Taxes with respect to earlier years	(24.45)	86.41
Expenses disallowed under Income Tax Act, 1961	-	5.18
Others	73.04	91.30
Total (D)	802.03	474.04

40. Significant accounting, estimates and assumptions

The preparation of the Parent's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

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

i) Impairment of non-financial assets

The Parent assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Parent estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Parent's of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

ii) Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

iii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible,

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iv) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Parent uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Parent's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

41. Employee benefits
Gratuity benefits provided by the Company

In accordance with applicable Indian laws, the Parent has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Parent. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Parent makes contributions to the Gratuity Fund.

The components of gratuity cost recognised in the statement of profit and loss for the years ended March 31, 2024 and March 31, 2023 consist of the following:

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Current service cost	12.58	9.34
Interest on net defined benefit liability, net	5.11	4.33
Gratuity cost recognised in statement of profit and loss	17.69	13.67
Remeasurement on the net defined benefit liability:		
Return on plan assets (greater)/less than discount rate	(0.09)	(2.85)
Actuarial (gains) / losses due to DBO assumptions changes	8.06	0.97
Components of defined benefit costs recognised in other comprehensive income	7.97	(1.88)
Details of the employee benefits obligations and plan assets are provided below:		
Present value of funded obligations	91.39	70.41
Fair value of plan assets	43.92	42.51
Net defined benefit liability recognised	47.48	27.89
Details of changes in the present value of defined benefit obligations are as follows:		
Defined benefit obligations at the beginning of the year	70.41	62.82
Current service cost	12.58	9.51
Interest on defined obligations	5.11	4.20
Re-measurements due to:		
Actuarial loss due to change in assumptions	2.91	(1.42)
Actuarial (gain)/loss due to demographic assumptions	-	-
Actuarial loss due to experience changes	5.15	1.09
Benefits paid	(4.76)	(5.80)
Defined benefit obligations at the end of the year	91.39	70.41

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Details of changes in the fair value of plan assets are as follows:		
Fair value of plan assets at the beginning of the year	42.51	36.78
Employer contributions	2.70	7.42
Interest on plan assets	3.12	2.85
Re-measurements due to:		
Return on plan assets excluding interest on plan assets	0.09	(1.30)
Benefits paid	(4.50)	(3.24)
Plan assets at the end of the year	43.92	42.51

Sensitivity Analysis:

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
(a) Effect of 1% change in assumed discount rate		
- 1% increase	64.39	56.16
- 1% decrease	80.35	70.65
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	80.00	70.43
- 1% decrease	64.43	56.09
(c) Effect of 1% change in assumed attrition rate		
- 1% increase	74.00	64.95
- 1% decrease	69.19	60.41

Summary of the actuarial assumptions: The actuarial assumptions used in accounting for the Gratuity Plan are as follows:

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Discount rate	7.51%	7.33%
Rate of return of plan assets	7.65%	7.65%
Attrition rate	1.00%	1.00%
Rate of compensation increase	4.00%	4.00%

The expected future cash flows in respect of gratuity were as follows:

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Expected future benefit payments		
31-Mar-25	1.58	1.58
31-Mar-26	4.65	4.28
31-Mar-27	2.93	2.19
31-Mar-28	3.43	3.25
31-Mar-29	2.32	2.82

Provident fund benefits & Employee State Insurance benefits

The Parent makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund & employee state insurance, which is defined contribution plan. The Parent 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 recognised as an expense towards contribution to provident fund & employee state insurance for the year aggregated to Rs 32.54 (March 31, 2023: Rs 27.27) and is included in "contribution to provident fund and other funds".

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Compensated absences

The employees of the Parent are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

	March 31, 2024	March 31, 2023
a. Assumptions		
Discount Rate	7.22%	7.51%
Salary Escalation	4.00%	4.00%
Mortality rate (LIC)	2006-08	2006-08
b. Changes in present value of the defined benefit obligation		
Present Value of Obligation as at beginning of year	21.20	17.83
Interest Cost	1.09	0.94
Current Service Cost	5.81	4.56
Benefits paid	(13.33)	(10.13)
Actuarial (gain) / loss on obligations	13.26	8.01
Present value of obligations as at end of year	28.03	21.20

