



Built *to* Deliver


SPEED | SCALE | AGILITY

14th ANNUAL REPORT
FY 2024-2025

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COMPANY OVERVIEW



Honour Lab Limited, headquartered in Hyderabad, India, is a leading manufacturer of Active Pharmaceutical Ingredients (API), and a Contract Development & Manufacturing Organization (CDMO) committed to quality, reliability, and cost-effective solutions.

With 7 manufacturing plants and 1 R&D centre across India, Honour combines scale with scientific expertise to deliver dependable execution. Over the past decade, Honour has established itself as a trusted and globally approved industry leader with state-of-the-art facilities and 3,300 m³ of manufacturing capacity.

Our diverse team of over 2500 professionals reflect our dedication to innovation, scalability, and excellence, driving progress for partners worldwide.

Honour upholds the highest ESG standards, embedding sustainability, safety, and responsible practices across operations. This commitment reflects our belief that long-term success must create value not only for our partners, but also for people and communities.

Honour is strengthening its position in the global CDMO and Specialty Chemicals space, working closely with partners to deliver reliable and scalable solutions. Guided by our philosophy of the science of partnership and possibilities, our teams support partners worldwide.

At Honour, science and execution come together to unlock new possibilities.

MD's MESSAGE



Dr. Rathnakar Reddy Kura
Managing Director

It gives me pleasure to present the Annual Report for 2024–25. During the year, we remained focused on strengthening our core business, improving operational efficiencies, and expanding capabilities to meet the evolving needs of our global customers.

We continued to support pharmaceutical partners by developing and supplying high quality, cost effective APIs, backed by productivity improvements, capacity enhancement, and a broader customer base. Several products are expected to reach commercial scale in the coming years, and we are evaluating opportunities to enter new markets.

Operational excellence remained a key priority. Through lean manufacturing practices, we enhanced process reliability, reduced waste

and variation, and improved cost efficiency across our facilities. Our ongoing efforts to optimise resources, rationalise expenditure, and strengthen cash flows are enabling stability while supporting future growth.

Quality continues to be at the core of our operations. Our Quality Management System ensures rigorous oversight across the product lifecycle, supported by periodic reviews at the manufacturing, business unit, and senior management levels. We remain committed to maintaining the highest standards of compliance across all sites.

In Environment, Health and Safety, we continued to upgrade infrastructure and reinforce safe work practices. We placed significant emphasis on occupational health, women's safety, and road safety, while consistently investing in effluent treatment, pollution control systems, and emission reduction measures.

Our sustainability initiatives remain integral to our long term approach. As a signatory to the United Nations Global Compact (UNGC), we continue to align with globally recognised principles and reporting standards. We have made steady progress in areas such as climate mitigation, water stewardship, and community development - reflecting our commitment to responsible growth and transparent reporting.

Our R&D and Manufacturing teams continue to deliver strong value for partners. With a skilled scientific workforce and seven facilities approved by global regulatory agencies, we are well positioned to support complex development and scale up requirements. Our integrated capabilities and reliable execution reinforce our position to be a global trusted CDMO partner.

As we look ahead, we remain focused on strengthening processes, expanding our portfolio, and enhancing operational resilience. We believe the measures undertaken during the year will support sustainable and predictable performance in the years to come.

HONOUR AT A GLANCE

A decade of collective expertise of process development and manufacturing, offering comprehensive solutions to our partners.

7

cGMP-COMPLIANT
FACILITIES

14+

YEARS OF
EXPERIENCE

300+

CERTIFIED
SCIENTISTS

2,500+

TOTAL
WORKFORCE

3,300 m³

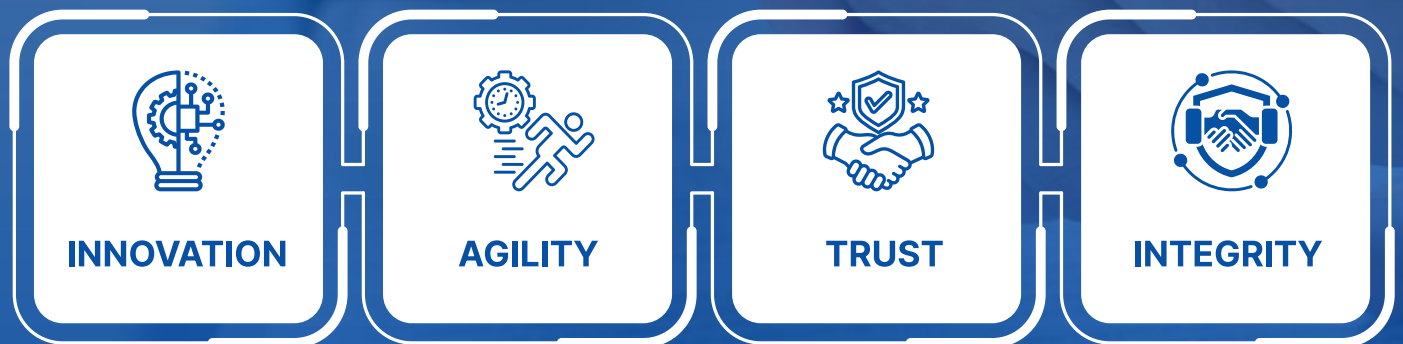
TOTAL PRODUCTION
CAPACITY

75,000 ft²

STATE-OF-THE-ART
R&D FACILITY

OUR VALUES

At Honour, our operations are guided by 4 fundamental core values which defines us. These values are the bedrock of our culture, shaping every decision and action we take.



OUR BUSINESSES



ACTIVE PHARMACEUTICAL INGREDIENTS & INTERMEDIATES



CDMO SERVICES



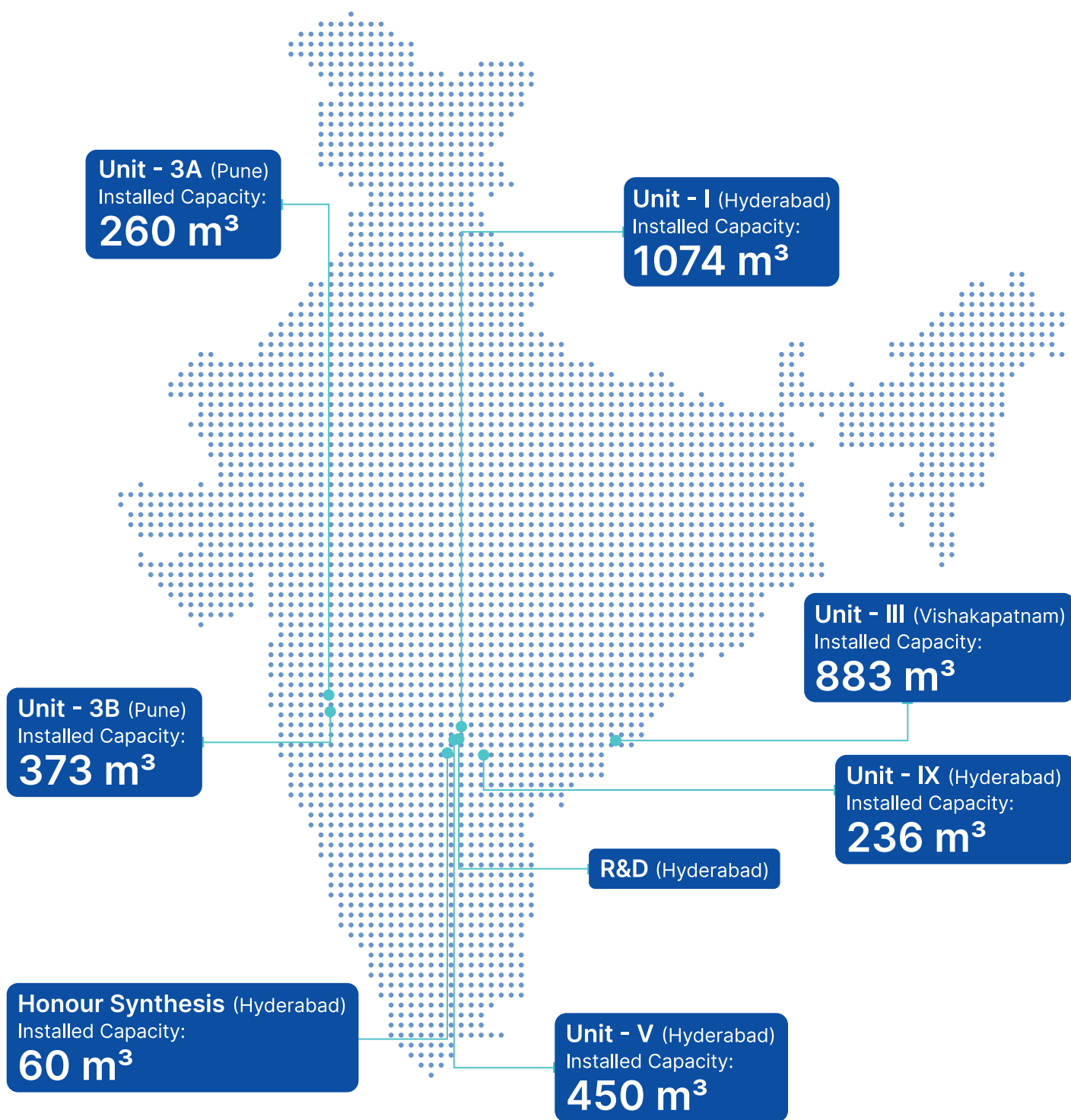
SPECIALTY CHEMICALS

300+ Customers Across **50+** Countries Globally



OUR FACILITIES

Pilot And Commercial Scale



THERAPEUTIC AREAS WE CATER TO

Our portfolio comprises of 120+ APIs across diverse therapeutic categories..



DIABETES



CARDIOVASCULAR



**GASTROENTE-
ROLOGY**



HAEMATOLOGY



IMMUNOLOGY



NEUROLOGY



OPHTHALMOLOGY



RESPIRATORY



UROLOGY

REGULATORY FILINGS

Total filings till date: 361



ESG & SUSTAINABILITY JOURNEY

Honour is committed to sustainability and is a proud United Nations Global Compact (UNGC) signatory, aligning with global principles on human rights, labor, environment, and anti-corruption.

We support United Nations Sustainable Development Goals (SDGs) and follow GRI (Global Reporting Initiative) principles for transparent sustainability reporting, embedding these values into our governance and operations to create a greener, inclusive future.

Our sustainability journey over the past eight years has delivered tangible progress in Climate Mitigation, Water Stewardship and Community Impact.

Environment



Emissions



Energy



Water and Effluent



Social



Human Rights



Diversity, Equity and Inclusion



Governance



Responsible Government Practices



Anti-corruption



Aspiring for Net Zero by 2045



- i. **British Safety Council's International Safety Awards** towards outstanding performance in workplace safety, health, and well-being.
- ii. CII Andhra Pradesh Industrial Safety Excellence Awards-2024 received Bronze Medal by Unit-III towards **Best Safety performer for the year 2024** received from CII, Andhra Pradesh.
- iii. CII-EHS Excellence Awards-2024 received Bronze Medal by Unit-V towards **commitment in EHS practices in Pharmaceutical & Healthcare sector**.
- iv. Certificate from the National Safety Council, Telangana Chapter, in recognition of our achievement as a **"Merit Winner"** in the International Safety Awards 2025, presented by the British Safety Council, Telangana Chapter.
- v. The Company has received commitment badge in recognition of sustainability achievement from **EcoVadis**.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR mission of Honour Lab Limited (the Company) is to drive the lasting change which create triple bottom line results - Social, Economic and Environmental benefits to Communities in specific and at Society at large.

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.

The Company besides being responsive to the challenges affecting communities also strive to align our CSR objectives to meet the UNDP Sustainability Development Goals (SDGs) which aim to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

Key Focus Areas

- Promoting Education
- Enhancing Access to Healthcare
- Improving Access to Safe Drinking Water
- Promotion of Rural Sports
- Rural Development
- Livelihood Enhancement
- Promotion of Art and Culture

Our Key Initiatives

- Arogya - Community Health
- Abhyasa - Education
- Swachhata - Water, Sanitation and Hygiene (WASH)
- Ajeevika - Livelihoods
- Spandana - Climate Response
- Susthira - Sustainable Asset Generation

Corporate Information

BOARD OF DIRECTORS:

- | | | |
|--|------------------------|-----------------|
| 1. Dr. K. Rathnakar Reddy | - Managing Director | - DIN: 00211510 |
| 2. Mrs. K. Krishnaveni | - Women Director | - DIN: 07033330 |
| 3. Justice (Retd.) A. Gopal Reddy | - Independent Director | - DIN: 07306495 |
| 4. Dr. J.A.S.Giri | - Independent Director | - DIN: 08774486 |
| 5. Dr. K. Subhas Chander Reddy | - Whole-Time Director | - DIN: 07254929 |

KEY MANAGERIAL PERSONAL:

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

<u>STATUTORY AUDITORS</u> M/s. Suryanarayana 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
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REGISTERED OFFICE:

Nexity, Tower 30, 12th Floor, Survey No. 83/1,
 Hyderabad Knowledge City,
 Raidurg, Serilingampally,
 Hyderabad - 500 081

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
5. HDFC Bank Ltd, Banjara Hills Branch, Hyderabad

MANUFACTURING FACILITIES:

<u>UNIT - I</u> Sy. No. 200, 202, 203E, 204, 206, 206A & 217, Bonthapally Village, Gummadidala Mandal, Sangareddy District, Telangana-502313	<u>UNIT - III</u> Plot No. 4, Hetero Infrastructure Ltd- SEZ, N. Narasapuram Village, Nakkapalli Mandal, Anakapalli District, Andhra Pradesh-531081	<u>UNIT - 3A</u> Plot No. D-10, M.I.D.C. Kurkumbh Village, Daund Taluka,Pune District, Maharashtra-413802
<u>UNIT - 3B</u> Plot No. A-88, M.I.D.C. Kurkumbh Village, Daund Taluka, Pune District, Maharashtra-413802	<u>UNIT - 5</u> Sy. No. 371/A, 372 & 373/AA, Gundlamachnoor Village, Hathnoora Mandal, Sangareddy District, Telangana-502296	<u>R & D</u> Sy. No. 219, Bonthapally Village, Gummadidala Mandal, Sangareddy District, Telangana-502313
<u>UNIT-IX</u> Sy. No. 332, 335, 336 & 341, Bongonicheruvu Village, Veliminedu, Chityal Mandal, Nalgonda District, 508114, Telangana	<u>HONOUR SYNTHESIS</u> Sy. No. 211/AA1, 211/AA2, 211/A1, 211/A2, 211/A3, 211/A4, 211/E5, 211/E6, 211/E7, Terpole Village, Kondapur Mandal, Sangareddy District – 502295, Telangana	

Honour Lab Limited

Regd. Office: Nexity, Tower 30, 12th Floor, Survey No. 83/1, Hyderabad Knowledge City, Raidurg, Serilingampally, Hyderabad- 500 081, Telangana, India | Tel: +91-40-23710405
CIN: U24233TG2011PLC077561 | Email ID: cs@honourlab.com | www.honourlab.com

NOTICE

NOTICE is hereby given that the **14th (Fourteenth) Annual General Meeting** of the Members of **Honour Lab Limited** (the “Company”) will be held on **Monday, the 29th September, 2025 at 11.00 a.m** at its registered office situated at Nexity, Tower 30, 12th Floor, Survey No. 83/1, Hyderabad Knowledge City, Raidurg, Serilingampally, Hyderabad-500 081, Telangana, to transact the following business(es):

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

- a) **the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2025**
- b) **the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2025 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, 2025 together with the reports of Directors and Auditors thereon, be and is hereby considered, approved and adopted”

2. To appoint Dr. K. Subhas Chander Reddy (DIN: 07254929) 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, Dr. K. Subhas Chander Reddy, Whole-Time Director who is liable to retire by rotation be and is hereby re-appointed as a Director of the Company.”

Special Business:**3. To ratify the remuneration payable to M/s. D V & Associates, Cost Auditors for the financial year ending March 31, 2026.**

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 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs. 2,50,000/- (Rupees Two Lakhs Fifty Thousand Only), plus applicable taxes and out of pocket expenses at actuals, payable to M/s. D V & Associates, Cost Accountants (Firm registration number: 001929), appointed by the Board of Directors, on the recommendation of the Audit Committee, as Cost Auditors of the Company to audit the cost records maintained by the Company for the financial year ending March 31, 2026, be and is hereby ratified;

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.”

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

Sd/-

Srinivas Vengala
Company Secretary
ICSI M.No. A22475

Date: 04.09.2025
Place: Hyderabad

Registered Office:

Nexity, Tower 30, 12th Floor,
Survey No. 83/1,
Hyderabad Knowledge City,
Raidurg, Serilingampally,
Hyderabad-500 081, 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. All documents referred to in the notice and the accompanying explanatory statement as well as the other documents as required under the provisions of the Companies Act, 2013 (the Act), and rules made thereunder, are open for inspection at the registered office of the Company on all working days between 11:00 a.m. to 4:00 p.m. up to the date of this AGM and at the venue of the Meeting for the duration of the Meeting.
6. 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.
7. 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.
8. 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. 3 - To ratify the remuneration payable to M/s. D V & Associates, Cost Auditors for the financial year ending March 31, 2026.

The Board of Directors, on the recommendation of the Audit Committee, approved the re-appointment M/s. D V & Associates, Cost Accountants (Firm Registration No: 001929), as the Cost Auditors of the Company, to conduct the audit of the cost records maintained by the Company for the financial year ending March 31, 2026 at a remuneration of Rs. 2,50,000/- (Rupees Two Lakhs Fifty Thousand Only) plus applicable taxes and out of pocket expenses at actuals, in connection with the aforesaid audit. The said remuneration being proposed for approval of the Members is commensurate with the scope of work involved.

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.

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

Sd/-

Srinivas Vengala
Company Secretary
ICSI M.No. A22475

Date: 04.09.2025
Place: Hyderabad

Registered Office:

Nexity, Tower 30, 12th Floor,
Survey No. 83/1,
Hyderabad Knowledge City,
Raidurg, Serilingampally,
Hyderabad-500 081, Telangana, India.