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

42. Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Contingent Liabilities		
(a) Guarantees	10.00	10.00
(ii) Commitments		
(a) Unexpired Letters of Credits	259.69	143.80
(b) Estimated amount of contracts remaining to be executed on capital account and net off advances	169.75	-

- (iii) The Parent has preferred appeals on service tax issue pertaining to financial year 2014-15 before the CESTAT, Hyderabad under Finance Act, 1944 Total disputed amount is Rs 3.74 Mn. out of which Rs 0.37 Mn. deposited under protest which was shown in other current assets. The Parent is of the view that the Departments' contentions are not sustainable and is confident of favourable decision in its favour.
- (iv) The Parent has preferred appeals on service tax issue pertaining to financial years 2015-16 to 2017-18 before the CESTAT, Hyderabad under Finance Act, 1944. Total disputed amount is Rs 13.81 Mn. out of which Rs 1.38 Mn. deposited under protest which was shown in other current assets. The Parent is of the view that the Departments' contentions are not sustainable and is confident of favourable decision in its favour.
- (v) The Company has preferred appeals on Goods and Service Tax (GST) issue pertaining to financial year 2023-24 before the Appellate Additional/Joint Commissioner (State Tax), Belgavi. Total disputed amount is Rs 0.51 Mn. The Company is of the view that the Departments' contentions are not sustainable and is confident of favourable decision in its favour.
- (vi) The Company has preferred appeals on Goods and Service Tax (GST) issue pertaining to financial years 2017-18 to 2019-20 before the Commissioner of Central Tax (Appeals-I), Hyderabad. Total disputed amount is Rs 21.90 Mn. out of which Rs 2.19 Mn. is deposited under protest which was shown in other current assets. The Company is of the view that the Departments' contentions are not sustainable and is confident of favourable decision in its favour.

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

- (vii) The Company has preferred appeals on Excise duty issue pertaining to period October 2016 to June 2017 at Commissioner of central tax (Appeals-II), Pune. Total disputed amount is Rs 11.00 Mn. out of which Rs 0.82 Mn. is deposited under protest which was shown in other current assets. The Company is of the view that the Departments' contentions are not sustainable and is confident of favourable decision in its favour.
- (viii) In respect of Provident fund (PF), there are numerous interpretative issues relating to the Supreme Court (SC) Judgement on PF dated February 28, 2019. As a matter of caution, the Parent has made the payments prospectively from FY 2019-20. The Parent will update its position, on receiving further clarity on this subject.

43. Related party disclosure
List of related parties
(i) Names of related parties and related party relationship

Sr.No	Name of the Related Party	Nature of Relationship
1	Honour Infra Estates Limited	Associate
	Key Management Personnel:	
1	Dr.K.Rathnakar Reddy	Managing Director
2	Dr. K. Subhas Chander Reddy	Wholetime Director
3	N.Muralidhar Reddy	Wholetime Director
4	A. Sudhakar Reddy	Director
5	K. Krishnaveni	Woman Director
6	Narasimha Reddy	Independent Director (Resigned w.e.f. 29.09.2023)
7	Buchiram Venkat Sobhanadri Suri	Independent Director (Resigned w.e.f. 29.09.2023)
8	J.Adi Sesha Giri	Independent Director (Appointed w.e.f. 18.12.2023)
9	A Gopal Reddy	Independent Director (Appointed w.e.f. 18.12.2023)
10	Srinivas Vengala	Company Secretary

Relatives of KMP

- 1 Krishna Chaitanya Kura

Other related parties:

1	Hetero Labs Limited	17	Danika Traders Private Limited
2	Hetero Drugs Limited	18	Camber Pharmaceutical Co Limited
3	Cirex Pharmaceuticals Private Limited	19	Amarox Pharma S.A. De C.V.
4	Chemipack (India) Private Limited	20	Hetero Singapore Pte Limited
5	Hetero Infrastructure SEZ Limited	21	Hetero USA Inc
6	Hindys Lab Private Limited	22	Hetero FZCO
7	Hazelo Lab Private Limited	23	Makiz-Pharma LLC
8	Dasami Lab Private Limited	24	Pharmed Healthcare company SAE
9	Selmar Lab Private Limited	25	Evaric Pharmaceuticals Inc
10	Annora Pharma Private Limited	26	PT. AmaroX Pharma Global
11	Aspiro Pharma Limited	27	Ascent Pharmaceuticals Inc
12	Paamit Labs Pvt Ltd	28	Analys Lab Private Limited
13	Audree Infotech Private Limited	29	Sai Sindhu Foundation
14	Aarani Enterprises Private Limited	30	Hetero Foundation
15	Hetero Healthcare Ltd	31	Dr. B.Parthasaradhi Reddy
16	Jitvan Land LLP	32	Janina Marine Properties LLP