Honour Lab Limited

Regd. Office: Nexity, Tower 30, 12th Floor, Survey No. 83/1, Hyderabad Knowledge City, Raidurg, Serilingampally, Hyderabad- 500 081, Telangana, 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 the Member (s) of _____ Shares of the above Company, hereby appoint:

1. Name : _____
 Address : _____
 Email Id : _____
 Signature : _____ or failing him
2. Name : _____
 Address : _____
 Email Id : _____
 Signature : _____ or failing him
3. Name : _____
 Address : _____
 Email Id : _____
 Signature : _____ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 14th 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, 2025. b) the Audited Consolidated Financial Statements and Cash Flow Statement of the Company for the financial year ended March 31, 2025. together with the reports of the Board of Directors and Auditors thereon.
2	To appoint Dr. K. Subhas Chander Reddy (DIN: 07254929) who retires by rotation and being eligible offers himself for re-appointment
Special Business	
3	To ratify the remuneration payable to M/s. D V & Associates, Cost Auditors for the financial year ending March 31, 2026

Signed this _____ day of _____, 2025

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: Nexity, Tower 30, 12th Floor, Survey No. 83/1, Hyderabad Knowledge City, Raidurg, Serilingampally,
Hyderabad- 500 081, Telangana, India, Tel: +91-40-23710405, www.honourlab.com

ATTENDANCE SLIP

(To be presented at the entrance of the 14th Annual General Meeting)

SI No.: _____

NAME (IN BLOCK LETTERS)	
ADDRESS	
REGISTERED FOLIO NO.	
SHAREHOLDER / PROXY/ AUTHORISED REPRESENTATIVE	

I/We hereby record my/our presence at the 14th Annual General Meeting of the Company being held at the Registered Office of the Company on Monday, the 29th September, 2025 at 11.00 a.m.

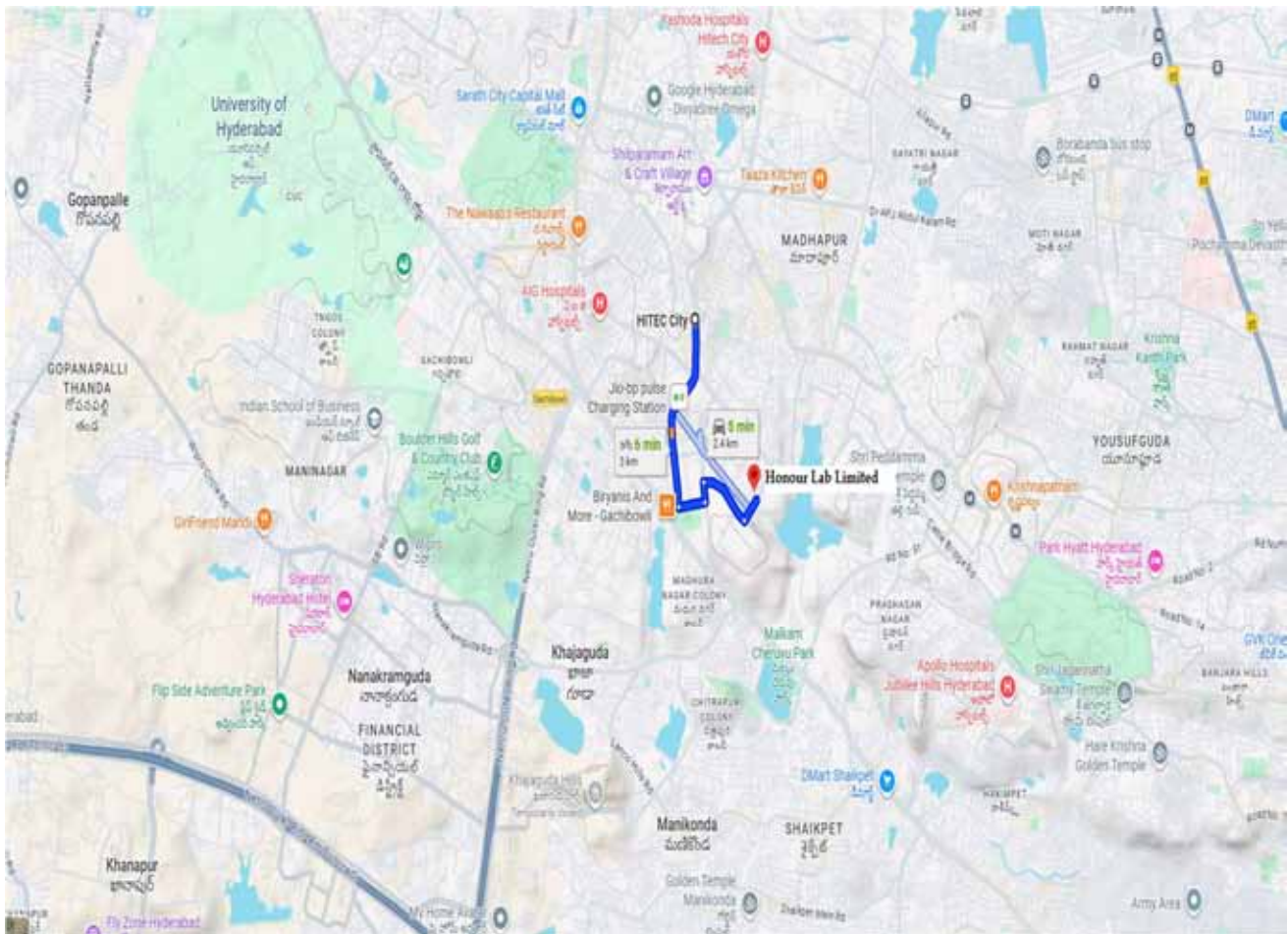
Signature of Shareholder / Proxy / Authorised Representative

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.

ROUTE MAP

Land Mark: Behind ITC Kohenu, Raidurg

VENUE:
Regd. Office: Nexity, Tower 30, 12th Floor, Survey No. 83/1,
Hyderabad Knowledge City, Raidurg, Serilingampally,
Hyderabad- 500 081, Telangana, India, Tel: +91-40-23710405.



BOARDS' REPORT

To
The Members
Honour Lab Limited

Your Directors are pleased to present the 14th Annual Report of the Company for the financial year ("FY" or "Year") ended March 31, 2025.

Financial Summary / Results:

(Rs. in Millions)

Particulars	Consolidated		Standalone	
	2024-25	2023-24	2024-25	2023-24
Revenue from Operations	24,684.78	23611.53	24684.78	23611.52
Other Income	141.53	303.30	140.44	303.30
Total Income	24,826.31	23914.83	24825.22	23914.83
Profit Before Finance costs, Depreciation & Amortization and Tax	4031.66	3854.39	4037.18	3854.42
Finance Cost	557.97	417.12	557.97	417.12
Depreciation and Amortization	538.75	443.66	537.34	443.66
Profit Before Tax	2,934.94	2993.61	2941.87	2993.64
Tax Expenses	817.98	776.79	819.38	776.79
Profit After Tax for the year before share of profit/(loss) from Associate	2,116.96	2,216.82	2122.49	2216.85
Share of Profit/(loss) from Associate	(2.38)	(0.29)	-	-
Net Profit for the year	2,114.58	2,216.53	2122.49	2216.85
Other comprehensive income for the year, net of tax	(6.25)	(15.89)	(6.23)	(15.89)
Total comprehensive income for the year, net of tax	2,108.34	2,200.65	2116.26	2200.97
Total comprehensive income for the year	2,108.34	2,200.65	-	-
Earnings Per Share (EPS): Basic & diluted	422.92	443.31	424.50	443.37

Review of Operations and State of affairs of the Company

The Company has registered a turnover of Rs. 24,825.22 Million for the year ended March 31, 2025 as against Rs. 23,914.83 Million for the previous year on standalone basis and achieved Net Profit of Rs. 2116.26 Million as compared to Rs. 2200.97 Million in the previous year which includes Other Comprehensive Income (OCI).

On consolidation basis, your company has achieved revenue of Rs. 24,826.31 Million for the year ended March 31, 2025 as against Rs. 23,914.83 Million of the previous year and earned Net Profit of Rs. 2108.34 Million as compared to Rs. 2200.65 Million in the previous year which includes Other Comprehensive Income (OCI).

Financial highlights on Standalone basis

- Operating Revenue increased by 4.55 % to ₹ 24684.78 Mn (₹ 23611.52 Mn for FY24)
- Profit Before Tax (PBT) decreased by 1.73 % to ₹ 2941.87 Mn (₹ 2993.64 Mn for FY24)
- Profit After Tax (PAT) decreased by 4.26 % to ₹ 2122.49 Mn (₹ 2216.85 Mn for FY24)

Financial highlights on Consolidation basis

- Operating Revenue increased by 4.55 % to ₹ 24684.78 Mn (₹ 23611.53 Mn for FY24)
- Profit Before Tax (PBT) decreased by 1.96 % to ₹ 2934.94 Mn (₹ 2993.61 Mn for FY24)
- Profit After Tax (PAT) decreased by 4.50 % to ₹ 2116.96 Mn (₹ 2216.82 Mn for FY24)

The revenues for the FY25 was increased due to the addition of the plant capacity on account of merger of Hoster Labs Pvt Ltd as Unit-IX of the Company as per the Composite Scheme of Arrangement with effective from 1st April 2024 and the onboarding of the new customers for different product mix as well as effective utilization of the increased capacities of the existing Units.

However, the reduction in Profit was due to increase in operational costs on account of expansion of the various facilities in all the Units to be in line with regulatory standards.

The company is in the process of adding new products to its portfolio as is being implied in the journey of Honour.

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

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.

Environment, Health and Safety (EHS)

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.

ESG and Sustainability Journey

At Honour, our commitment to sustainability is rooted in our vision of building a healthier and more sustainable world for future generations. As part of this commitment, we are proud to be a signatory of the United Nations Global Compact (UNGC), aligning our operations with its ten universally accepted principles across human rights, labor, environment, and anti-corruption.

We actively support and report in accordance with the United Nations Sustainable Development Goals (SDGs) and follow globally recognized GRI (Global Reporting Initiative) principles including accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability to ensure transparency and accountability in our sustainability performance. As a leading global pharmaceutical organization, our mission goes beyond delivering innovative medical solutions. We aim to foster a positive and lasting impact on the environment and the communities we serve. Our sustainability principles are deeply embedded in our corporate governance, operations, and strategic decision-making processes driving us toward a greener, more inclusive, and resilient future.

Our sustainability journey over the past eight years has delivered tangible progress:

- **Climate Mitigation:** We continuously monitor and manage our direct (Scope 1), indirect (Scope 2) and indirect GHG emissions in company's value-chain (Scope 3), achieving steady reductions in our carbon footprint across operations.
- **Water Stewardship:** We have made significant advances in reducing freshwater consumption and minimizing dependence on groundwater, by adopting circular water practices and efficiency improvements across sites.
- **Community Impact:** Our social responsibility programs focus on improving access to essential healthcare, education, and livelihood support, strengthening the resilience and well-being of the communities we serve.

Our approach to sustainability goes beyond regulatory compliance it reflects our values and our responsibility to the planet and society. We continue to innovate, collaborate, and measure our impact, ensuring that sustainability remains a key driver of our growth and legacy.

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 300+ scientists and research team ensure 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 meets 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.

Awards and Recognitions

During the year under review, your company has received the following awards and recognitions –

- i. **British Safety Council's International Safety Awards** towards **outstanding performance in workplace safety, health, and well-being**. Details of Category Awards are herein detailed below:

Sl. No.	Unit	International Safety Award Score	International Safety Award Grade
1	Honour Lab Limited Unit - I	41	Merit Winner
2	Honour Lab Limited Unit - III	40	Merit Winner
3	Honour Lab Limited Unit - 3A	38	Pass Winner
4	Honour Lab Limited Unit - 3B	40	Merit Winner
5	Honour Lab Limited Unit - V	40	Merit Winner
6	Honour Lab Limited Unit - IX	42	Merit Winner

- ii. CII Andhra Pradesh Industrial Safety Excellence Awards-2024 received Bronze Medal by Unit-III towards **Best Safety performer for the year 2024** received from CII, Andhra Pradesh.
- iii. CII – EHS Excellence Awards-2024 received Bronze Medal by Unit-V towards **commitment in EHS practices in Pharmaceutical & Healthcare sector**.
- iv. Certificate from the National Safety Council, Telangana Chapter, in recognition of our achievement as a “**Merit Winner**” in the International Safety Awards 2025, presented by the British Safety Council, Telangana Chapter.
- v. The Company has received commitment badge in recognition of sustainability achievement from **EcoVadis**.
- vi. The Company has received the **Green Manufacturing Leadership Award** from the World Manufacturing Congress.

Composite Scheme of Arrangement

During the year under review, the Hon'ble National Company Law Tribunal (NCLT/Tribunal), Hyderabad Bench, vide its order CP (CAA) No. 08/230/HDB/2024 connected with CA(CAA) No.62/230/HDB/2023 dated 25th October, 2024, 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” / “Demerged Company”), and M/s. Anaiika Infracon Private Limited (“Resulting Company”) and their respective shareholders, pursuant to Sections 230–232 of the Companies Act, 2013.

As per the said order of the Hon'ble Tribunal, Veer East Realty India Private Limited and Hoster Labs Private Limited have been amalgamated into Honour Lab Limited with the appointed date of October 01, 2023 and the Real Estate Business Undertaking of Honour Lab Limited has been demerged into Anaiika Infracon Private Limited, with the appointed date of April 01, 2024. The effect of the amalgamation and demerger have already been given in the financial statements.

The certified copy of the order of the Hon'ble Tribunal has been filed with the Registrar of Companies and the Company has complied the required compliances for giving effect to the said order of the Hon'ble Tribunal.

Dividend

In order to conserve the surplus funds for operations and future growth, your Directors have not recommended any dividend for the year 2024-25.

Transfer to Reserves

Your Company has not transferred any amount to the general reserve for the Financial Year ended March 31, 2025.

Change in the Nature of Business, if any

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

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 April 01, 2024.

Pursuant to the order of the Hon'ble National Company Law Tribunal (NCLT), Hyderabad for approval of composite scheme of arrangement, Hoster Labs Pvt Ltd and Veer East Realty India Private Limited have merged into Honour Lab Limited.

During the year under review –

- Dyuthi Labs Pvt Ltd, the subsidiary of Honour Lab, had applied for voluntary strike-off under Section 248 of the Companies Act, 2013 on 31st March, 2025 and the company has been struck off by the Register of Companies w.e.f 2nd June, 2025.

- The Company has acquired Honour Synthesis Private Limited (formerly known as Congruent Remedies Private Limited) and Exavis Pte Ltd (formerly known as Exavision Pte Ltd).

After the closure of financial year and as on the date of this report, the company has incorporated its subsidiary viz., Honour USA Inc (formerly known as Exavision Inc).

As per the provisions of Section 129(3) of the Act, where a company has one or more subsidiaries or associate company, it shall, in addition to its standalone financial statements, prepare a consolidated financial statement of the company and of all the subsidiaries and associate companies in the same form and manner as that of its own and also attach along with its financial statement, a separate statement containing the salient features of the financial statements of its subsidiaries and associate companies.

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.

A report on the performance and financial position and statement containing the salient features of financial statements of the company's subsidiaries and associate company in the prescribed form AOC-1 is enclosed as **Annexure- I** to the Board's Report. Further, the details of the companies which have become or ceased to be subsidiaries, joint ventures or associates during the year under review are also provided in form AOC-1 (Annexure I).

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements including consolidated financial statements, the auditor's report and other documents annexed to the financial statements and its subsidiaries and associate, wherever applicable, are available for inspection during regular business hours at the registered office of the Company.

Consolidated Accounts

As stipulated in the Companies Act, 2013, the consolidated financial statements for the year ended March 31, 2025, 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.

Capital Structure

The Authorized Share Capital of the Company is Rs. 27,50,00,020 (Rupees Twenty-Seven Crores Fifty lakhs Twenty Only) divided into 2,75,00,002 (Two Crores Seventy Five Lakhs Two) equity shares of Rs.10 (Rupees Ten) each.

Pursuant to the approval of the Composite scheme of arrangement by the Hon'ble National Company Law Tribunal, Hyderabad for merger of Hoster Labs Private Limited and Veer East Realty India Private Limited into the Company, the

Authorized Share Capital of the Company has increased from Rs. 7,00,00,000 to Rs. 27,50,00,020 (Rupees Twenty-Seven Crores Fifty lakhs Twenty Only) divided into 2,75,00,002 (Two Crores Seventy Five Lakhs Two) 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.

Alteration of Memorandum and Articles of Association

During the year under review, pursuant to the order of the Hon'ble National Company Law Tribunal, Hyderabad for approval of composite scheme of arrangement the capital clause of the Company has been amended by giving effect of increase of authorised share capital of the company.

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

Shifting of Registered office of the Company

During the year under review, the Registered office of the Company has been shifted from H. No. 8-3-166/7/1, Erragadda, Hyderabad – 500018, Telangana to "Nexity, Tower 30, 12th Floor, Survey No. 83/1, Hyderabad Knowledge City, Raidurg, Serilingampally, Hyderabad – 500081, Telangana"

Directors and Key Managerial Personnel

(a) Retirement by Rotation

At the 13th AGM held on September 30, 2024, the Members of the Company re-appointed Mr. Muralidhar Reddy Nomula (DIN: 09138114), who had retired by rotation at the said meeting, as Director of the Company.

In accordance with the provisions of the Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company, Dr. K. Subhas Chander Reddy (DIN: 07254929), Whole-time 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 Dr. K. Subhas Chander Reddy for approval at the ensuing 14th Annual General Meeting.

(b) Changes in the Board, if any

During the year under review, Mr. Muralidhar Reddy Nomula, Whole-time Director and Mr. A. Sudhakar Reddy, Director of the Company have resigned from the Board w.e.f. 06th March, 2025.

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

(c) Key Managerial Personnel:

As on the date of this Report, the following persons are designated as Key Managerial Personnel (KMP) of the Company, pursuant to Section section(s) 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sl. No.	Name of the KMP	Designation
1	Dr. K. Rathnakar Reddy	Managing Director
2	Dr. K. Subhas Chander Reddy	Whole-time Director
5	Mr. Srinivas Vengala	Company Secretary

(d) 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 and has complied with Rule 6(3) of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

Further, each Independent Director has affirmed compliance with the Code of Conduct for Independent Directors as prescribed in Schedule IV of the Act.

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.

Material changes and commitments after the closure of the financial year

Except as disclosed elsewhere in this report, no other material changes and commitments which affected the financial position of the Company which occurred between the end of the financial year 2024-25 and the date of this report.

Public Deposits

Your Company has not accepted any 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:

- in the preparation of the annual accounts, for the period ended March 31, 2025, 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;
- such accounting policies have been selected and applied consistently and judgments and estimates have been made 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, 2025 and of the *profit* of the Company for the year ended on that date;
- 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;

- the annual accounts on a 'going concern' basis;
- internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively which includes, policies and procedures adopted by the company 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; and
- proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Meetings of the Board

The Board of Directors of the Company met 4 (Four) times during the financial year under review on.

Sl. No.	Date of Meeting	Details of Directors	
		Total Number of Directors as on the date of meeting	Number of Directors attended
1.	27/06/2024	7	6
2.	05/09/2024	7	7
3.	20/12/2024	7	7
4.	13/03/2025	5	5

In respect of the above meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. The intervening period between the board meetings were within the maximum time between the two meetings as prescribed under Section 173 of the Companies Act, 2013.

Committees:

During the year under review, the Company has the following Committees.

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Administration Committee

The composition of these Committees, including the induction / appointment of members and Chairpersons, as well as any changes therein, is approved by the Board from time to time, as required. Brief particulars of the Committees are provided below.

Audit Committee (AC)

The Audit Committee discharges its functions in accordance with the provisions of Section 177 and other applicable provisions of the Act, and the terms of reference, as approved by the Board. The Audit Committee comprises a majority of Independent Directors.

As on the date of this report, the Audit Committee comprises of the following members:

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

The Audit Committee met 3 (Three) times during the year under review on 05.09.2024, 20.12.2024 and 13.03.2025. The recommendations made by the Audit Committee, if any, were duly considered and accepted by the Board.

Nomination & Remuneration Committee (NRC)

The NRC discharges its functions in accordance with the provisions of Section 178 and other applicable provisions of the Act, and the terms of reference, as approved by the Board. The NRC comprises a majority of Independent Directors.

As on the date of this report, the NRC comprises of the following members:

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

The NRC met 2 (Two) times during the year under review on 27.06.2024 and 05.09.2024. The recommendations made by the NRC, if any, were duly considered and accepted by the Board

Corporate Social Responsibility (CSR) Committee

Pursuant to the provisions of 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 following members:

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

The Company's CSR policy provides a structured framework for planning, reviewing and implementing its social outreach programs, with focus on Health (Aarogya), Education (Abhyasa), Water Sanitation and Hygiene – WASH (Swachhata), Livelihoods and creating income generating opportunities (Ajeevika), Climate change response (Spandana), Sustainable productive Community Infrastructure Initiatives (Susthira) 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 this report.

The Committee met 2 (Two) times during the year under review on 05.09.2024 and 13.03.2025. The recommendations made by the Committee, if any, were duly considered and accepted by the Board.

Administration Committee

The Administration Committee discharges its functions in accordance with its terms of reference, as approved by the Board of Directors.

As on the date of this report, the Administration Committee comprises of the following members:

1. Dr. K.Rathnakar Reddy - Managing Director, Chairman
2. Dr. K. Subhas Chander Reddy - Whole Time Director, Member
3. Mrs. K. Krishnaveni - Director, Member

The Committee met 2 (Two) times during the year under review on 04.11.2024 and 15.02.2025. The recommendations made by the Committee, if any, were duly considered and accepted by the Board.

Separate meeting of Independent Directors

Pursuant to the provisions of Schedule IV of the Companies Act, 2013, a separate meeting of the Independent Directors without the presence of Non-Independent Directors and members of management was held during FY2025.

Evaluation of the Performance of the Board, its Committees and Individual Directors

In accordance with the provisions of Section 178 of the Act, the Nomination and Remuneration Committee (NRC) has laid down the criteria for performance evaluation of the Directors, the Committees of the Board, and the Board as a whole.

Accordingly, the NRC carried out the evaluation of performance of all the Directors, Committees and the Board as a whole. The Board of Directors also reviewed the outcome of the performance evaluation conducted by the NRC and expressed its overall satisfaction on the performance of the Directors, the Committees, and the Board as a whole.

Policy on Appointment of Directors and Remuneration

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 as per Section 178(3) of the Act, framed a Policy on appointment of Directors and Remuneration of Directors, Key Managerial Personnel and other Employees.

Dematerialization of Securities

Pursuant to the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Company has obtained International Securities Identification Number (ISIN) from National Securities Depository Limited (NSDL) to facilitate dematerialization of its securities held by the shareholders of the company and all the securities of the company are held in demat mode.

The Company has appointed Bigshare Services Pvt. Ltd as Registrar and Transfer Agent (RTA).

Disclosure relating to Equity Shares with differential rights

The Company has not issued any equity shares with differential rights during the year under report and hence no information as per provisions of Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is required to be furnished.

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), **M/s. Suryanarayana Reddy & Co.**, Chartered Accountants (FRN: 005752S) were appointed as the Statutory Auditors of the Company to hold the office from the conclusion of 13th Annual General Meeting till the conclusion of the 18th Annual General Meeting to be held in the year 2029.

ii. Cost Auditors

In accordance with the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the Company has duly maintained the requisite cost records for the financial year ended March 31, 2025. M/s. D V & Associates, Cost Accountants, Hyderabad, conducted the cost audit and issued their report, which does not contain any qualifications, reservations, or adverse remarks.

The Board, based on recommendations of the Audit Committee, has re-appointed M/s. D V & Associates., Cost Accountants, Hyderabad, as the Cost Auditors of the Company for the year ending March 31, 2026. Pursuant to the provisions of the Act, the remuneration payable to the Cost Auditors for FY 2025-26 is subject to ratification by the Members at the ensuing AGM.

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, 2025. M/s. Jyothirmai Sarang & Associates, Practicing Company Secretaries has provided their Audit Report in Form-MR-3 for the financial year ended March 31, 2025. The Secretarial Audit Report in Form-MR-3 for the financial year ended March 31, 2025 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 Board, based on recommendations of the Audit Committee, has appointed Mr. G. Siva Rama Krishna, a qualified Chartered Accountant and Cost Accountant as Internal Auditor of the Company for the FY25.

The Internal Auditor is 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, governance and compliance controls.

Explanation of the Board on the Qualifications, Reservations or Adverse Remark or Disclaimer made by the Auditors in their Reports

There are no qualifications, reservations, adverse remarks or disclaimer made by the Statutory Auditors or the Secretarial Auditors or the Cost Auditors in their Reports.

Reporting of Frauds

During the year under review, 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

In compliance with Section 118(10) of the Act, the Company has adhered to the Secretarial Standards issued by the Institute of Company Secretaries of India, as approved by the Central Government, in respect of 'Meetings of the Board of Directors' and 'General Meetings'.

Risk Management

The Company has appropriate risk management framework, designed to identify, assess and mitigate risks appropriately. The said risk management framework enables the Company to anticipate and respond to unexpected risk, ensuring preparedness and resilience.

The Audit Committee / Board oversees Company's process for deterring risk tolerance and review management's assessment of overall risk in relation to established thresholds. Major risks

identified by the business and functions are systematically addressed through ongoing mitigation measures.

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 reviews the timeliness and reliability of financial information, as well as the adequacy of internal controls. The Management carefully considers and acts upon the recommendations of the internal auditors, statutory auditors, and the Audit Committee.

The Board is of the view that the Company's internal financial controls are adequate and operate effectively to provide reasonable assurance regarding the reliability of financial reporting.

Related Party Transactions (RPT'S)

During the year under review, all contracts / arrangements / transactions entered by the Company with related parties were at arm's length basis and in the ordinary course of business, except for a few transactions that were not in the ordinary course of business, if any, for which requisite approvals were obtained.

Details of contracts / arrangements / transactions with related parties, including the material ones, that are required to be reported in Form No. AOC-2 in terms of Section 134(3)(h) read with Section 188 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 are provided in **Annexure IV** to this Report.

Further, 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 31st March, 2025, particulars of Loans given, Investments made, Guarantees given and securities provided under section 186 of the Companies Act, 2013 as at March 31, 2025 are furnished in **Annexure - V** appended to the Board's 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) Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 are provided in **Annexure- VI** to this Report.

Vigil Mechanism / Whistleblower Policy

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 the Directors and Employees to report their genuine 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

In accordance with the provisions of Section 134(3)(a) of the Act, the Annual Return of the Company as at March 31, 2025 is available on the Company's website and can be accessed at: <https://www.honourlab.com>.

Significant and Material Orders passed by the Regulators / Courts / Tribunals

During the year under review, there are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

The Details of Application made or any Proceeding pending under the Insolvency and Bankruptcy Code, 2016

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.

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 endeavor 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 Registered & Corporate Office to sensitize employees on this policy.

The Company has adopted the Internal Complaints Committee ('ICC') in all the business units across India, wherever applicable, to address and resolve all complaints

of sexual harassment. 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 March 31, 2025, the Company has not received any Complaints pertaining to Sexual Harassment. The following is a summary of sexual harassment complaints received and disposed-off during the year

S. No.	Particulars	No. of Complaints
1	Complaints of sexual harassment received in the year	Nil
2	Complaints disposed off during the year	Nil
3	Cases pending for more than 90 days	Nil

Maternity Benefit

The Company affirms that it has duly complied with all provisions of the Maternity Benefit Act, 1961, and has extended all statutory benefits to eligible women employees during the year ended March 31, 2025.

The Company remains committed to fostering an inclusive and supportive work environment that upholds the rights and welfare of its women employees in accordance with applicable laws.

Number of Employees as on the closure of the financial year:

Particulars	Female	Male	Transgender	Total
On roll	127	1426	NIL	1553
Outsourcing	116	1166	NIL	1282

Credit Rating

As on the date of this report, CARE Ratings has Reaffirmed the Company's Long-Term and Short-Term credit ratings to 'A' and 'A1' respectively with Stable Outlook. This reaffirmation reflects the Company's strong financial performance, well-diversified operations across, and growing reach in domestic and international markets.

Investor Education and Protection Fund ("IEPF")

During the year under review, no amount was required to be transferred to the IEPF in respect of unpaid or unclaimed dividends, matured deposits/debentures or refunds of application money.

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.

Industrial Relations

Industrial relations have remained cordial, and your Directors sincerely appreciate the dedication and efficient services of the employees at all levels, which have significantly contributed to the successful operations 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: 04/09/2025
Place: Hyderabad

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	Reserves & surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before taxation	Profit/(Loss) after taxation	Proposed dividend	Extent of shareholding (In percentage)
1	Honour Synthesis Private Limited (formerly known as Congruent Remedies Pvt Ltd)	28-10-2024	2024 -25	250.00	(36.29)	1404.06	1079.95	-	-	(4.92)	(3.52)	-	100%
2	Exavis PTE Ltd	07-10-2024	01-01-2024 to 31-12-2024	0.08	(1.86)	0.52	2.30	-	-	0.02	0.02	-	100%

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

- Names of subsidiaries which are yet to Commence operations:
Honour Synthesis Private Limited (formerly known as Congruent Remedies Pvt Ltd) and Exavis Pte Ltd (formerly known as Exavision Pte Ltd)
- Name(s) of the Subsidiary Companies which have been Liquidated or sold during the year:
Hoster Labs Pvt Ltd and Veer East Realty India Pvt Ltd has been amalgamated into Honour Lab Limited and Dyuthi Labs Private Limited has been struck off.

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

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

Date: 04-09-2025
Place: Hyderabad

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	31-03-2025
2	Date on which the Associate or Joint Venture was associated or acquired	07-10-2012
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	25.15
7	Profit / Loss for the year	
	i. Considered in Consolidation	(2.38)
	ii. Not Considered in Consolidation	-

1. Names of associates or joint ventures which are yet to commence operations – Not Applicable
2. 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 : 04-09-2025 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
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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 drive the lasting change which create triple bottom line results – Social, Economic and Environmental benefits to Communities in specific and at Society at large.

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.

The Company besides being responsive to the challenges affecting communities also strive to align our CSR objectives to meet the UNDP Sustainability Development Goals (SDGs) which aim to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

2. Composition of CSR Committee:

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Board had constituted the CSR Committee.

The CSR Committee consists of three directors, including one Managing Director and two Independent Directors and the Chairman of the Committee is a Managing Director.

The Committee operates under a written charter adopted by the board of directors and has been vested with all the powers necessary to effectively discharge its responsibilities.

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. J. A.S. Giri	Independent Director, Member	2	2
3	Justice (Retd) A. Gopal Reddy	Independent Director, Member	2	2

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. 2607.53 million

7. (Rs. In Million)

(a) Two percent of average net profit of the company as per section 135(5)	52.15
(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)	52.15

(Contd.)

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.52.50 Million as against CSR obligation of Rs.52.15 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 Mn.).	Mode of implementation - Direct (Yes/No).	Mode of implementation – Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1	Provided safe drinking water, RO plants are installed in villages.	Item No. (i) Safe drinking water	Yes	Andhra Pradesh	Anakapally	0.16	No	Hetero Foundation	CSR00010058
2	a) Provided Vidya Volunteers to promote quality education in Govt High Schools	Item No. (ii) Promoting Education	Yes	Telangana	Sangareddy	10.54	No	Hetero Foundation	CSR00010058
	b) Provided Uniforms, Notebooks, Stationery & Other items to Government School Children			Telangana	Khammam	7.15			
	c) Supported Students for Higher Education			Maharashtra	Pune	0.48			
	d) Established E learning corners to enhance the education outcomes.			Andhra Pradesh	Anakapally	0.49			
e) Repaired and renovated Government Schools, TSWRJC College, KGBV Schools to provide proper facilities to the girl students.									
f) 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 Mn.).	Mode of implementation - Direct (Yes/No).	Mode of implementation – Through implementing agency.	
				State.	District.			Name.	CSR registration number.
3	a) Provided financial assistance & support to the rural people for various health issues. b) Provided Health services viz., medical check up & arranging medicines etc to the rural people at Nakkappalli by way of mobile Medical campaign. c) Provided affordable eye care facilities to the rural people by way of establishing Vision centre at Nakkapalli	Item No. (i) Promoting Healthcare	Yes	Andhra Pradesh	Anakapally	2.58	No	Hetero Foundation	CSR00010058
4	Supported Rural youth by levelling of the sports ground, to promote rural sports.	Item No. (vii) Promotion of Rural Sports	Yes	Andhra Pradesh	Anakapally	0.18	No	Hetero Foundation	CSR00010058
				Maharashtra	Pune	0.38			
5	a) Constructed Community Hall b) Layered CC Roads c) Constructed weekly bazar shed and market yard	Item No. (x) Rural Development- development Projects	Yes	Telangana	Sanga Reddy	2.28	No	Hetero Foundation	CSR00010058
				Maharashtra	Pune	4.00			
				Andhra Pradesh	Anakapally	1.82			
6	Supported Livelihood	Item No.(ii) Livelihood Enhancement	Yes	Telangana	Hyderabad	5.47	No	Hetero Foundation	CSR00010058
7	Promoted Art & culture.	Item No. (v) Protection of art and culture	Yes	Andhra Pradesh	Anakapally	1.58	No	Hetero Foundation	CSR00010058
8	Disaster Management	Item No. (Xii) Disaster Management	Yes	Maharashtra	Pune	0.25	No	Hetero Foundation	CSR00010058
9	Sanitation in Government Schools	Item No. (i) Promoting Sanitation	Yes	Andhra Pradesh	Anakapally	0.14	No	Hetero Foundation	CSR00010058
10	Healthcare	Item No. (i) Promoting Health care	Yes			15.00	No	Sai Sindhu Foundation	CSR00025445
						52.50			

(Contd.)

- (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. 52.50 mn
- (g) Excess amount for set off, if any : Rs. 0.35 mn

Sl. No.	Particulars	Amount (Rs. In Million)
(i)	Two percent of average net profit of the company as per section 135(5)	52.15
(ii)	Total amount spent for the Financial Year	52.50
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.35
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.00
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.35*

Note: (*) The Company's CSR amount available for set off in succeeding financial years in FY23 was Rs. 0.09 million. The Company has not adjusted the said amount against the CSR obligation for the FY24 and hence, the amount of Rs. 0.09 million and Rs. 0.35 million for the FY25 would be adjusted against future financial years.

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: 04-09-2025
Place: Hyderabad

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended 31 March 2025

[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
Nexity, Tower 30, 12th Floor, Survey No. 83/1,
Hyderabad Knowledge City, Raidurg, Serilingampally,
Hyderabad, Telangana, India, 500081

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, 2025 ('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 Act 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. Muralidhar Reddy Nomula (DIN: 09138114), Whole Time Director and Sudhakar Reddy Avuthu (DIN: 07766398), Director, have resigned from the Board w.e.f 06/03/2025.
- 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 as passed by the members of the Company was carried out during the period under review.
 - During the period under review, the Company has amended the capital clause of Memorandum of Association by increasing the Authorized Share Capital of the Company from Rs.7,00,00,000/- (Rupees Seven Crores) divided into 70,00,000 (Seventy Lakhs) equity shares of Rs. 10/- (Rupees Ten) each into Rs. 27,50,00,020 (Rupees Twenty-Seven Crores Fifty Lakhs Twenty Rupees Only) divided into 2,75,00,002 (Two Crores Seventy-Five Lakhs Two) Equity Shares of Rs. 10 (Rupees Ten Only), pursuant to the Order passed by the Hon'ble National Company Law Tribunal vide CP(CAA) No.08/230/HDB/2024 dated October 25, 2024.
 - As per the information provided by the Company, the Company has entered into Related Party Transactions pursuant to the provisions of Section 177 and 188 of the Companies Act 2013.
 - No Foreign Technical Collaborations.

For JYOTHIRMAI SARANG & ASSOCIATES
COMPANY SECRETARIES

Sd/-
JYOTHIRMAI SARANG PATEL
FCS: 8349; CP. No.10833

Date : 04/09/2025
Place: Hyderabad

UDIN: F008349G001155297

ANNEXURE

To
The Members
HONOUR LAB LIMITED
Nexity, Tower 30, 12th Floor, Survey No. 83/1,
Hyderabad Knowledge City, Raidurg, Serilingampally,
Hyderabad, Telangana, India, 500081

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

Sd/-
JYOTHIRMAI SARANG PATEL
FCS: 8349; CP. No.10833

Date : 04/09/2025
Place: Hyderabad

UDIN: F008349G001155297

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 2024-25.