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

ii) The following transactions were carried out with the related parties in the ordinary course of business:

Nature of the Transaction & Nature of Relationship	2023-24	2022-23
Sales / Conversion Income		
Other related parties:		
Hetero Labs Limited	13,922.61	12,459.44
Hetero Drugs Limited	428.30	570.77
Hindys Lab Private Limited	25.01	10.38
Hazelo Lab Private Limited	30.22	48.33
Dasami Lab Private Limited	686.32	385.40
Aarani Enterprises Private Limited	186.35	235.34
Makiz Pharma LLC	11.08	311.77
Selmar Lab Private Limited	44.35	118.57
Amarox Pharma S.A. De C.V.	65.25	10.34
Annora Pharma Private Limited	827.74	549.94
Hetero USA, Inc	13.13	130.50
Hetero FZCO	4.80	-
Evaric Pharmaceuticals Inc	165.92	165.92
Evaric Pharmaceuticals Inc	2.71	165.92
PT. AmaroX Pharma Global	45.59	22.58
Aspiro Pharma Limited	70.82	11.77
Camber Pharmaceutical Co Limited	9.38	17.33
Paamit Lab Private Limited	5.69	-
Hetero Health Care Limited	4.91	-
Ascent Pharmaceuticals Inc	-	8.24
Purchases / Conversion charges		
Other related parties:		
Hetero Labs Limited	3,226.53	2,944.96
Hetero Drugs Limited	15.46	28.72
Hindys Lab Private Limited	3.44	18.95
Hazelo Lab Private Limited	12.58	29.91
Dasami Lab Private Limited	10.40	7.26
Cirex Pharmaceuticals Private Limited	11.13	-
Selmar Lab Private Limited	87.49	72.19
Aarani Enterprises Private Limited	42.64	3.69
Danika Traders Private Limited	1,337.81	1,042.02
Audree Infotech Private Limited	1.06	8.35
Annora Pharma Private Limited	0.07	-
Chemipack (India) Private Limited	5.69	7.90
Purchase of property, plant and equipment		
Other related parties:		
Audree Infotech Private Limited	62.45	39.82
Testing Charges		
Other related parties:		
Analys Lab Private Limited	25.83	75.21

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Nature of the Transaction & Nature of Relationship	2023-24	2022-23
Corporate social responsibility		
Other related parties:		
Hetero Foundation	49.50	43.20
Sai Sindhu Foundation	13.20	16.80
Lease Rent		
Other related parties:		
Hetero Infrastructure SEZ Limited	23.05	25.57
Hetero Drugs Limited	2.49	2.28
Cirex Pharmaceuticals Limited	10.33	10.33
Jitvan Land LLP	8.10	-
Janina Marine Properties LLP	1.78	-
Manufacturing Expenses		
Other related parties:		
Hetero Infrastructure SEZ Limited	28.00	0.55
Remuneration paid		
Key Management Personnel		
Dr.K.Rathnakar Reddy	46.70	38.90
Dr.K. Subhas Chander Reddy	19.76	20.07
N. Muralidhar Reddy	16.52	17.96
Directors sitting fee		
Narasimha Reddy	0.18	0.28
Buchiram Venkat Sobhanadri Suri	0.20	0.33
J.Adi Sesha Giri	0.18	-
A Gopal Reddy	0.18	-
Salary expenses		
Krishna Chaitanya Kura	2.73	-
Srinivas Vengala	2.42	2.27

iii) Amount due to / from related parties

Outstanding balances & Nature of Relationship	As at March 31, 2024	As at March 31, 2023
Trade Receivables		
Entities with Joint Control		
Hetero Labs Limited	1,068.93	24.96
Hetero Drugs Limited	174.84	211.75
Dasami Lab Private Limited	484.58	252.27
Hazelo Lab Private Limited	18.60	11.51
Hindys Lab Private Limited	25.41	2.32
Aarani Enterprises Private Limited	94.07	86.63
Aspiro Pharma Limited	60.28	11.49
Annora Pharma Private Limited	515.75	393.90
Hetero USA, Inc	14.01	122.02
Makiz-Pharma LLC	165.25	297.70