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: 04-09-2025
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	CIN/FCRN/LLPIN/FILLPIN/ PAN/Passport	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
1	Hetero Labs Limited	U24110TG1989PLC009723	Entities with joint control	Sales	Ongoing	15,126.91
2	Hetero Drugs Limited	U24230TG1993PLC015582	Entities with joint control	Sales	Ongoing	341.10
3	Hindys Lab Private Limited	U24100TG2007PTC055636	Entities with joint control	Sales	Ongoing	63.42
4	Selmar Lab Private Limited	U24100TG2013PTC089489	Entities with joint control	Sales	Ongoing	2.32
5	Hazelo Lab Private Limited	U24110TG2015PTC098450	Entities with joint control	Sales	Ongoing	35.06
6	Dasami Lab Private Limited	U24240TG2015PTC099918	Entities with joint control	Sales	Ongoing	557.03
7	Aarani Enterprises Private Limited	U51909TG2021PTC150242	Entities with joint control	Sales	Ongoing	109.27
8	Makiz Pharma LLC	Not Applicable	Entities with joint control	Sales	Ongoing	22.31
9	Amarox Pharma S.A. De C.V.	Not Applicable	Entities with joint control	Sales	Ongoing	126.86
10	Annora Pharma Private Limited	Not Applicable	Entities with joint control	Sales	Ongoing	1340.77
11	Hetero USA, Inc	Not Applicable	Entities with joint control	Sales	Ongoing	46.25
12	Evatic Pharmaceuticals Inc	Not Applicable	Entities with joint control	Sales	Ongoing	10.33
13	PT. Amarox Pharma Global	Not Applicable	Entities with joint control	Sales	Ongoing	97.69
14	Aspiro Pharma Limited	U24100TG2014PLC092771	Entities with joint control	Sales	Ongoing	237.44
15	Camber Pharmaceutical Co Limited	Not Applicable	Entities with joint control	Sales	Ongoing	23.05
16	Hetero FZCO	Not Applicable	Entities with joint control	Sales	Ongoing	25.87
17	Valary Lab Private Limited	U24100TG2019PTC136348	Entities with joint control	Sales	Ongoing	0.77
18	Paamit Lab Private Limited	U24230TG2020PTC141169	Entities with joint control	Sales	Ongoing	45.74
19	Hetero Health Care Limited	U52520TG2006PLC049614	Entities with joint control	Sales	Ongoing	11.43
20	Ascent Pharmaceuticals Inc	Not Applicable	Entities with joint control	Sales	Ongoing	17.25
21	Hetero Labs Limited	U24110TG1989PLC009723	Entities with joint control	Purchases	Ongoing	4065.08
22	Hetero Drugs Limited	U24230TG1993PLC015582	Entities with joint control	Purchases	Ongoing	97.51
23	Hindys Lab Private Limited	U24100TG2007PTC055636	Entities with joint control	Purchases	Ongoing	1.52
24	Hazelo Lab Private Limited	U24110TG2015PTC098450	Entities with joint control	Purchases	Ongoing	15.19
25	Dasami Lab Private Limited	U24240TG2015PTC099918	Entities with joint control	Purchases	Ongoing	23.53
26	Cirex Pharmaceuticals Pvt Ltd	U24239TG1990PTC012119	Entities with joint control	Purchases	Ongoing	10.33
27	Chemipack (India) Private Limited	U21023TG2007PTC054088	Entities with joint control	Purchases	Ongoing	3.09

(Contd.)

S. No.	Name of the related party	CIN/FCRN/LLPIN/FILLPIN/ PAN/Passport	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
28	Selmar Lab Private Limited	U24100TG2013PTC089489	Entities with joint control	Purchases	Ongoing	87.49
29	Aarani Enterprises Private Limited	U51909TG2021PTC150242	Entities with joint control	Purchases	Ongoing	1.42
30	Danika Traders Private Limited	U51909TG2021PTC150183	Entities with joint control	Purchases	Ongoing	1460.75
31	Audree Infotech Private Limited	U72100TG2015PTC100593	Entities with joint control	Purchase of PPE	Ongoing	16.12
32	Hetero Labs Limited	U24110TG1989PLC009723	Entities with joint control	Purchase of PPE	Ongoing	20.85
33	Analys Lab Private Limited	U24295TG2015PTC100145	Entities with joint control	Testing Charges	Ongoing	89.86
34	Cliwis Lab Private Limited	U24304TG2017PTC119337	Entities with joint control	Testing Charges	Ongoing	2.12
35	Audree Infotech Private Limited	U72100TG2015PTC100593	Entities with joint control	AMC Charges	Ongoing	21.27
36	Hetero Infrastructure SEZ Limited	U45200TG2006PTC049668	Entities with joint control	Operating Lease Rent	Ongoing	26.08
37	Hetero Drugs Limited	U24230TG1993PLC015582	Entities with joint control	Operating Lease Rent	Ongoing	2.49
38	Cirex Pharmaceuticals Pvt Ltd	U24239TG1990PTC012119	Entities with joint control	Operating Lease Rent	Ongoing	10.33
39	Jitvan Land LLP	AAX-8165	Entities with joint control	Operating Lease Rent	Ongoing	11.25
40	Janina Marine Properties LLP	AAX-8864	Entities with joint control	Operating Lease Rent	Ongoing	2.47
41	Hetero Infrastructure SEZ Limited	U45200TG2006PTC049668	Entities with joint control	Manufacturing Expenses	Ongoing	11.77
42	Hetero Foundation	Not Applicable	Entities with joint control	CSR Expenses	Ongoing	37.50
43	Sai Sindhu Foundation	Not Applicable	Entities with joint control	CSR Expenses	Ongoing	15.00

Requisite approvals of Audit Committee obtained from time to time. Since contracts / arrangement / transactions are at arm's length basis, approval by the Board is not applicable. Amount paid as advances, if any: Nil

For and on behalf of the Board of Directors
M/s. Honour Lab Limited

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

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

Date : 04-09-2025
 Place: Hyderabad

Annexure – V
Particulars of loans given, investments made, guarantee given and securities provided for the FY 2024-25

(Rs. In millions)

Name of the Party	Nature of Transaction	In case of Loan, rate of interest	As at the beginning of the Year	Added during the Year	Repaid/ Redeemed during the Year	Balance at the end of the year	Purpose/ Remarks
Honour Synthesis Private Limited (formerly known as Congruent Remedies Pvt Ltd)	Investment	-	-	390.00	-	390.00	Business operations
	Loan	8%	-	1051.18	-	1051.18	Business operations
Exavis PTE Ltd (formerly known as Exavision PTE Ltd)	Investment	-	-	0.08	-	0.08	Business operations
	Investment	-	28.95	-	-	28.95	Business operations
Honour Infra Estates Limited	Loan	8%	5.70	16.33	-	22.03	Business operations
	Investment	8%	0.10	-	(0.10)	0.00	Business operations (Strike off)
Dyuthi Labs Private Limited	Loan	8%	0.87	0.30	(1.17)	0.00	

For and on behalf of the Board of Directors
M/s. Honour Lab Limited

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

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

Date : 04-09-2025
Place: Hyderabad

Annexure VI

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(Pursuant to section 134 (3)(m) of the Companies Act, 2013 read with rule 8 (3) of the Companies (Accounts) Rules, 2014)

(A) Conservation of Energy

1) The Steps taken or impact on Conservation of Energy:

i) Installation of Innovative Technology

The projects include Super Premium Energy Efficient Motors (IE4 / IE3) and replacement of old / rewind motors with Super Premium Energy Efficient Motors, World Class highest energy efficient Mono Screw Chillers with evaporative condensers, EC (Electronically Commutated) blowers for new AHUs and replacement of conventional blowers, Customized Power Monitoring Indicators for monitoring and controlling the Power Consumption, Automatic Tube Cleaning system in Chilling Plants, Zero Purge Loss air dryers for Compressed Air, 5 star rated Air Conditioners, Ultra Energy Efficient Transformers, Online 3 Dimensional (Corrosion, Scaling & Biofouling) water treatment of Cooling Towers, Cogeneration Power Plants, High Efficiency SWRO/ Brackish/ ETP RO systems for generation of utility and process water, Edification and Occupancy Sensors, Energy Savers for lighting loads, Multi Effect Evaporators (4 or 5 Effect) for ZLD Systems, Sky Shades and Transparent Sheets for maximizing usage of Daylighting, Installation of Automatic Power Factor Controllers for maintaining power Factor closed to Unity, Online Utility Monitoring Systems for efficiency monitoring, Best energy efficient pumps and air compressors, Advanced drying equipment like ANFD, ATFD for better and safe production, XLPE HF-FRLS power cables, Pneumatic Conveying Systems (PTS), Ash handling system for ash conveying and loading, Filter Press, New Gear Boxes for long lasting life.

ii) Optimization of designs and Operational Efficiencies

The activities include Online Efficiency monitoring and control automation system for maximizing the efficiency of major power consuming equipment like Chillers, Air Compressors, Pumps, Boilers and Process equipment, Optimization of AHUs operation and running at optimum Air Flow, Analysis of pumping efficiency and corrective actions, arresting of Compressed Air Leakages, periodical Insulation inspections and corrections both in Cold & Hot areas with advanced insulation materials, Effective Condensate Recovery, VFDs for batch process reactors, Air Compressors and Pumps, ISO 50001 Energy management system and setting up of targets, installation of ANFDs by replacing Centrifuges.

iii) Steam consumption reduction by Condensate recovery Improvement

(a) Provided correct trapping solution, designed system with actual condensate pressure and back pressure. Installed steam operated pump trap for 100% stalled load to evacuate condensate against negative differential pressure with operation of equipment with less pressure utilizing high latent heat. This resulted in steam consumption reduction upto 100-130 kg/hr.

(b) 100 % flash steam recovery and high temperature condensate return: Recovered and utilized flash steam at stripper and returned high temperature condensate with flash jet pump and MPUMP (steam operated – without any additional electricity). It resulted in steam consumption reduction by 80-120 kg/hr, no heat loss, improved feed water temperature with optimized make-up water consumption, water savings upto 9 KLD, fuel savings estimated upto 0.8 TPD and additional electricity savings.

2) Identification of alternate sources of energy and optimization of resources

Major Initiatives include use of alternate fuels such as Wood Briquettes, Wood Pellets, Carbon Briquettes and Rice Husk in Boilers, avoided usage of Furnace Oil/ Diesel and replaced with alternate / environment friendly fuels.

3) Capital investment on energy conservation equipment:

The company has made capital investment on energy conservation equipment in all its units in the areas of flash steam recovery & condensate recovery (Forbes Marshall), high efficiency motors, energy efficient cooling tower fans, evaporative condensers, VFDs, ANFDs, simple automation, filter presses, energy efficient motors, converting boiler to utilize husk as fuel in place of coal, RO Plant, Dissolved Air Flootation (DAF) for effluent pre-treatment, Molecular Sieve Dryer for ethanol recovery etc

Other initiatives

Ongoing

i) Membrane Filter Press, Rotary pressure filters, Screw Compressors (Chillers and Air), Vacuum Pumps, Vertical Inline Pumps, Motors, Desalination

Water Plant, Air Compressors, Laboratory Equipment/Instruments (HPLC, GC, XRD etc.) and advanced equipment leading tools and tackles for heavy equipment and Fasteners tighteners. High grade MOC equipment – Hastelloy, SS Ti ANFDS, Process equipment (Product mix, Filtration, Heat Exchangers etc.).

- ii) Introduced LP saturated steam turbine for power generation by replacing Pressure Reducing Stations in Manufacturing plants.
- iii) Highly efficient thermal insulation introduced for hot and cold pipelines and applications with PPGL Cladding to minimize thermal losses.
- iv) Process, Drying, Distillation and Utility equipment are being procured with factory made insulation and cladding to eradicate the energy wastage results reduce the process cycle times.
- v) Evaporative coolers purchased in place of Air Handling Units for RMS Shed which supply same capacity and quality of air with reduced power consumption.
- vi) New HVAC and AC systems power saving technology is introduced that reduces power consumption and improves efficiency of system.
- vii) Procured compact module steam operated traps and flash jet pumps for efficient condensate recovery.
- viii) High Frequency water treatment system – To conserve water and energy in continuous operational equipment's like MEE's, Cooling towers etc.– Scale removal in CT pipelines and MEE Systems.
- ix) Multi-layer Mono Filament Filter Cloth being introduced in ANFD's which results reduction of process cycle time and considerably power advantage.
- x) Coal fired boilers were converted to Non-Fossil Fuels firing there by reduction of coal consumption drastically.
- xi) Low Friction Synthetic Lubricants to improve energy efficiency of the Chillers.
- xii) Replacement of conventional fan in cooling tower with Aerodynamic energy efficient fan to improve energy efficiency.
- xiii) Automatic Air Purger incorporated into the negative application chiller system to improve the operating and energy efficiency.
- xiv) Auto Air & Nitrogen gas leakage detecting system to arrest leakages which results in reduction of power consumption.
- xv) High Temperature condensate & Flash steam recovery with Flash Jet Pump & Flash vessel to save fuel consumption.
- xvi) Old cooling towers revamping with new energy efficient Cooling Towers.
- xvii) Re engineering of vacuum systems to improve the process cycle time and energy.
- xviii) Implementation of powder transfer systems in process areas for safe handling.
- xix) Implementation of High efficiency motors.
- xx) Implementation of energy efficient fans in cooling towers.
- xxi) Automatic steam cut of valves arranged for hot-water tanks.
- xxii) Standardization of Equipment specifications.
- xxiii) Standard P&IDs for Vacuum systems.
- xxiv) Replacement of shell and Tube Heat Exchanger with Box type condensers where solvent losses are high.
- xxv) Standardization of Heat Exchangers Vapour Nozzles Inlet, Condensate outlet sizes and flow rate.
- xxvi) Implemented Husk transfer system in a closed loop at Boilers.

(B) Technology Absorption

i) **The efforts made towards technology absorption:**

The Company has full-fledged R&D team continuously focusing on latest energy efficient technologies on present activities or existing products as a part of the continual improvement. Once technology is identified, it is implemented at Pilot scale and after successful demonstration, inculcated in the systems.

ii) **Benefits derived like product improvement, cost reduction, product development or import substitution:**

Continual improvements by adopting latest technologies, achieved process time cycle reductions thereby production improvement with optimal energy consumption.

iii) **Process Improvements:**

- (a) Ammonia Recovery from effluent
- (b) Solvent recovery (MDC) from effluent
- (c) THF recovery improvement
- (d) Acetone & Methanol recovery improvement
- (e) Solvent substitution with water during purification
- (f) Salt-water washing optimization during the process

- (g) Solvent usage optimization during the process
- (h) Spent carbon reduction
- (i) Ethanol recovery established by using Molecular Sieve Dryer
- (j) Solvent recovery capacity enhancement by optimizing existing distillation columns and introducing new distillation columns.
- (k) Effluent reduction by optimizing the process

iv) New Technology / Initiatives

- (a) Ethanol dehydration by using Molecular Sieve Dryer
- (b) Horizontal membrane Filter press for reaction mass filtration
- (c) Rotary Vacuum Paddle Dryer (RVPD) for material drying
- (d) Static Mixer Reactor for batch charging reactions
- (e) Agitator modification inline with requirement such as PBT (Pitched Blade Turbine) which improves conversion and extraction.
- (f) Introduction of simple automation for hazardous reactions: Controlled addition of hazardous material with respect to temperature.
- (g) Introduction of single fluid system for hazardous reactions.
- (h) Providing solvent dispensing system for various solvents – unloading and dispensing.
- (i) Hot water system Automation.
- (j) LIMS installation in QC to automate processes like sample tracking, testing, data management, and reporting for improving efficiency, ensure regulatory compliance, and maintain high data integrity.
- (k) Warehouse Management Portal System (WMPS) to automate processes like material creation, receipt, request, quality inspection, issuance, and dispatch for streamlining warehouse operations by providing a digital platform for managing various aspects of the supply chain.

- (l) Cloud based EHS digitalization Platform for horizontal CAPA implementation.
- (m) We are certified with ISO9001, ISO14001, ISO27001, ISO45001 and ISO50001.

v) In case of imported technology (imported during the last three years):

No imported technology

vi) Expenditure Incurred on Research & Development
Rs. in Mn.

Particulars	2024-25	2023-24
a) Capital	122.71	111.72
b) Recurring	476.80	328.69
c) Total	599.52	440.40
d) Total R & D expenditure as Percentage of Turnover	2.43	1.87

(C) Foreign Exchange Earnings and Outgo

Foreign exchanges earned in terms of inflows earned and foreign exchange outgo in terms of actual payment.

Rs. in Mn.

Particulars	2024-25	2023-24
Foreign Exchange Earnings		
Exports	4285.28	2060.78
Others	6693.43	6830.23
Foreign Exchange Outgo		
Imports	3572.55	2344.87
Others	--	--

 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: 04-09-2025
 Place: Hyderabad

HONOUR LAB LIMITED

Standalone Financial Statements

Financial Year 2024-25

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, 2025, 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 material 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, 2025, 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.

The Board's Report including its annexures is expected to be made available to us after the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the 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.

Other Matter

(a) The Standalone financial statements of the Company for the year ended March 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on September 05, 2024.

(b) The standalone financial statements for the year ended March 31, 2025, have been restated pursuant to the Scheme(s) of Arrangement sanctioned by the Hon'ble National Company Law Tribunal (NCLT) as explained in Note 53 to the standalone financial statements.

(i) Amalgamation of Hoster Labs Private Limited (Transferor Company): Pursuant to the NCLT order dated October 25, 2024, the appointed date for amalgamation of Hoster Labs Private Limited with the Company is April 1, 2024. We did not audit the standalone financial statements of Hoster Labs Private Limited for the year ended March 31, 2024, reflecting total assets of ₹ 1,764.72 million, total revenues of ₹ 746.22 million, loss after tax of ₹ 180.62 million, and total comprehensive loss of ₹ 181.26 million. These financial statements were audited by another auditor whose report has been furnished to us by the management. Our opinion, in so far as it relates to the amounts and disclosures pertaining to the amalgamation of the transferor company, is based solely on the report of such other auditor, as adjusted for the accounting effects of the Scheme (including those arising under Ind AS 103 'Business Combinations') and other consequential adjustments, which have been audited by us.

(ii) Merger and Demerger of Veer East Realty India Private Limited: Pursuant to the same NCLT order, the non-core business of Veer East India Private Limited was first merged with the Company with an appointed date of October 1, 2023, and thereafter demerged into Anaika Infracon Private Limited with an appointed date of April 1, 2024.

(iii) In accordance with Appendix C of Ind AS 103 'Business Combinations of entities under common control', the previous year's figures have been restated in these standalone financial statements to give effect to the said merger and demerger.

Our opinion is not modified in respect of the above matters.

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, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2025 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 an unmodified 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 2025 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 2025 on its financial position in its standalone financial statements - Refer Note 41 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;
 - v. the Company has not declared any dividend during the year; and
 - 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, 2025 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.
- Based on our audit procedures and management's representation, the Company has preserved the audit trail in accordance with applicable statutory requirements.

For **Suryanarayana Reddy & Co.**,
Chartered Accountants
Firm Registration No. : 005752 S

Sd/-

S Sudarshan
Partner
Membership No. 211148
UDIN:

Place: Hyderabad
Date : 31-07-2025

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, 2025:

- 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 were no material discrepancies noticed on such verification.
- (c) The title deeds of immovable properties (other than properties where the company is on the lease disclosed in the financial statements. Lease agreements are duly executed in favour of the lessee) 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, 2025 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 made investments in Companies and granted unsecured loans during the year. The Company has not 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 Associates 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	1,051.18
- Associate	22.03
Balance outstanding as at balance sheet date in respect of above cases	
- Subsidiaries	1,051.18
- Associate	27.73

- (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 amount overdue 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 and the Company has not provided any guarantee/ security.
- 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 2025, 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 on an examination of the records of the Company, there are no dues of income tax or sales 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, excise duty, goods and services tax as at March 31, 2025, 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
Central Excise Act, 1944	Excise	11.00	0.82	Oct-2016 to June-2017	Commissioner of Central Tax (Appeals-II), Pune
Goods and Service Tax, 2017	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
		3.80	-	FY 2024-25	Deputy Commissioner of State Tax, GST Appeals Chennai II

- 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 year.
- (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) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors during the year 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 to the Companies Act, 2013, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 50 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 with provision of sub section (6) of section 135 of the Act. This matter has been disclosed in Note 50 to the standalone financial statements.

For **Suryanarayana Reddy & Co.**,
Chartered Accountants
Firm Registration No. : 005752 S

Sd/-

S Sudarshan

Partner

Membership No. 211148

UDIN:

Place: Hyderabad

Date : 31-07-2025

“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, 2025 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 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 system 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, 2025, 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 Suryanarayana Reddy & Co.,
Chartered Accountants
Firm Registration No. : 005752 S

Sd/-
S Sudarshan
Partner
Membership No. 211148
UDIN:

Place: Hyderabad
Date : 31-07-2025

Standalone Balance Sheet as at March 31, 2025

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

Particulars	Notes	As at March 31, 2025	As at March 31, 2024 (Restated) (refer note 53)
ASSETS			
Non current assets			
Non current assets			
Property, plant and equipment	3	8,294.51	6,359.46
Capital work-in-progress	51	102.29	591.34
Right-of-use assets	4	381.05	409.23
Other intangible assets	5	96.66	77.36
Financial assets			
Investments	6	1,080.35	811.71
Loans	7	1,078.91	6.57
Other financial assets	8	114.14	84.10
Non current tax assets	9	2.06	0.39
Other non-current assets	10	87.52	119.02
		11,237.51	8,459.18
Current assets			
Inventories	11	5,730.68	4,925.55
Financial assets			
Trade receivables	12	6,233.99	5,156.79
Cash & cash equivalents	13	40.44	133.67
Bank balances other than above	14	41.73	44.33
Other financial assets	15	19.05	22.42
Current tax assets (net)	16	59.66	54.66
Other current assets	17	1,383.10	1,068.82
		13,508.66	11,406.23
		24,746.16	19,865.41
Total Assets			
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	50.00	50.00
Other equity		13,872.55	12,665.79
Total Equity		13,922.55	12,715.79
Liabilities			
Non current liabilities			
Financial liabilities			
Borrowings	19	1,360.25	367.01
Lease liabilities	20	365.88	382.70
Provisions	21	81.73	64.10
Deferred tax liabilities (net)	22	798.48	551.03
		2,606.34	1,364.84
Current liabilities			
Financial liabilities			
Borrowings	23	4,226.89	3,007.46
Lease liabilities	25	40.93	38.91
Trade payables	24		
(a) Total outstanding dues of micro and small enterprises		24.54	20.12
(b) Total outstanding dues of creditors other than micro and small enterprises		3,651.61	2,322.22
Other financial liabilities	26	178.78	138.60
Other current liabilities	27	80.23	120.83
Provisions	28	14.28	11.41
Current tax liabilities (net)	29	-	125.23
Total Liabilities		8,217.27	5,784.78
Total Equity and Liabilities		24,746.16	19,865.41
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: 005752S

Sd/-

S Sudarshan

Partner

Membership No: 211148

Place: Hyderabad

Date : 31st July, 2025

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, 2025

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

	Particulars	Notes	For the year ended March 31, 2025	For the year ended March 31, 2024 (Restated) (refer note 53)
I	Revenue from operations	30	24,684.78	23,611.52
	Other income	31	140.44	303.30
	Total Income		24,825.22	23,914.83
II.	EXPENSES			
	Cost of materials consumed	32	15,884.14	15,475.34
	Changes in inventories of finished goods and work-in-progress	33	(289.15)	252.15
	Employee benefits expense	34	1,672.38	1,405.55
	Finance costs	35	557.97	417.12
	Depreciation and amortisation expense	3, 4 & 5	537.34	443.66
	Other expenses	36	3,520.67	2,927.36
	Total expenses		21,883.35	20,921.18
	Profit before tax		2,941.87	2,993.64
	Tax expense			
	Current tax		545.10	757.89
	Short/(excess) tax provision for earlier years		24.74	(24.45)
	Deferred tax charge		249.54	43.35
	Total tax expense		819.38	776.79
	Profit for the year		2,122.49	2,216.85
	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		(8.33)	(21.23)
	Less: Deferred tax credit		2.10	5.34
	Other comprehensive income for the year, net of tax		(6.23)	(15.89)
	Total comprehensive income for the year		2,116.26	2,200.97
	Earnings Per Equity Share of Rs. 10/- each fully paid up			
	Basic (Rs.)		424.50	443.37
	Diluted (Rs.)		424.50	443.37
	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: 005752S

Sd/-

S Sudarshan

Partner

Membership No: 211148

Place: Hyderabad

Date : 31st July, 2025

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 Cash Flow for the year ended March 31, 2025

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

PARTICULARS	For the year ended March 31, 2025	For the year ended March 31, 2024 (Restated) (refer note 53)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	2,941.87	2,993.64
Adjustment for:		
Depreciation and amortization expense	537.34	443.66
Finance costs	557.97	417.12
Remeasurement of employee DBO and plan assets	(8.33)	(21.23)
(Gain) /Loss on Sale of quoted investments	-	(45.88)
Foreign exchange fluctuation (net)	(73.91)	(53.46)
Allowance for credit loss (Reversal)	(8.04)	11.67
Fair value changes in investments	121.35	(188.93)
Write off of Loans & Investments	1.05	-
Loss on sale of Property, plant and equipment	1.01	-
Bad debts written-off	33.72	17.41
Interest income	(58.03)	(11.55)
Loss on Account of De-merger	(909.49)	-
Operating profit before working capital changes	3,136.50	3,562.47
Adjustments for:		
Trade receivables	(1,028.96)	(1,113.90)
Inventories	(805.14)	1,104.29
Loans and advances & other current assets	(280.72)	(221.75)
Trade payables, provisions & other liabilities	1,306.06	(1,425.77)
Cash generated from operations	2,327.74	1,905.33
Income taxes paid	(699.99)	(447.51)
Net Cash from Operating Activities (A)	1,627.76	1,457.83
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including intangible assets, capital work in progress	(1,960.28)	(1,734.86)
Proceeds from sale of property, plant and equipment	5.35	-
Loans given	(1,072.35)	(5.70)
Proceeds from sale of investment	-	127.47
Investment in Subsidiary	(390.08)	-
Interest received	31.90	8.40
Net Cash used in Investing Activities (B)	(3,385.47)	(1,604.70)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from current & non-current borrowings	2,275.17	666.49
Repayment of non-current borrowings	(62.50)	-
Finance costs	(548.18)	(419.95)
Net Cash from/(Used in) Financing Activities (C)	1,664.49	246.54
D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(93.22)	99.67
Cash and Cash Equivalents at the beginning of the year	133.67	34.00
Cash and Cash Equivalents at the end of the year	40.44	133.67

(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:

Particulars	March 31, 2025	March 31, 2024
Cash on hand	1.81	6.28
Balances with scheduled banks in current accounts	38.64	127.39
Total	40.44	133.67

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

Particulars	As at 01.04.2024	Cash flows	Non Cash Changes	As at 31.03.2025
Borrowings - non current	367.01	993.24	-	1,360.25
Borrowings - current	3,007.46	1,219.43	-	4,226.89

Particulars	As at 01.04.2023	Cash flows	Non Cash Changes	As at 31.03.2024
Borrowings - non current	60.08	306.93	-	367.01
Borrowings - current	2,647.91	359.56	-	3,007.46

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: 005752S

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

Sd/-
S Sudarshan
Partner
Membership No: 211148

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

Place: Hyderabad
Date : 31st July, 2025

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, 2025

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

a. Equity Share Capital

As at 31.03.2025

Balance as at 31.03.2024	Changes in Equity Share Capital due to prior period errors	Restated balance as at 01.04.2024	Changes in equity share capital during the current year	Balance as at 31.03.2025
50.00	-	50.00	-	50.00

As at 31.03.2024

Balance as at 01.04.2023	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

b. Other Equity

Particulars	Retained Earnings	Other comprehensive income	Total
As at April 01, 2024	12,712.91	(47.12)	12,665.79
Profit for the year	2,122.49	-	2,122.49
Adjustment due to demerger (refer note 53)	(909.49)	-	(909.49)
Other Comprehensive Income	-	(6.23)	(6.23)
As at March 31, 2025	13,925.91	(53.36)	13,872.55

b. Other Equity Restated (refer note 53)

Particulars	Retained Earnings	Other comprehensive income	Total
As at April 01, 2023	10,655.91	(31.24)	10,624.67
Profit for the year	2,216.85	-	2,216.85
Other Comprehensive Income	-	(15.89)	(15.89)
Adjustment due to demerger (refer note 53)	(159.85)	-	(159.85)
As at March 31, 2024	12,712.91	(47.12)	12,665.79

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: 005752S

Sd/-

S Sudarshan

Partner

Membership No: 211148

Place: Hyderabad

Date: 31st July, 2025

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, 2025

(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 Nexity, Tower 30, 12th Floor, Survey No.83/1, Hyderabad Knowledge City, Raidurg, Serilingampally, Hyderabad, 500081, Telangana.

Honour has 6 state-of-the-art manufacturing facilities and 1 R&D facility. Honour operates through 6 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 31st July 2025.

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.

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, 2025

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

e) Foreign currency 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 prevailing on reporting date. 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.

Functional currency is the currency of the primary economic environment in which the Company operates whereas presentation currency is the currency in which the financial statements are presented. Indian Rupee is the functional as well as presentation currency for the Company. Foreign currency transactions are recorded at the exchange rates prevailing at the date of such transactions. Gain/loss arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognised in the Statement of Profit and Loss, unless they are considered as an adjustment to borrowing costs, in which case they are capitalised along with the borrowing cost attributable to qualifying assets.

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 goods & services 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 statement of profit and 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 taxation 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

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

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 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.

Derecognition:

Gain and losses on disposal of an item of Property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net with in other income in the Statement of Profit and Loss.

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.

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

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.

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 for Compensated Absences (Leave Encashment) is made on the basis of actuarial valuation.

o) Provisions, contingent liabilities and contingent assets.

The Company estimates the provisions that have present obligations as a result of past events and where it is probable that an 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 of financial assets or issue of 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- Revenue from Contracts with Customers.

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

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) Fair value through profit or loss (FVTPL).

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 statement of profit and 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, or 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.

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

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 (m) Impairment of non-financial assets.

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 in 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 in-substance 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 standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On August 12, 2024 and September 09, 2024, MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2024 and Companies (Indian Accounting Standards) Second Amendment Rules, 2024 introducing following changes:

Ind AS 117-Insurance Contracts:

Ind AS 117:- Insurance Contracts was introduced and Ind AS 104: Insurance Contracts was withdrawn. This was accompanied with consequent amendments in other standards.

Ind AS 116 -Leases:

The amendments clarify accounting treatment for a seller-lessee involved in sale and leaseback transactions, and introduced some related illustrative examples. The Company has reviewed the new pronouncements and based on its evaluation has determined that it does not have any significant impact on its financial statements.

Ind AS 21 - Effects of Changes in Foreign Exchange Rates:

On May 9, 2025, MCA notifies the amendments to Ind AS 21 - Effects of Changes in Foreign Exchange Rates. These amendments aim to provide clearer guidance on assessing currency exchangeability and estimating exchange rates when currencies are not readily exchangeable. The amendments are effective for annual periods beginning on or after April 1, 2025. The Company is currently assessing the probable impact of these amendments on its financial statements.

Notes to Standalone Financial Statements for the year ended March 31, 2025
(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, 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
Additions	356.01	453.45	813.85	146.30	394.66	164.68	65.34	37.75	2,432.05
Disposals	-	-	6.70	-	-	-	1.60	-	8.30
As at March 31, 2025	475.28	2,106.86	5,464.97	676.75	1,163.45	303.44	109.33	163.73	10,463.80
Depreciation									
As at April 01, 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
Charge for the year	-	57.63	248.59	51.56	78.58	15.96	5.54	32.59	490.46
Disposals	-	-	1.35	-	-	-	0.41	-	1.77
As at March 31, 2025	-	281.10	1,114.77	210.86	384.81	57.56	22.07	98.12	2,169.29
Net carrying value									
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
As at March 31, 2025	475.28	1,825.76	4,350.20	465.89	778.64	245.88	87.25	65.61	8,294.51

Notes to Standalone Financial Statements for the year ended March 31, 2025

(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
Gross carrying value		
As at April 01, 2023	431.88	431.88
Additions	57.48	57.48
Disposals	-	-
As at March 31, 2024	489.36	489.36
Additions	3.59	3.59
Disposals	3.10	3.10
As at March 31, 2025	489.85	489.85
Amortisation		
As at April 01, 2023	55.30	55.30
Charge for the year	24.83	24.83
Disposals	-	-
As at March 31, 2024	80.14	80.14
Charge for the year	29.23	29.23
Disposals	0.57	0.57
As at March 31, 2025	108.79	108.79
Net carrying value		
As at March 31, 2024	409.23	409.23
As at March 31, 2025	381.05	381.05

5 Other intangible assets

Particulars	Computer Software	Total
Gross carrying value		
As at April 01, 2023	104.34	104.34
Additions	21.34	21.34
Disposals	-	-
As at March 31, 2024	125.68	125.68
Additions	36.95	36.95
Disposals	-	-
As at March 31, 2025	162.62	162.62
Amortisation		
As at April 01, 2023	34.06	34.06
Charge for the year	14.25	14.25
Disposals	-	-
As at March 31, 2024	48.31	48.31
Charge for the year	17.65	17.65
Disposals	-	-
As at March 31, 2025	65.96	65.96
Net carrying value		
As at March 31, 2024	77.36	77.36
As at March 31, 2025	96.66	96.66

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

6. Investments

Particulars		As at March 31, 2025	As at March 31, 2024
A.	Investments in equity instruments of subsidiaries (unquoted - valued at cost)		
	0 (March 31, 2024: 10,000) Equity Shares of Rs. 10 each fully paid-up in Dyuthi Labs Private Limited*	-	0.10
	2,50,00,000 (March 31, 2024: Nil) Equity Shares of Rs. 10 each fully paid-up in Honour Synthesis Private Limited (formerly known as "Congruent Remedies Private Limited")	390.00	-
	100 (March 31, 2024 : Nil) Equity Share of USD.10 each fully paid-up in Exavis Pte Ltd (formerly known as "Exavision Pte Ltd")	0.08	-
	Total (A)	390.08	0.10
B.	Investments in equity instruments of associates (unquoted - valued at cost)		
	28,94,750 (March 31, 2024: 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, 2024 : 1) Equity Share of AED 1,00,000 each fully paid-up in Hetero FZCO	661.32	782.67
	Total (C)	661.32	782.67
	Less: Provision for diminution in value of investments	-	-
	Total (A+B+C+D)	1,080.35	811.71
	Aggregate amount of unquoted investments	1,080.35	811.71
	Aggregate amount of impairment - investments	-	-

*struck off from Registrar of Companies records w.e.f 29.03.2025

7. Loans (non-current)

Particulars	As at March 31, 2025	As at March 31, 2024
considered good - unsecured		
Loans to related parties*	1,078.91	6.57
Total	1,078.91	6.57

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

Rs. 1051.18 (March 31, 2024: Rs. 0.87) due from private companies in which any director of the Company is a director or member.

8. Other financial assets (non-current)

Particulars	As at March 31, 2025	As at March 31, 2024
considered good - unsecured		
Security deposits and others	82.42	78.51
Interest accrued but not due*	31.72	5.59
Total	114.14	84.10

*Rs. 27.91 (March 31, 2024: Nil) 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, 2025

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

9. Non current tax assets

Particulars	As at March 31, 2025	As at March 31, 2024
considered good - unsecured		
Income tax refund due	2.06	0.39
Total	2.06	0.39

10. Other non current assets

Particulars	As at March 31, 2025	As at March 31, 2024
considered good - unsecured		
Capital advances	59.07	98.20
Prepayments	19.41	20.83
Balances with Statutory / Government authorities	9.04	-
Total	87.52	119.02

11. Inventories

Particulars	As at March 31, 2025	As at March 31, 2024
(Valued at Cost and net realisable value which ever is lower)		
Raw materials and packing material	2,725.63	1,448.62
Work-in-progress	1,292.52	1,082.02
Finished goods	1,622.83	1,544.18
Stores and spares	89.71	50.19
Work in Progress - freehold land and related costs	-	800.53
Total	5,730.68	4,925.55

12. Trade receivables

Particulars	As at March 31, 2025	As at March 31, 2024
considered good -unsecured		
to related parties *	3,478.39	2,660.59
to others	2,764.34	2,512.98
	6,242.73	5,173.57
Less: Allowance for credit loss	(8.74)	(16.78)
Total	6,233.99	5,156.79

*Rs. 432.08 (PY Rs. 631.18) 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, 2025

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

Ageing of trade receivables - outstanding as at March 31, 2025

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	5,463.16	590.32	130.36	28.96	19.49	6,232.30
(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	10.44	10.44
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-
Less: Allowance for credit loss						(8.74)
Total	5,463.16	590.32	130.36	28.96	29.93	6,233.99

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	5,156.79

13. Cash & cash equivalents

Particulars	As at March 31, 2025	As at March 31, 2024
Balances with Banks		
- in Current accounts with scheduled banks	38.64	127.39
Cash on hand	1.81	6.28
Total	40.44	133.67

Notes to Standalone Financial Statements for the year ended March 31, 2025

(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, 2025	As at March 31, 2024
- Deposits with original maturity of more than 3 months but less than 12 months	41.73	44.33
Total	41.73	44.33

15. Other financial assets (current)

Particulars	As at March 31, 2025	As at March 31, 2024
Considered good - unsecured		
Loan to employees	19.05	22.36
Security deposits	-	0.06
Total	19.05	22.42

16. Current tax assets (net)

Particulars	As at March 31, 2025	As at March 31, 2024
considered good - unsecured		
Income tax refund due	59.66	54.66
	59.66	54.66

17. Other current assets

Particulars	As at March 31, 2025	As at March 31, 2024
considered good - unsecured		
Pre-paid expenses	47.45	82.96
Insurance claim receivable	145.76	145.76
Balances with Statutory / Government authorities	1,158.34	806.87
Advances to vendors	31.55	33.23
Total	1,383.10	1,068.82

18. Equity share capital

Particulars	As at March 31, 2025	As at March 31, 2024
Authorised		
2,75,00,002 (March 31, 2024: 70,00,000) Equity Shares of Rs. 10/- each	275.00	70.00
Total	275.00	70.00
Issued, Subscribed and Paid Up		
50,00,000 (March 31, 2024: 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 number of shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2025		As at March 31, 2024	
	No.	Rs.	No.	Rs.
Equity Shares of Rs.10 each, fully paid up				
Balance as per last financial statements	50,00,000	50.00	50,00,000	50.00
Outstanding at the end of the year	50,00,000	50.00	50,00,000	50.00

Notes to Standalone Financial Statements for the year ended March 31, 2025

(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:

Equity Shares of Rs. 10/- each held by	As at March 31, 2025		As at March 31, 2024	
	No.	% Holding	No.	% Holding
Dr. B. Parthasaradhi Reddy	46,19,500	92.39%	46,19,500	92.39%

18.4. Details of shareholding of Promoters as at March 31, 2025

Name of the shareholder	No.of shares	% of total shares	% change during the year
Dr.B. Parthasaradhi Reddy	46,19,500	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	1,50,000	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	50,00,000	100%	

Details of shareholding 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	46,19,500	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	1,50,000	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	50,00,000	100%	

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

19. Borrowings (non-current)

Particulars	As at March 31, 2025	As at March 31, 2024
Secured borrowings from Banks		
Vehicle loans (Refer Note "a" below)	58.96	15.31
Secured term loan from Banks (Refer Note "b" below)	1,257.93	306.20
Less: Unamortized upfront fees on borrowings	6.63	4.50
	1,310.25	317.01
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	1,360.25	367.01

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) :

i) 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	Competitive pricing of 1% above 6 months MCLR, Present effective pricing of 9.55% p.a. at monthly rests and half yearly reset.
Repayment	Repayable in 15 equated quarterly instalments commencing from 31st December 2024
ii) Type of Loan	Secured Term Loan
Name of the Lendor	HDFC Bank - (Loan 1: 250 and Loan 2: 730)
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	8.75% p.a. linked to 3 months T-bill.
Repayment	Repayable in 20 equated quarterly instalments commencing from 31st December 2024 for Loan 1 and 1st July 2025 for loan 2.