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Outstanding balances & Nature of Relationship	As at March 31, 2024	As at March 31, 2023
Evaric Pharmaceuticals Inc	-	170.50
PT. AmaroX Pharma Global	14.87	22.93
Paamit Labs Private Limited	8.52	9.16
Hetero Healthcare Limited	8.23	8.83
Camber Pharmaceutical Co Limited	7.26	5.87
Pharmed Healthcare Company SAE Limited	-	0.08
Trade Payables		
Entities with Joint Control		
Hetero Drugs Limited	-	0.42
Cirex Pharmaceuticals Limited	1.26	6.78
Selmar Lab Private Limited	22.86	13.12
Danika Traders Private Limited	279.17	491.29
Chemipack (India) Private Limited	0.85	2.33
Analys Lab Pvt Ltd	3.60	30.54
Honour Infra Estates Limited	0.34	0.34
Hazelo Lab Private Limited	-	0.89
Borrowings - non current		
From Dr.B. Parthasaradhi Reddy (Promoter)	50.00	50.00
Loans - non current		
Associate		
Honour Infra Estates Limited	5.70	-
Other Financial Assets- Non Current		
Associate		
Honour Infra Estates Limited	0.10	-
Capital Creditors		
Entities with Joint Control		
Audree Infotech Private Ltd	15.86	12.83
Hetero Infrastructure SEZ Limited	7.13	36.79
Lease Liabilities(non current)		
Hetero Infrastructure SEZ Limited	264.53	263.91
Honour Infra Estates Limited	5.53	5.60
Cirex Pharmaceuticals Limited	72.73	75.96
Jitvan Land LLP	34.84	-
Janina Marine Properties LLP	7.64	-
Lease Liabilities(current)		
Hetero Infrastructure SEZ Limited	26.03	25.61
Honour Infra Estates Limited	0.07	0.06
Cirex Pharmaceuticals Limited	3.57	3.25
Jitvan Land LLP	7.61	-
Janina Marine Properties LLP	1.67	-

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Parent as a whole, the amount pertaining to the Key Management personnel and their relatives is not ascertainable and, therefore, not included above.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured.

44. Equity accounted investees

Honour Infra Estates Limited is a joint arrangement in which the Group has 49.99% ownership interest.

The Group has classified its interest in Honour Infra Estates Limited as an associate.

The following table summarises the financial information of Honour Infra Estates Limited and the carrying amount of the Group's interest in Honour Infra Estates Limited.

Particulars	March 31, 2024	March 31, 2023
Percentage ownership interest	49.99%	49.99%
Non-current assets	58.32	52.65
Current assets	2.95	3.52
Non-current liabilities	5.70	-
Current liabilities	0.50	0.53
Net assets	55.07	55.65
Group's share of net assets (49.99 %)	27.55	27.83
Carrying amount of interest in Associates	27.55	27.83

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Percentage ownership interest	49.99%	49.99%
Revenue	0.98	0.98
Profit	(0.57)	(0.18)
Other comprehensive income	-	-
Total comprehensive income	(0.57)	(0.18)
Group's share of Profit (49.99 %)	(0.29)	(0.09)
Group's share of OCI (49.99 %)	-	-
Group's share of total comprehensive income.	(0.29)	(0.09)

In years ended March 31, 2024 and March 31, 2023, the Group did not receive dividends from the Associates.

45. Segment reporting
Identification of Reportable Segments:

Segments are identified in line with Indian Accounting Standard (Ind AS) 108 'Segment Reporting', taking into consideration the internal organisation and management structure as well as the differential risk and returns of the segment.

Based on the Group's / Consolidated entities business model of vertical integration, pharmaceuticals have been considered as the only the principal and reportable business segment and hence no separate financial disclosures provided in respect of its single business segment.