20. Lease Liabilities (Non-current)

Particulars	As at March 31, 2025	As at March 31, 2024
Lease liabilities to related parties (refer Note 46)	365.88	382.70
Total	365.88	382.70

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

21. Provisions (Non-current)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for gratuity (funded)	57.39	42.35
Provision for compensated absences	24.34	21.75
Total	81.73	64.10

22. Deferred tax liabilities (net)

Particulars		As at March 31, 2025	As at March 31, 2024
Deferred tax liability relating to			
Depreciation on property, plant & equipment		614.41	524.75
Unamortized processing fees		1.67	1.13
Fair valuation of investments		212.85	243.39
Ind AS 116 Leases		4.39	4.27
	(A)	833.31	773.54
Deferred tax asset relating to			
Bonus 43B disallowance		5.46	4.27
Unabsorbed depreciation & business losses		-	194.79
On provisions of employees benefits		24.16	19.06
Disallowance of expenditure under Sec 35 D/35DD		0.16	0.17
Allowance for debtors		2.20	4.22
MSME Vendors Payable u/s.43B(h)		2.85	-
	(B)	34.83	222.51
Deferred tax liabilities (net)	(A-B)	798.48	551.03

Deferred tax (assets)/liabilities:
For the year ended March 31, 2025:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Depreciation on property, plant & equipment	524.75	89.65	-	614.41
Allowance for debtors	(4.22)	2.02	-	(2.20)
Fair valuation of investments	243.39	(30.54)	-	212.85
Ind AS 116 Leases	4.27	0.12	-	4.39
Unamortized processing fees	1.13	0.54	-	1.67
Disallowance of expenditure under Sec 35 D/35DD	(0.17)	0.00	-	(0.16)
Bonus 43B disallowance	(4.27)	(1.19)	-	(5.46)
MSME Vendors Payable u/s.43B(h)	-	(2.85)	-	(2.85)
Unabsorbed Loss	(194.79)	194.79	-	-
Provision for Gratuity & Compensated absences	(19.06)	(3.01)	(2.10)	(24.16)
	551.03	249.54	(2.10)	798.48

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

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	446.39	78.36	-	524.75
Allowance for debtors	-	(4.22)	-	(4.22)
Fair valuation of investments	195.84	47.55	-	243.39
Ind AS 116 Leases	3.83	0.44	-	4.27
Unamortized processing fees	-	1.13	-	1.13
Disallowance of expenditure under Sec 35 D/35DD	-	(0.17)	-	(0.17)
Bonus 43B disallowance	-	(4.27)	-	(4.27)
Unabsorbed Loss	(120.64)	(74.15)		(194.79)
Provision for Gratuity & Compensated absences	(12.39)	(1.32)	(5.34)	(19.06)
	513.02	43.35	(5.34)	551.03

23. Borrowings (Current)

Particulars	As at March 31, 2025	As at March 31, 2024
Indian Rupee borrowings from banks (secured)(See Note (c) below)	3,851.76	2,905.70
Current maturities of non current borrowings	375.13	101.77
Total	4,226.89	3,007.46

Note (c) :
Security details:

The Working Capital borrowings from State Bank of India, RBL Bank Limited, Yes Bank Limited, HDFC 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 8.25% to 10.15%

Rate of interest on PCFC varies from SOFR+100 bps to 175 bps

24. Trade payables

Particulars	As at March 31, 2025	As at March 31, 2024
Total outstanding dues of micro and small enterprises	24.54	20.12
(A)	24.54	20.12
Total outstanding dues of creditors other than micro and small enterprises		
to related parties	349.91	308.07
to others	3,301.71	2,014.16
(B)	3,651.61	2,322.22
Total	3,676.15	2,342.34
(A+B)		

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

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

Particulars	As at March 31, 2025	As at March 31, 2024
(a) Dues remaining unpaid at the Balance sheet date		
Principal Amount	17.62	13.53
Interest on the above	0.33	0.28
(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 year		
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 year) 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	6.60	6.32
(e) Interest accrued and remaining unpaid as at Balance sheet date	6.92	6.60

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, 2025

Particulars	Micro and small enterprises	Others	Disputed dues -Micro and small enterprises	Disputed dues -Others	Total
Less than 1 year	24.54	3,629.49	-	-	3,654.03
1-2 years	-	16.39	-	-	16.39
2-3 years	-	5.73	-	-	5.73
More than 3 years	-	-	-	-	-
Total	24.54	3,651.61	-	-	3,676.15

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	17.38	2,302.59	-	-	2,319.97
1-2 years	-	18.30	2.71	-	21.01
2-3 years	-	1.33	0.03	-	1.36
More than 3 years	-	-	-	-	-
Total	17.38	2,322.22	2.74	-	2,342.34

25. Lease liabilities (current)

Particulars	As at March 31, 2025	As at March 31, 2024
Lease liabilities to related parties (refer note 46)	40.93	38.91
Total	40.93	38.91

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

26. Other financial liabilities (current)

Particulars	As at March 31, 2025	As at March 31, 2024
Valued at amortised cost		
Interest accrued but not due on borrowings	17.07	7.28
Capital creditors	122.89	99.64
Other payables	38.82	31.67
Total	178.78	138.60

27. Other current liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory dues	51.69	57.82
Advance received from customers	28.55	63.02
Total	80.23	120.83

28. Provisions (current)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for gratuity (funded)	7.41	5.13
Provision for compensated absences	6.87	6.28
Total	14.28	11.41

29. Current tax liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Income tax liability (net)	-	125.23
Total	-	125.23

30. Revenue from operations

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Sale of Products (excluding GST)	24,659.74	23,594.73
Other operating revenues	25.04	16.79
Total	24,684.78	23,611.52

Disaggregation of revenue
Revenue based on business segment

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
APIs & Intermediates	24,659.74	23,594.73
Others	25.04	16.79
Total Revenue from operations	24,684.78	23,611.52

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

Revenue based on Geography

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Domestic	20,976.86	20,866.26
Export	3,707.91	2,745.26
Total Revenue from operations	24,684.78	23,611.52

Timing of revenue recognition

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Goods and services transferred at a point in time	24,684.78	23,611.52
Total Revenue from operations	24,684.78	23,611.52

Contract balances

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

Particulars	As at March 31, 2025	As at March 31, 2024
Trade receivables	6,233.99	5,156.79
Advance received from customers	28.55	63.02

31. Other income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest income	58.03	11.55
Foreign exchange fluctuation (net)	73.91	53.46
Gain on fair value of investment	-	188.93
Gain on sale of listed securities	-	45.88
Dividend income	-	1.32
Reversal of excess ECL provision	8.04	-
Gain on derecognition of lease	0.46	-
Other miscellaneous income	-	2.17
Total	140.44	303.30

32. Cost of materials consumed

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Raw materials consumed		
Opening stock at the beginning of the year	1,448.62	2,304.80
Add : Purchases	17,161.15	14,619.17
	18,609.77	16,923.96
Less : Closing stock at the end of the year	2,725.63	1,448.62
Cost of materials consumed	15,884.14	15,475.34

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening stock of inventories		
Work-in-Progress of API and Intermediates	1,082.02	1,416.67
Finished goods of API and Intermediates	1,544.18	1,465.25
Work in Progress - Freehold Land and related costs	-	796.95
	2,626.20	3,678.88
Closing stock of inventories		
Work-in-Progress of API and Intermediates	1,292.52	1,082.02
Finished goods of API and Intermediates	1,622.83	1,544.18
Work in Progress - Freehold Land and related costs		800.53
	2,915.35	3,426.73
Changes in inventories of finished goods and work-in-progress	(289.15)	252.15

34. Employee benefits expense

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, allowances and wages	1,486.20	1,248.59
Gratuity	18.62	14.18
Contribution to provident fund and other funds	41.24	32.54
Compensated absences	9.03	6.90
Staff welfare expenses	117.28	103.33
Total	1,672.38	1,405.55

35. Finance costs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest expense on		
- Term loans and working capital loans	469.04	354.14
- Others	65.92	45.83
Bank charges	23.01	17.15
Total	557.97	417.12

36. Other expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Manufacturing expenses		
Production expenses	330.76	248.40
Conversion charges	311.03	236.94
Power and fuel	855.48	740.97
Factory maintenance	222.32	171.20
Lab chemicals and maintenance	294.26	322.99
Factory lease expenses	0.02	0.57

(Contd.)

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Repairs & maintenance		
- Plant and machinery	275.54	246.94
- Buildings	103.04	153.69
- Electricals	62.09	50.39
- Others	46.05	22.77
(A)	2,500.59	2,194.85
Administrative expenses		
Advertisement expenses	0.52	0.38
Rent, rates and taxes	49.37	49.66
Product registration and development charges	88.21	35.95
Printing and stationery	22.39	16.96
Postage, telegram and telephone	5.65	7.15
Insurance	70.23	69.34
Travelling and conveyance	38.48	26.53
Vehicle hire charges	67.73	58.07
Professional charges	165.69	77.94
Political contributions	100.00	150.00
Donations	1.31	4.45
General and office expenses	26.27	15.18
Loss on sale of property, plant & equipment	1.01	-
Selling expenses	166.40	118.81
Bad debts written-off	33.72	17.41
Write off of Loans & Investments	1.05	-
Statutory Auditor's remuneration	8.00	10.08
Corporate social responsibility expenses	52.50	62.70
Cost audit fee	0.23	0.23
Loss on fair value of Investment	121.35	-
Allowance for credit loss	-	11.67
(B)	1,020.09	732.51
Total	(A) + (B)	2,927.36

37. Earnings per share (EPS)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit available for equity shareholders	2,122.49	2,216.85
Weighted average number of equity shares in computing basic and diluted EPS	50,00,000	50,00,000
Face value of each equity share (Rs.)	10	10
Earnings per share		
- Basic (Rs.)	424.50	443.37
- Diluted (Rs.)	424.50	443.37

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

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, 2025	For the year ended March 31, 2024
Current tax	545.10	757.89
Short / (excess) tax provision for earlier years	24.74	(24.45)
Deferred tax charge	249.54	43.35
Total income tax expense recognised in Statement of Profit & Loss	819.38	776.79

(ii) OCI Section

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Deferred tax credit to OCI	2.10	5.34

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Profit before tax (A)	2,941.87	2,993.64
Enacted tax rate in India (B)	25.168%	25.168%
Expected tax expenses (C = A*B)	740.41	753.44
Adjustments for		
Taxes with respect to earlier years	24.74	(24.45)
Expenses disallowed under Income Tax Act, 1961	73.46	55.14
Others	(19.23)	(7.34)
Total (D)	819.38	776.79

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.

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 group 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.

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

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.

The components of gratuity cost recognised in the statement of profit and loss for the years ended March 31, 2025 and March 31, 2024 consist of the following:

Particulars	For the year ended	
	March 31, 2025	March 31, 2024
Current service cost	15.26	12.58
Interest on net defined benefit liability, net	6.43	5.11
Gratuity cost recognised in statement of profit and loss	21.70	17.69
Remeasurement on the net defined benefit liability:		
Return on plan assets (greater)/less than discount rate	(0.26)	(0.09)
Actuarial (gains) / losses due to DBO assumptions changes	0.92	8.06
Components of defined benefit costs recognised in other comprehensive income	0.66	7.97
Details of the employee benefits obligations and plan assets are provided below:		
Present value of funded obligations	109.38	91.39
Fair value of plan assets	44.58	43.92
Net defined benefit liability recognised	64.80	47.48

(Contd.)

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

Particulars	For the year ended	
	March 31, 2025	March 31, 2024
Details of changes in the present value of defined benefit obligations are as follows:		
Defined benefit obligations at the beginning of the year	91.39	70.41
Current service cost	15.26	12.58
Interest on defined obligations	6.43	5.11
Re-measurements due to:		
Actuarial loss due to change in financial assumptions	2.83	2.91
Actuarial (gain)/loss due to demographic assumptions	-	-
Actuarial loss due to experience adjustments	(1.90)	5.15
Benefits paid	(4.64)	(4.76)
Defined benefit obligations at the end of the year	109.38	91.39
Fair value of plan assets at the beginning of the year	43.92	42.51
Employer contributions	1.96	2.95
Interest on plan assets	3.07	3.12
Re-measurements due to:		
Return on plan assets excluding interest on plan assets	0.26	0.09
Benefits paid	(4.64)	(4.76)
Plan assets at the end of the year	44.58	43.92

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, 2025	March 31, 2024
Discount rate	6.97%	7.22%
Rate of return of plan assets	7.65%	7.65%
Attrition rate	1.00%	1.00%
Rate of compensation increase	4.00%	4.00%

Sensitivity Analysis:

Particulars	For the year ended	
	March 31, 2025	March 31, 2024
(a) Effect of 1% change in assumed discount rate		
- 1% increase	98.69	64.39
- 1% decrease	121.88	80.35
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	121.44	80.00
- 1% decrease	98.83	64.43
(c) Effect of 1% change in assumed attrition rate		
- 1% increase	112.10	74.00
- 1% decrease	106.28	69.19

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

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

Particulars	For the year ended	
	March 31, 2025	March 31, 2024
Expected future benefit payments		
Year 1	7.60	1.58
Year 2	4.92	4.65
Year 3	3.15	2.93
Year 4	4.05	3.43
Year 5	8.40	2.32

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. 41.24 (March 31, 2024: Rs. 32.54) 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, 2025	March 31, 2024
a. Assumptions		
Discount Rate	6.97%	7.22%
Salary Escalation	4.00%	4.00%
Mortality rate (LIC)	100.00%	100.00%
b. Changes in present value of the defined benefit obligation		
Present Value of Obligation as at beginning of year	28.03	21.20
Current Service Cost	7.50	5.81
Interest Cost	1.54	1.09
Benefits paid	(13.52)	(13.33)
Actuarial (gain) / loss on obligations	7.66	13.26
Present value of obligations as at end of year	31.21	28.03

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, 2025	As at March 31, 2024
(i) Contingent Liabilities		
(a) Guarantees	11.47	10.00
(ii) Commitments		
(a) Unexpired Letters of Credits	364.97	259.69
(b) Estimated amount of contracts remaining to be executed on capital account and net off advances	385.77	169.75

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

- (iii) The Company has preferred appeals on service tax issue pertaining to financial year 2014-15 before the CESTAT, Hyderabad under Finance Act, 1994. Total disputed amount is Rs. 3.74 out of which Rs. 0.37 is deposited under protest. 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, 1994. Total disputed amount is Rs. 13.81 out of which Rs. 1.38 is deposited under protest. 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. 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 out of which Rs. 2.19 is deposited under protest. 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 before Commissioner of Central Tax (Appeals-II), Pune. Total disputed amount is Rs. 11.00 out of which Rs. 0.82 is deposited under protest. The Company is of the view that the Departments' contentions are not sustainable and is confident of favourable decision in its favour.
- (viii) The Company has preferred appeals on Goods and Service Tax (GST) issue pertaining to financial year 2024-25 before the Deputy Commissioner of State Tax (GST appeals chennai-II). Total disputed amount is Rs. 3.80. Total demand amount is deposited under protest. The Company is of the view that the Departments' contentions are not sustainable and is confident of favourable outcome.
- (ix) 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.
- (total amount of pre deposit Rs.9.04 disclosed under other non current assets in note no .10)*

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	Dyuthi Labs Private Limited	Subsidiary - Striked off w.e.f 29.03.2025
2	Honour Infra Estates Limited	Associate
3	Honour Synthesis Private Limited (formerly known as "Congruent Remedies Private Limited")	Subsidiary (w.e.f 01.11.2024)
4	Exavis Pte Ltd (formerly known as "Exavision Pte Ltd")	Subsidiary (w.e.f 31.07.2024)
Key Management Personnel:		
1	Dr.K.Rathnakar Reddy	Managing Director
2	Dr.K.Subhas Chander Reddy	Wholetime Director
3	N. Muralidhar Reddy	Wholetime Director (Resigned w.e.f. 06.03.2025)
4	A. Sudhakar Reddy	Director (Resigned w.e.f. 06.03.2025)
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 Sessa 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

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

Promoter	
1	Dr.B. Parthasaradhi Reddy
Relatives of KMP	
1	Krishna Chaitanya Kura
Other related parties:	
1	Hetero Labs Limited
2	Hetero Drugs Limited
3	Cirex Pharmaceuticals Private Limited
4	Chemipack (India) Private Limited
5	Hetero Infrastructure SEZ Limited
6	Hindys Lab Private Limited
7	Hazelo Lab Private Limited
8	Dasami Lab Private Limited
9	Selmar Lab Private Limited
10	Annora Pharma Private Limited
11	Aspiro Pharma Limited
12	Analys Lab Private Limited
13	Audree Infotech Private Limited
14	Aarani Enterprises Private Limited
15	Paamit Lab Private Limited
16	Hetero Healthcare Limited
17	Danika Traders Private Limited
18	Valary Lab Private Limited
19	Cliwis Lab Private Limited
20	Jitvan Land LLP
21	Janina Marine Properties LLP
22	Sai Sindhu Foundation
23	Hetero Foundation
24	Camber Pharmaceutical Co Limited
25	Amarox Pharma S.A. De C.V.
26	Hetero Singapore Pte Limited
27	Hetero USA Inc
28	Hetero FZCO
29	Makiz-Pharma LLC
30	Pharmed Healthcare Company SAE
31	Evaric Pharmaceuticals Inc
32	PT. Amarox Pharma Global
33	Ascent Pharmaceuticals Inc
34	Sidhys Services LLP
35	Seven Pharma Columbia SAS

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

Nature of the Transaction & Nature of Relationship	2024-25	2023-24
Sales / Conversion Income		
Other related parties:		
Hetero Labs Limited	15,126.91	13,922.61
Hetero Drugs Limited	341.10	428.30
Hindys Lab Private Limited	63.42	25.01
Selmar Lab Private Limited	2.32	44.35
Hazelo Lab Private Limited	35.06	30.22
Dasami Lab Private Limited	557.03	686.32
Aarani Enterprises Private Limited	109.27	186.35
Makiz Pharma LLC	22.31	11.08
Amarox Pharma S.A. De C.V.	126.86	65.25
Annora Pharma Private Limited	1,340.77	827.74
Hetero USA, Inc	46.25	13.13
Hetero FZCO	25.87	4.80
Evaric Pharmaceuticals Inc	10.33	2.71
PT. Amarox Pharma Global	97.69	45.59
Valary Lab Private Limited	0.77	-

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

Nature of the Transaction & Nature of Relationship	2024-25	2023-24
Aspiro Pharma Limited	237.44	70.82
Camber Pharmaceutical Co Limited	23.05	9.38
Paamit Lab Private Limited	45.74	5.69
Hetero Health Care Limited	11.43	4.91
Ascent Pharmaceuticals Inc	17.25	-
Purchases / Conversion charges		
Other related parties:		
Hetero Labs Limited	4,065.08	3,226.53
Hetero Drugs Limited	97.51	15.46
Hindys Lab Private Limited	1.52	3.44
Hazelo Lab Private Limited	15.19	12.58
Dasami Lab Private Limited	23.53	10.40
Cirex Pharmaceuticals Private Limited	10.33	11.13
Chemipack (India) Private Limited	3.09	5.69
Selmar Lab Private Limited	87.49	87.49
Annora Pharma Private Limited	-	0.07
Aarani Enterprises Private Limited	1.42	42.64
Danika Traders Private Limited	1,460.75	1,337.81
Purchase of PPE		
Other related parties:		
Audree Infotech Private Limited	16.12	63.52
Hetero Labs Limited	20.85	-
Testing Charges		
Other related parties:		
Analys Lab Private Limited	89.86	25.83
Cliwis Lab Private Limited	2.12	
AMC Charges		
Audree Infotech Private Limited	21.27	-
Lease & Rental Expenses		
Other related parties:		
Hetero Infrastructure SEZ Private Limited	26.08	23.05
Hetero Drugs Limited	2.49	2.49
Cirex Pharmaceuticals Private Limited	10.33	10.33
Jitvan Land LLP	11.25	8.10
Janina Marine Properties LLP	2.47	1.78
Manufacturing Expenses		
Other related parties:		
Hetero Infrastructure SEZ Private Limited	11.77	28.00
Write off of Investment & Loan		
Subsidiary		
Dyuthi Labs Private Limited	1.17	-

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

Nature of the Transaction & Nature of Relationship	2024-25	2023-24
Corporate social responsibility expenses		
Other related parties:		
Hetero Foundation	37.50	49.50
Sai Sindhu Foundation	15.00	13.20
Interest earned		
Subsidiary		
Honour Synthesis Private Limited	31.02	-
Dyuthi Labs Private Limited	-	0.07
Associate		
Honour Infra Estates Limited	1.69	0.11
Remuneration		
Key Management Personnel		
Dr.K.Rathnakar Reddy	44.61	46.70
Dr.K.Subhas Chander Reddy	22.75	19.76
N. Muralidhar Reddy	24.25	16.52
Directors sitting Fee		
Narasimha Reddy	-	0.18
Buchiram Venkat Sobhanadri Suri	-	0.20
J.Adi Sessa Giri	0.38	0.18
A Gopal Reddy	0.38	0.18
Salary expenses		
Krishna Chaitanya Kura	4.93	2.73
Srinivas Vengala	2.63	2.42
Investment made during the year		
Subsidiary		
Honour Synthesis Private Limited	390.00	-
Exavis Pte Ltd	0.08	-
Reimbursement of expenses		
Subsidiary		
Exavis Pte Ltd	2.01	-
Loans and Advances given		
Subsidiary		
Honour Synthesis Private Limited	1,051.18	-
Associate		
Honour Infra Estates Limited	22.03	5.70
Other Advances		
Other related parties:		
Sidhys Services LLP	0.49	-

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

iii) Amount due to / from related parties

Outstanding balances & Nature of Relationship	As at March 31, 2025	As at March 31, 2024
Other Receivables		
Subsidiary		
Exavis Pte Ltd	2.01	-
Other related parties:		
Sidhys Services LLP	0.49	-
Trade Receivables		
Other related parties:		
Hetero Labs Limited	2,157.25	1,068.93
Hetero Drugs Limited	62.03	174.84
Annora Pharma Private Limited	381.37	515.75
Aspiro Pharma Limited	220.98	60.28
Dasami Lab Private Limited	329.37	484.58
Hazelo Lab Private Limited	0.66	18.60
Hindys Lab Private Limited	37.73	25.41
Paamit Lab Private Limited	11.42	8.52
Aarani Enterprises Private Limited	52.91	94.07
Valary Lab Private Limited	-	0.13
Hetero Healthcare Limited	5.06	8.23
Hetero USA, Inc	14.06	14.01
Amarox Pharma S.A. De C.V.	54.67	1.67
PT. AmaroX Pharma Global	90.47	14.87
Makiz Pharma Ltd	22.49	165.25
Seven Pharma Columbia SAS	-	9.63
Hetero FZCO	-	4.86
Evaric Pharmaceuticals Inc	10.26	-
Camber Pharmaceutical Co Limited	10.32	7.26
Ascent Pharmaceuticals Inc	17.35	-
Trade payables		
Other related parties:		
Cirex Pharmaceuticals Private Limited	4.95	1.26
Analys Lab Private Limited	35.41	3.60
Selmar Lab Private Limited	3.58	22.86
Danika Traders Private Limited	281.83	279.17
Chemipack (India) Private Limited	0.60	0.85
Honour Infra Estates Limited	-	0.34
Hetero Infrastructure SEZ Limited	22.78	7.13
Cliwis Lab Private Limited	0.75	-
Capital creditors		
Other related parties:		
Audree Infotech Private Ltd	30.75	15.86

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

Outstanding balances & Nature of Relationship	As at March 31, 2025	As at March 31, 2024
Borrowings - non current		
Dr.B. Parthasaradhi Reddy (Promoter)	50.00	50.00
Loans - non current		
Subsidiary		
Honour Synthesis Private Limited	1,051.18	-
Dyuthi Labs Private Limited	-	0.87
Associate		
Honour Infra Estates Limited	27.73	5.70
Other financial assets- non current		
Interest Receivable on Loans		
Subsidiary		
Honour Synthesis Private Limited	27.91	-
Associate		
Honour Infra Estates Limited	1.62	0.10
Security deposits and others		
Other related parties:		
Hetero Infrastructure SEZ Private Limited	7.30	6.64
Cirex Pharmaceuticals Private Limited	0.02	0.02
Lease liability -non current		
Hetero Infrastructure SEZ Private Limited	264.42	264.53
Honour Infra Estates Limited	-	2.96
Cirex Pharmaceuticals Private Limited	69.17	72.73
Jitvan Land LLP	26.49	34.84
Janina Marine Properties LLP	5.81	7.64
Lease liability -current		
Hetero Infrastructure SEZ Private Limited	26.85	26.03
Honour Infra Estates Limited	-	0.04
Cirex Pharmaceuticals Private Limited	3.90	3.57
Jitvan Land LLP	8.35	7.61
Janina Marine Properties LLP	1.83	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.

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.

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

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 assessment and management 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 which 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 statement of 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.6,233.99 and Rs.5156.79 as of March 31, 2025 and March 31, 2024, respectively, being the total of the carrying amount of 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, 2025

(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, 2025 :				
Non current borrowings	-	1,323.75	36.50	1,360.25
Lease liabilities	40.93	191.22	174.66	406.81
Current borrowings	4,226.89	-	-	4,226.89
Trade payables	3,676.15	-	-	3,676.15
Other Current Financial liabilities	178.78	-	-	178.78
Total	8,122.75	1,514.97	211.16	9,848.89

Particulars	Up to 12 months	1 to 5 years	> 5 years	Total
March 31, 2024 :				
Non current borrowings	-	367.01	-	367.01
Lease liabilities	38.91	184.48	198.22	421.61
Current borrowings	3,007.46	-	-	3,007.46
Trade payables	2,342.34	-	-	2,342.34
Other current financial liabilities	138.60	-	-	138.60
Total	5,527.32	551.49	198.22	6,277.03

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 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 rate 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, 2025 :				
Term loans & working capital loans	1%	1%	(55.37)	55.37
March 31, 2024 :				
Term loans & working capital loans	1%	1%	(33.24)	33.24

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, 2025

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

ii) Foreign Currency Risk

The fluctuation in foreign exchange rates may have potential impact on the statement of profit and 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 entity. 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 against the functional currency 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.

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

	Currency	March 31, 2025 :			March 31, 2024 :		
		Amount in Foreign Currency	Amount in Functional currency	Conversion Rate	Amount in Foreign Currency	Amount in Functional currency	Conversion Rate
Trade payables	USD	18.26	1,561.10	85.48	8.85	738.46	83.41
PCFC payable	USD	11.50	982.96	85.48	11.35	946.65	83.41
Trade receivables	USD	32.24	2,756.00	85.48	31.29	2,609.51	83.41

- 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, 2025 :				
USD	1.00%	1.00%	2.12	(2.12)
March 31, 2024 :				
USD	1.00%	1.00%	9.24	(9.24)

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, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Financial assets					
Financial assets at cost					
a) Investments					
Investment in Subsidiaries	3	390.08	0.10	390.08	0.10
Investment in Associates	3	28.95	28.95	28.95	28.95
Financial assets at fair value through profit & loss:					
a) Investments					
-Equity instruments- Unquoted	3	661.32	782.67	661.32	782.67

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

	Level	Carrying value		Fair value	
		As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Financial assets at amortised cost:					
a) Trade receivables	3	6,233.99	5,156.79	6,233.99	5,156.79
b) Cash and cash equivalents	3	40.44	133.67	40.44	133.67
c) Bank balances other than above	3	41.73	44.33	41.73	44.33
d) Loans	3	1,078.91	6.57	1,078.91	6.57
e) Other Financial asset	3	133.19	106.52	133.19	106.52
Total Financial assets		8,608.61	6,259.59	8,608.61	6,259.59
Financial liabilities					
Financial liabilities at amortised cost:					
a) Borrowings	3	5,587.14	3,374.48	5,587.14	3,374.48
b) Trade payables	3	3,676.15	2,342.34	3,676.15	2,342.34
c) Lease liabilities	3	406.81	421.61	406.81	421.61
d) Other financial liabilities	3	178.78	138.60	178.78	138.60
Total Financial Liabilities		9,848.89	6,277.03	9,848.89	6,277.03

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, 2025 and March 31, 2024 are as follows:

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	409.23	376.58
Additions	3.59	57.48
Disposals	2.53	-
Depreciaton expense	29.23	24.83
Closing Balance	381.05	409.23

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

Set out below are the carrying amounts of lease liabilities and the movements during the year:

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	421.61	371.76
Additions	-	57.48
Deletions	3.00	-
Accretion of interest	38.30	37.76
Payments	50.11	45.39
Closing Balance	406.81	421.61
Non current lease liability	365.88	382.70
Current lease liability	40.93	38.91

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, 2025	As at March 31, 2024
Borrowings including int. accrued on borrowings	5,604.21	3,381.76
Less: cash and cash equivalents	40.44	133.67
Net debt	5,563.77	3,248.09
Equity	50.00	50.00
Other Equity	13,872.55	12,665.79
Total Equity	13,922.55	12,715.79
Gearing ratio (Net Debt / Total Equity)	0.40	0.26

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, 2025.

Notes to Standalone Financial Statements for the year ended March 31, 2025

(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, 2025	For the year ended March 31, 2024
Revenue Expenditure		
Lab Chemicals and Materials	71.22	46.88
Power & Fuel	23.51	13.01
Employee Cost	213.31	170.50
Other Expenditure	168.76	98.29
Total (A)	476.80	328.69
Capital Expenditure		
R & D Building	7.18	40.70
R & D Equipment	115.53	71.02
Total (B)	122.71	111.72
Total R & D Expenditure (A) + (B)	599.52	440.40

50. Details of Corporate social responsibility expenditure

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Amount required to be spent as per section 135 of the Companies Act, 2013	52.15	62.60
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) On purpose other than (i) above	52.50	62.70

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
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	52.15	62.60
Amount spent during the year	52.50	62.70
Details of related party transactions in relation to CSR expenditure as per relevant Indian Accounting Standard:		
Contribution to		
Hetero Foundation	37.50	49.50
Sai Sindhu Foundation	15.00	13.20

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

51. Capital Work in progress

Particulars	As at March 31, 2025	As at March 31, 2024
Plant & Machinery	51.32	299.98
Civil works	50.97	285.94
Others	-	5.42
Total	102.29	591.34

Capital work in progress ageing schedule
As at March 31, 2025

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	102.29	-	-	-	102.29
Projects temporarily suspended	-	-	-	-	-
Total	102.29	-	-	-	102.29

As at March 31, 2024

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	591.34	-	-	-	591.34
Projects temporarily suspended	-	-	-	-	-
Total	591.34	-	-	-	591.34

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Statutory Audit	8.00	7.58
Tax Audit	-	2.50
Others	0.45	3.00
Total	8.45	13.08

Cost Audit Fee (included in Professional charges)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Cost Audit	0.23	0.23
	0.23	0.23

Secretarial Audit Fee (included in Professional charges)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Secretarial Audit	0.10	0.10
	0.10	0.10

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

53. Composite Scheme of Arrangement ('Scheme'):

A Composite Scheme of Arrangement ('Scheme') was entered into between the Company and its subsidiaries, Hoster Labs Private Limited (hereinafter referred to as the 'subsidiary') and Veer East India Realty Private Limited (hereinafter referred to as the 'non-core subsidiary'), pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The Scheme was approved by the Board of Directors vide its resolution dated September 04, 2023.

The Scheme has been sanctioned by the Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench, vide its order dated October 25, 2024.

Pursuant to the Scheme:

All assets and liabilities of Hoster Labs Private Limited and Veer East India Realty Private Limited have been merged into Honour Lab Limited, with effect from April 1, 2024 (appointed date 1), and October 1, 2023 (appointed date 2), respectively.

Further, the Scheme provides for the demerger of non-core business-related assets and liabilities of Honour Lab Limited into Anaika Infracon Private Limited ('New Company') with effect from April 1, 2024.

In consideration of the demerger into the New Company, the equity shareholders of Honour Lab Limited shall receive 671 fully paid up equity shares of ₹ 10 each of Anaika Infracon Private Limited for every 37 equity shares of ₹ 10 each held in Honour Lab Limited on the record date, in accordance with the swap ratio specified under the Scheme.

As Hoster Labs Private Limited and Veer East India Realty Private Limited were wholly owned subsidiaries of Honour Lab Limited, the entire paid-up capital shall be cancelled without any further act or deed for cancellation.

The Company has given effect to the Scheme in its financial statements for the year ended March 31, 2025, as approved by the NCLT.

Amalgamation of Hoster Labs Private Limited with Honour Lab Limited

The Board of Directors of the erstwhile Hoster Labs Private Limited ("Hoster" or "Transferrer Company") in their meeting held on September 07, 2023 had considered and approved a scheme of amalgamation of Hoster with and into Honour Lab Limited ("Company" or the "Transferee Company").

During the current year, the scheme of amalgamation of Hoster with the Company was sanctioned by the Hon'ble National Company Law Tribunal (NCLT) vide its order dated October 25, 2024. A certified true copy of the said order sanctioning the scheme has been filed with the Registrar of Companies, Hyderabad. In accordance with the NCLT order, the Company has given effect to the scheme in the standalone financial statements with effect from the appointed date, i.e., April 01, 2024, in accordance with the accounting treatment prescribed under the scheme and Appendix C of Ind AS 103 – "Business Combinations of entities under common control."

The comparative financial statement and other financial information for the year ended March 31, 2024 included in the standalone financial statement have also been restated in accordance with Appendix C of Ind AS 103 – "Business Combination of entities under common control".

Assests Acquired and Liabilities assumed on April 1, 2024 (Appointed date 1) are as follows:

Particulars	Amount
Assets	
Property, plant and equipment	766.12
Capital work-in-progress	71.80
Right-of-use asets	2.53
Other intangible assets	6.26
Other financial assets	4.62
Other non-current assets	1.09
Deferred tax asset (net)	153.86
Non current tax assets	0.39
Inventories	226.20

(Contd.)

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

Particulars	Amount
Trade receivables	345.12
Cash & cash equivalents	9.53
Other current assets	176.53
Current tax assets	0.67
Total of assets (A)	1,764.72
Liabilities	
Borrowings*	1,804.82
Lease liabilities	2.96
Other financial liabilities*	276.45
Provisions	6.10
Lease liabilities	0.04
Trade payables	89.97
Other financial liabilities	2.06
Other current liabilities	14.74
Provisions	0.37
Total of liabilities (B)	2,197.51
Net Value of Liabilities Taken (A-B)	432.79
Value of Investment in Hoster Labs Private Limited by Honour Lab Limited	10.10
Net liabilities assumed due to merger (Balancing figure) *	442.89

*The borrowings are from Honour Lab Limited, and ₹Rs. 255.80 included under other financial liabilities is payable to Honour Lab Limited on account of interest accrued but not due.