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

46. Description of the Group
A. Subsidiaries and associates of the parent company are listed below:

S. No.	Entity name	Country	Currency	March 31, 2024		March 31, 2023	
				Relation	% of holding	Relation	% of holding
1	Veer East Realty India Private Limited	India	INR	Subsidiary	100.00	Subsidiary	100.00
2	Hoster Labs Private Limited	India	INR	Subsidiary	100.00	Subsidiary	100.00
3	Dyuthi Labs Private Limited	India	INR	Subsidiary	100.00	Subsidiary	100.00
4	Honour Infra Estates Limited	India	INR	Associate	49.99	Associate	49.99

B. Additional statutory information in respect of the components of Honour Lab Limited and its consolidated entities

Entity name	March 31, 2024		For the year ended March 31, 2024					
	Net assets i.e. total assets minus total liabilities		Share in profit/(loss)		Share in OCI		Share in total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit/(loss)	Amount	As % of consolidated OCI	Amount	As % of consolidated total Comprehensive Income	Amount
Holding Company								
Honour Lab Limited	103.65%	13,317.43	108.79%	2,383.87	95.95%	(15.24)	108.88%	2,368.63
Indian Subsidiaries								
Veer East Realty India Private Limited	5.54%	712.42	-0.53%	(11.64)	-	-	-0.53%	(11.64)
Hoster Labs Private Limited	-3.37%	(432.79)	-8.24%	(180.62)	4.05%	(0.64)	-8.33%	(181.26)
Dyuthi Labs Private Limited	-0.00%	(0.02)	-0.00%	(0.03)	-	-	-0.00%	(0.03)
Indian associates								
Honour Infra Estates Limited	0.02%	2.41	-0.01%	(0.29)	-	-	-0.01%	(0.29)
Total	105.84%	13,599.46	100.00%	2,191.30	100.00%	(15.89)	100.00%	2,175.41
Less :Effect of intercompany adjustments / eliminations	-5.84%	(750.58)	-	-	-	-	-	-
Net Amount	100.00%	12,848.88	100.00%	2,191.30	100.00%	(15.89)	100.00%	2,175.41

Note: Net assets and share in profit or loss for the Holding Company, subsidiaries and associates are as per the standalone financial statements of the respective entities.

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Entity name	March 31, 2023		For the year ended March 31, 2023					
	Net assets i.e. total assets minus total liabilities		Share in profit/(loss)		Share in OCI		Share in total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit/(loss)	Amount	As % of consolidated OCI	Amount	As % of consolidated total Comprehensive Income	Amount
Holding Company								
Honour Lab Limited	102.58%	10,948.80	120.39%	821.89	100.27%	(6.08)	120.57%	815.80
Indian Subsidiaries								
Veer East Realty India Private Limited	6.78%	724.06	-0.93%	(6.36)	-	-	-0.00	(6.36)
Hoster Labs Private Limited	-0.02	(251.52)	-19.44%	(132.69)	0.00	0.02	-19.44%	(132.68)
Dyuthi Labs Private Limited	0.00	0.02	-0.00%	(0.03)	-	-	-0.00%	(0.03)
Indian associates								
Honour Infra Estates Limited	0.02%	2.41	-0.01%	(0.09)	-	-	-0.01%	(0.09)
Total	107.03%	11,423.77	100.00%	682.71	100%	(6.07)	101%	676.64
Less :Effect of intercompany adjustments / eliminations	-7.03%	(750.29)	-	-	0%	-	0%	-
Net Amount	100.00%	10,673.47	100.00%	682.71	100%	(6.07)	101%	676.64

Note: Net assets and share in profit or loss for the Holding Company, subsidiaries and associates are as per the standalone financial statements of the respective entities.

47. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

	Level	Carrying value		Fair value	
		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Financial assets					
Financial assets at cost					
a) Investments					
Investment in Associates	3	27.55	27.83	27.55	27.83
Financial assets at fair value through profit & loss:					
a) Investments					
-Equity instruments -Quoted	1	-	81.32	-	81.32
-Equity instruments- Unquoted	3	782.67	593.74	782.67	593.74
Financial assets at amortised cost:					
a) Trade receivables	3	5,156.79	4,018.52	5,156.79	4,018.52
b) Cash and cash equivalents	3	133.74	34.00	133.74	34.00
c) Bank balances other than above	3	44.33	80.76	44.33	80.76

(Contd.)

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

	Level	Carrying value		Fair value	
		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
d) Loans	3	106.40	113.69	106.40	113.69
e) Other Financial asset	3	5.70	-	5.70	-
Total Financial assets		6,257.17	4,949.86	6,257.17	4,949.86
Financial liabilities					
<i>Financial liabilities at amortised cost:</i>					
a) Borrowings	3	3,378.98	2,712.49	3,378.98	2,712.49
b) Trade payables	3	2,342.34	3,786.97	2,342.34	3,786.97
c) Lease liabilities	3	424.21	374.39	424.21	374.39
d) Other financial liabilities	3	139.50	252.30	139.50	252.30
Total Financial Liabilities		6,285.03	7,126.15	6,285.03	7,126.15

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, the management has assessed that fair value of borrowings approximate their carrying amounts largely since they are carried at floating rate of interest.

48. Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

Financial liabilities

There are no transfers between levels 1, 2 and 3 during the year.

49. Financial risk management

The Parent's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Parent's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Parent's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Parent, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Parent's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Parent's risk assessment and management policies and processes.

a. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Parent result in material concentration of credit risk, except for trade receivables.

Trade and other receivables

The customer credit risk is managed by the Parent's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

in accordance with this assessment and outstanding customer receivables are regularly monitored. The Parent's receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past. Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109. The Parent assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Parent has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Before accepting any new customer, the Parent uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 5156.79 Mn and Rs. 4018.52 Mn as of March 31, 2024 and March 31, 2023, respectively, being the total of the carrying amount of balances with trade receivables.

b. Liquidity risk

Liquidity risk refers to the risk that the Parent cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Parent manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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

Particulars	Up to 12 months	1 to 5 years	> 5 years	Total
March 31, 2024:				
Non-current borrowings	-	371.51	-	371.51
Lease liabilities	38.94	192.32	192.96	424.21
Current borrowings	3,007.46	-	-	3,007.46
Trade payables	2,342.34	-	-	2,342.34
Other current financial liabilities	139.50	-	-	139.50
	5,528.25	563.83	192.96	6,285.03

Particulars	Up to 12 months	1 to 5 years	> 5 years	Total
March 31, 2023:				
Non-current borrowings	-	64.58	-	64.58
Lease liabilities	28.92	187.70	157.77	374.39
Current borrowings	2,647.91	-	-	2,647.91
Trade payables	3,786.97	-	-	3,786.97
Other current financial liabilities	252.30	-	-	252.30
	6,716.10	252.28	157.77	7,126.15

c. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

Particulars	Increase	Decrease	Decrease	Increase
March 31, 2024				
Term loans & working capital loans	1%	1%	(33.79)	33.79
March 31, 2023				
Term loans & working capital loans	1%	1%	(27.12)	27.12

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

ii) Foreign Currency Risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar and Euro against the functional currencies of the Group. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. The information on derivative instruments is as follows:

- a) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under -

Particulars	Currency	March 31, 2024			March 31, 2023		
		Amount in Foreign Currency	Amount in Mn	Conversion Rate	Amount in Foreign Currency	Amount in Mn	Conversion Rate
Trade payables	USD	8.85	738.46	83.41	17.37	1,427.56	82.17
PCFC payables	USD	11.35	946.65	83.41	11.56	950.27	82.17
Trade receivables	USD	31.29	2,609.51	83.41	25.09	2,061.59	82.17

- b) Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Group's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in USD rate		Effect on profit before tax	
	Increase	Decrease	Increase/(Decrease)	
March 31, 2024				
USD	1.00%	1.00%	9.24	(9.24)
March 31, 2023				
USD	1.00%	1.00%	(3.16)	3.16

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

50. Ind AS 116 - Leases

The Right of use assets and Lease liabilities as on March 31, 2024 and March 31, 2023 are as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	378.91	396.21
Additions	57.48	-
Disposals	-	-
Depreciation expense	24.97	17.30
Closing balance	411.43	378.92

Set out below are the carrying amounts of lease liabilities (included under other financial liabilities) and the movements during the year:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	374.39	376.11
Additions	57.48	-
Disposals	-	-
Accretion of interest	38.00	34.75
Payments	45.65	36.47
Closing balance	424.22	374.39
Non current lease liability	385.27	345.47
Current lease liability	38.94	28.92

51. Events occurring after balance sheet date

No significant subsequent events have been observed which may require an adjustment to the balance sheet.

52. Capital management

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

The group manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The group monitors capital using a gearing ratio, which is net debt divided by total equity. The group intends to keep the gearing ratio between 0.2 to 1. The group includes within net debt, borrowings including interest accrued on borrowings less cash and short-term deposits.

Particulars	As at March 31, 2024	As at March 31, 2023
Borrowings including int. accrued on borrowings	3,386.26	2,722.60
Less: cash and cash equivalents	133.74	34.00
Net debt	3,252.52	2,688.61
Equity	50.00	50.00
Other Equity	12,798.88	10,623.47
Total Equity	12,848.88	10,673.47
Gearing ratio (Net Debt/ Total Equity)	0.25	0.25

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

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

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

53. Research & Development Expenditure

Details of Research and development expenses incurred during the year included in other expenses.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue Expenditure		
Lab chemicals and materials	46.88	30.23
Power & fuel	13.01	10.53
Employee cost	170.50	127.16
Other expenditure	98.29	69.57
Total (A)	328.69	237.50
Capital Expenditure		
R & D Building	40.70	15.71
R & D Equipment	71.02	80.65
Total (B)	111.72	96.36
Total R & D Expenditure (A) + (B)	440.40	333.86

54. Composite Scheme of Arrangement ('Scheme')

Composite Scheme of Arrangement ('Scheme') was entered into between Parent Company and its subsidiaries Hoster Labs Private Limited (hereinafter as 'subsidiary') and Veer East India Realty Private Limited (hereinafter as 'non-core subsidiary'), pursuant to the provisions of Section 230 to 232 and other applicable provisions of the Companies Act, 2013. The Scheme was approved by the Board pursuant to its resolution dated September 04, 2023. The Scheme is currently pending for approval with the National Company Law Tribunal (NCLT), Hyderabad.

Under the Scheme, all assets and liabilities of the above subsidiary and non-core subsidiary shall be demerged into Honour Lab Limited with effect from April 1, 2024 and October 1, 2023 respectively. The Scheme also provides that Honour Lab Limited shall further demerge its non-core business related assets and liabilities into Anaika Infracon Private Limited ('New Company') with effect from October 1, 2023. In consideration for the demerger, the equity shareholders of the Company shall receive equity shares of face and paid-up value of ₹10 each of the New Company in accordance with swap ratio specified under the Scheme. Pending the approval of the Scheme by NCLT, the Company has not given effect to the Scheme in the financial statement.

55. Capital Work in progress

Particulars	As at March 31, 2024	As at March 31, 2023
Plant & machinery	299.97	138.15
Civil works	285.94	95.70
Others	7.52	2.72
Total	593.43	236.57

Notes to Consolidated Financial Statements for the year ended March 31, 2024

(All amounts are in Million Rupees except for share data or as otherwise stated)

Capital work in progress ageing schedule

CWIP	Amount in CWIP as at 31.03.2024				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	593.43		-	-	593.43
Projects temporarily suspended	-	-	-	-	-

CWIP	Amount in CWIP as at 31.03.2023				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	236.57		-	-	236.57
Projects temporarily suspended	-	-	-	-	-

56. Contribution to political parties

Contribution to political parties as per Sec. 182 of Companies Act 2013:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
to political parties (electrol bonds)	150.00	100.00
Total	150.00	100.00

57. Previous year figures are regrouped, wherever necessary, to conform with current year figures.

As per our Report of even date attached
For **M V Narayana Reddy & Co.,**
Chartered Accountants
Firm Registration No: 002370S

Sd/-

Y.Subba Rami Reddy
Partner
Membership No: 218248

Place: Hyderabad
Date : 5th September 2024

For and on behalf of the Board of Directors of
Honour Lab Limited

Sd/-

Dr. K. Rathnakar Reddy
Managing Director
DIN - 00211510

Sd/-

Dr.K.Subhas Chander Reddy
Wholetime Director
DIN - 07254929

Sd/-

Srinivas Vengala
Company Secretary
Membership No : A22475