Merger of Veer East Realty India Private Limited with Honour Lab Limited and then demerger
Assets and Liabilities recognised on account of merger and derecognised on account of demerger as follows:

Particulars	Merger Appointed date 2	Demerger Appointed date 1
Assets		
Property, plant and equipment	0.18	0.17
Other financial assets	0.06	0.06
Inventories	800.07	800.54
Cash & cash equivalents	110.87	110.02
Total of assets (A)	911.18	910.79
Liabilities		
Borrowings*	176.84	-
Other financial liabilities*	13.35	-
Trade payables	0.28	0.19
Other current liabilities	0.00	1.11
Total of liabilities (B)	190.48	1.30
Net Value of Liabilities Taken (A-B)	(720.70)	(909.49)
Value of Investment in Veer East India Realty Private Limited by Honour Lab Limited	896.42	-
Net assets recognised/derecognised on account of business combination (Balancing figure)^	175.71	(909.49)

*The borrowings of Rs.176.84 and Rs.13.35 of interest accrued but not due included under other financial liabilities are payable to Honour Lab Limited, and after merger the both amounts eliminated with receivables in Honour Lab Limited.

^Value of net assets derecognised is directly adjusted in reserves for the FY 2024-25.

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

54. Other Statutory Information:

- (i) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
- (ii) The Company has not traded or invested in Crypto currency or Virtual currency during the financial year.
- (iii) The Company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (iv) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (v) The Company is not declared wilful defaulter by any bank or financial institution or lender during the year.
- (vi) The Company do not have any charges or satisfaction which is yet to be registered with RoC beyond the statutory period.
- (vii) The title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment and capital work-in progress are held in the name of the Company as at the balance sheet date.
- (viii) During the financial year the Company has written off investments in subsidiary and unsecured loan given to subsidiary subsequent to striking off in Registrar of companies.

Name of the struck off company	Nature of transactions with struck off companies	Balance outstanding	Relationship with the struck off company
Dyuthi Labs Private Limited	Unsecured loan given (including interest) written off	1.07	Subsidiary
Dyuthi Labs Private Limited	Investment written off	0.10	Subsidiary

- (ix) The Company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (x) The Company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017, as amended, as per the opinion obtained.
- (xi) The Company has not given any loans or advances in the nature of loans to promoters, directors, KMPs and/ or related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are repayable on demand, or without specifying any terms or period of repayment.
- (xii) The Company has been sanctioned working capital limit in excess of Rs. 50, in aggregate, from banks or financial institutions on the basis of security of current assets. The quarterly returns or statements for June 2024, September 2024 and December 2024 as filed by the Company with the banks or financial institutions are in agreement with the books of accounts. Quarterly returns for March 2025 are yet to be filed.

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

55. Key Financial Ratios

Particulars	Numerator	Denominator	FY 2024-25	FY 2023-24	% Vari- ance	Reasons for variance
Current Ratio (a)	Current Assets	Current Liabilities	1.64	1.97	(16.63)	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	40.13%	26.54%	51.22	Due to increase in term loans during the year.
Debt Service Coverage Ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses+Interest	Debt service = Interest & Lease Payments + Principal Repayments	23.11%	13.46%	71.69	Due to increase in term loans during the year.
Return on Equity	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	15.94%	19.27%	(17.28)	Due to merger of Hoster and increase in finance cost due to increase in borrowings.
Inventory turnover ratio	Cost of goods sold	Average Inventory	2.93	3.43	(14.65)	
Trade Receivables turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	4.33	5.43	(20.22)	Due to increase in sales.
Trade payables Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	5.70	5.54	2.99	
Net capital turnover ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	4.67	4.20	11.07	
Net profit ratio	Net Profit	Net sales = Total sales - sales return	8.60%	9.39%	(8.42)	
Return on Capital Employed (ROCE)	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	17.23%	20.50%	(15.92)	
Return on Investment	Income generated from investments	Time weighted average investments	(15.50%)	31.82%	(148.73)	Fair value reduction of Investment.

Notes to Standalone Financial Statements for the year ended March 31, 2025

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

56. Contribution to political parties

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
To political parties (through Electoral Bonds)	100.00	150.00
Total	100.00	150.00

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

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: 005752S

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

 Sd/-
S Sudarshan
 Partner
 Membership No: 211148

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

 Place: Hyderabad
 Date : 31st July, 2025

 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 2024-25

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 "Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "Group"), and the Group's share of loss in its associate, comprising of the Consolidated Balance Sheet as at 31st March, 2025, 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 "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, 2025, 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. For the other entities or business activities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We 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.

Other Matters :

The Consolidated financial statements of the Group and its Associate for the year ended March 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on September 05, 2024.

The accompanying consolidated financial statements include the Group's share of loss of ₹ 2.38 million for the year ended 31st March, 2025 in respect of one associate, whose financial statements and other financial information have been audited by other auditors. The audit reports of those auditors have been furnished to us by the management, and our opinion, insofar as it relates to the amounts and disclosures included in respect of the said associate, is based solely on the reports of such other auditors.

The accompanying consolidated financial statements include the financial statements and other financial information in respect of one subsidiary located outside India. These financial statements have been prepared in accordance with the accounting principles generally accepted in their respective country and have been audited by other auditors in accordance with generally accepted auditing standards applicable in that country. The Company's management has converted these financial statements to accounting principles generally accepted in India. We have relied on the financial statements and other financial information as audited by such other auditors. According to the information and explanations

given to us, the financial statements of this subsidiary reflect total assets of ₹ 0.52 million, total revenue of ₹ Nil, and net cash inflows of ₹ 0.06 million for the year ended on that date. In our opinion, and according to the information and explanations provided by the Management, these are not material to the Group.

Our opinion on the Consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors

Report on Other Legal and Regulatory Requirements

- 1 As required by 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(xxi) 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;
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2025 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, 2025 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, 2025;
 - 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 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.	In respect of 1 subsidiary, Audit trail was not enabled during the year (Honour Synthesis 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 **Suryanarayana Reddy & Co.**,
Chartered Accountants
Firm Registration No. : 005752 S

Sd/-

S Sudarshan
Partner
Membership No. 211148
UDIN:

Place: Hyderabad
Date : 04-09-2025

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)
Honour Synthesis Private Limited	U36100TG2018PTC122159	Subsidiary	Clause - xvii
Honour Infra Estates Limited	U45400TG2012PLC083644	Associate	Clause - xvii

For **Suryanarayana Reddy & Co.**,
Chartered Accountants
Firm Registration No. : 005752 S

Sd/-

S Sudarshan

Partner

Membership No. 211148

UDIN:

Place: Hyderabad

Date : 04-09-2025

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, 2025, 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, 2025, 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.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company insofar as it relates to 1 subsidiary company and 1 associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **Suryanarayana Reddy & Co.,**
Chartered Accountants
Firm Registration No. : 005752 S

Sd/-

S Sudarshan

Partner

Membership No. 211148

UDIN:

Place: Hyderabad

Date : 04-09-2025

Consolidated Balance Sheet as at March 31, 2025

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

Particulars	Notes	As at March 31, 2025	As at March 31, 2024
ASSETS			
Non current assets			
Property, plant and equipment	3	8,347.82	6,359.46
Capital work in progress	57	1,249.72	593.43
Right-of-use assets	4	381.05	411.43
Goodwill on consolidation	53	172.77	-
Other intangible assets	5	101.06	77.36
Financial assets			
Investments	6	686.49	810.21
Loans	7	27.73	5.70
Other financial assets	8	86.22	83.98
Non current tax asset	9	2.06	0.39
Deferred tax asset (net)	10	1.48	-
Other non-current assets	11	102.29	119.02
		11,158.70	8,460.99
Current Assets			
Inventories	12	5,730.68	4,925.55
Financial assets			
Trade receivables	13	6,233.99	5,156.79
Cash & cash equivalents	14	50.32	133.74
Bank balances other than above	15	41.73	44.33
Other financial assets	16	21.16	22.42
Current tax assets (net)	17	59.79	79.89
Other current assets	18	1,552.19	1,073.47
		13,689.85	11,436.19
		24,848.55	19,897.18
Total Assets			
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	50.00	50.00
Other equity		13,863.11	12,664.27
Total Equity		13,913.11	12,714.27
Liabilities			
Non Current Liabilities			
Financial liabilities			
Borrowings	20	1,360.25	371.51
Lease liabilities	21	365.88	385.27
Provisions	22	82.87	64.10
Deferred tax liabilities (net)	23	798.48	551.03
		2,607.48	1,371.92
Current Liabilities			
Financial liabilities			
Borrowings	24	4,226.89	3,007.46
Lease liabilities	25	40.93	38.94
Trade payables	26		
(a) Total outstanding dues of micro and small enterprises		24.59	20.12
(b) Total outstanding dues of creditors other than micro and small enterprises		3,651.61	2,322.22
Other financial liabilities	27	285.78	139.50
Other current liabilities	28	83.80	120.87
Provisions	29	14.36	11.41
Current tax liabilities	30	-	150.46
		8,327.96	5,810.99
		10,935.44	7,182.90
Total Liabilities		24,848.55	19,897.18
Total Equity and Liabilities		24,848.55	19,897.18
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 **Suryanarayana Reddy & Co.,**

Chartered Accountants

Firm Registration No: 005752S

Sd/-

S Sudarshan

Partner

Membership No: 211148

Place: Hyderabad

Date : 04-09-2025

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, 2025

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

Particulars	Notes	For the year ended March 31, 2025	For the year ended March 31, 2024
INCOME			
Revenue from operations	31	24,684.78	23,611.52
Other income	32	141.53	303.30
Total Income		24,826.31	23,914.83
EXPENSES			
Cost of materials consumed	33	15,884.14	15,475.34
Changes in inventories of finished goods and work-in-progress	34	(289.15)	252.15
Employee benefits expense	35	1,672.38	1,405.55
Finance costs	36	557.97	417.12
Depreciation and amortisation expense	3,4 & 5	538.75	443.66
Other expenses	37	3,527.27	2,927.39
Total expenses		21,891.36	20,921.22
Profit before tax		2,934.94	2,993.61
Tax expense			
Current tax		545.10	757.89
Short/(excess) provision for earlier years		24.74	(24.45)
Deferred tax charge		248.14	43.35
Total tax expense		817.98	776.79
Profit after tax for the year before share of loss from associate		2,116.96	2,216.82
Share of loss from Associate		(2.38)	(0.29)
Net profit for the year		2,114.58	2,216.53
OTHER COMPREHENSIVE INCOME (OCI)			
Items that will be reclassified to profit or loss			
Exchange differences in translating the financial statements of foreign operations		(0.02)	-
		(0.02)	-
Items that will not be reclassified to profit or loss			
Re-measurement gain/(loss) on employee defined benefit plans		(8.33)	(21.23)
Less: Deferred tax charge		2.10	5.34
		(6.23)	(15.89)
Other comprehensive income for the year, net of tax		(6.25)	(15.89)
Total comprehensive income for the year		2,108.34	2,200.65
Profit for the year			
Attributable to:			
Equity holders of the parent		2,114.58	2,216.53
Non-controlling interests		-	-
Other comprehensive income for the year			
Attributable to:			
Equity holders of the parent		(6.25)	(15.89)
Non-controlling interests		-	-
Total comprehensive income for the year			
Attributable to:			
Equity holders of the parent		2,108.34	2,200.65
Non-controlling interests		-	-
Earnings Per Equity Share of Rs. 10/- each fully paid up	38		
Basic (Rs.)		422.92	443.31
Diluted (Rs.)		422.92	443.31
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 **Suryanarayana Reddy & Co.,**
Chartered Accountants
Firm Registration No: 005752S

Sd/-
S Sudarshan
Partner
Membership No: 211148

Place: Hyderabad
Date : 04-09-2025

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

Annual Report 2024-25

Consolidated Statement of Cash Flow for the year ended March 31, 2025

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

PARTICULARS	For the year ended March 31, 2025	For the year ended March 31, 2024
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,934.94	2,993.61
Adjustment for:		
Depreciation	538.75	443.66
Interest expense	557.97	417.12
Remeasurement of actuarial losses	(8.33)	(21.23)
(Gain) on Sale of quoted investments	-	(45.88)
Foreign exchange fluctuation (net)	(73.91)	(53.46)
Allowance for credit loss	(8.04)	11.67
Gain on derecognition of lease	(0.46)	-
Fair value changes in investments	121.35	(188.93)
Interest income	(57.75)	(11.55)
Bad debts written-off	35.96	17.41
Loss on sale of Property, plant and equipment	1.03	-
Operating profit before working capital changes	4,041.51	3,562.43
Adjustments for:		
Changes in trade receivables	(1,031.21)	(1,113.90)
Changes in inventories	(1,605.21)	1,104.29
Changes in financial & non financial assets	(462.09)	(221.75)
Changes in trade payables, financial & non financial liabilities	1,437.88	(1,425.77)
Cash generated from operations	(1,660.63)	(1,657.13)
Income Taxes paid	(701.38)	(447.40)
Net cash from operating activities	1,679.50	1,457.90
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, plant and equipment	(2,969.32)	(1,734.86)
Proceeds from sale of property, plant and equipment	10.08	-
Acquisition of subsidiary, net of cash acquired	(390.00)	-
Movement in bank balances other than cash and cash equivalent	(111.05)	-
Proceeds from sale of investment	-	127.47
Loans given	(22.03)	(5.70)
Interest received	59.41	8.40
Net cash used in investing activities	(3,422.91)	(1,604.70)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in borrowings (current)	1,219.43	359.56
Increase in borrowings (non current)	988.74	306.93
Interest paid	(548.18)	(419.95)
Net cash from financing activities	1,659.98	246.54
D Net Increase in cash and cash equivalents (A+B+C)	(83.43)	99.74
Cash and cash equivalents at the beginning of year	133.74	34.00
Cash and cash equivalents at the end of year	50.32	133.74

(Contd.)

Consolidated Statement of Cash Flow (Contd.)

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

	As at March 31, 2025	As at March 31, 2024
Components of cash and cash equivalents:		
Cash on hand	2.28	6.28
Balances with scheduled banks in current accounts	48.04	127.46
Total cash and cash equivalents	50.32	133.74

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

	As at 01.04.2024	Cash flows	Non Cash Changes	As at 31.03.2025
Borrowings - non current	371.51	988.74	-	1,360.25
Borrowings - current	3,007.46	1,219.43	-	4,226.89

	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

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

As per our Report of even date attached
For **Suryanarayana Reddy & Co.,**
Chartered Accountants
Firm Registration No: 005752S

Sd/-
S Sudarshan
Partner
Membership No: 211148

Place: Hyderabad
Date : 04-09-2025

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, 2025

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

a. Equity Share Capital

As at 31.03.2025

Balance as at 31.03.2024	Changes in Equity Share Capital due to prior period errors	Restated balance as at 01.04.2024	Changes in equity share capital during the current year	Balance as at 31.03.2025
50.00	-	50.00	-	50.00

As at 31.03.2024

Balance as at 01.04.2023	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

b. Other Equity

As at 31.03.2025

Particulars	Retained Earnings	Other comprehensive income	Total
As at April 01, 2024	12,706.14	(41.87)	12,664.26
Profit for the year	2,114.58	-	2,114.58
Adjustment due to demerger (refer note 54)	(909.49)	-	(909.49)
Other comprehensive income	-	(6.25)	(6.25)
As at March 31, 2025	13,911.23	(48.12)	13,863.11

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	2,216.53	-	2,216.53
Adjustment due to merger (refer note 54)	(159.85)	-	(159.85)
Other comprehensive income	-	(15.89)	(15.89)
As at March 31, 2024	12,706.14	(41.87)	12,664.26

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

As per our Report of even date attached

For **Suryanarayana Reddy & Co.,**

Chartered Accountants

Firm Registration No: 005752S

Sd/-

S Sudarshan

Partner

Membership No: 211148

Place: Hyderabad

Date : 04-09-2025

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 Consolidated Financial Statements for the year ended March 31, 2025

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

2.1 Corporate information

Honour Lab Limited ('the Parent/Holding Company') is engaged in the manufacturing of Bulk Drug Intermediates and Active Pharmaceutical Ingredients (APIs). The Parent Company's major thrust area remains developing high-quality intermediates and API 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 Nexity, Tower 30, 12th Floor, Survey No.83/1, Hyderabad Knowledge City, Raidurg, Serilingampally, Hyderabad, 500081, Telangana.

The Parent Company has 6 state-of-the-art manufacturing facilities and an R & D Unit. The Parent Company operates through 6 strategically located 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 04th September 2025.

2.2 Basis of preparation of financial statements

a) Compliance with Ind AS

The consolidated financial statements of the group have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015 and as amended.

b) Historical cost convention

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, the accompanying disclosures and the disclosure of contingent liabilities. 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 of financial statements

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.

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

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

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.

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

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

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 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:

- a) it is expected to be realised in, or is intended for sale or consumption in, the group's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within twelve months after the reporting date; or
- d) 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:

- a) it is expected to be settled in the group's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or

- d) 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.

Deferred tax assets and liabilities are always disclosed as non-current.

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

d) Foreign exchange transactions and foreign operations

Transactions in foreign currencies are translated to the respective functional currencies of entities within the group at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the consolidated statement of profit and loss in the period in which they arise. Foreign exchange gains and losses arising from a monetary item receivable from a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in the foreign operation and are recognized in other comprehensive income/(loss) and presented within equity as a part of foreign currency translation reserve ("FCTR"). Non monetary items measured at historical cost / fair value, are translated using the exchange rate prevailing on the date of the transaction / fair value measurement respectively.

In case of Foreign operation whose functional currency is different from the parent company's functional currency, the assets and liabilities of such foreign operations, including goodwill and fair value adjustments arising upon acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of such foreign operations are translated to the reporting currency at the average exchange rates prevailing during the year, resulting foreign currency differences are recognized in other comprehensive income/(loss) and presented within equity as part of FCTR. When a foreign operation is disposed of, in part

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

or in full, the relevant amount in the FCTR is transferred to the consolidated statement of profit and loss .

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.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., April 1, 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

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.

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 statement of profit and 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

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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 taxation 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 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 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

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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.

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 in 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.

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The actuarial valuation is done as per the projected unit credit method as of the reporting date.

n) Provisions, contingent liabilities and contingent assets

The Group estimates provisions for present obligations arising from past events and where it is probable that an 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.

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 of financial assets or issue of 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) 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 model 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

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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 statement of profit and 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.

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, or 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 historically observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as expense /income in the Statement of Profit and Loss under the head 'Other expenses', 'Other income'

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

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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 Leases. 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.

The Group determines the lease term as the non-cancellable 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 (m) 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 in 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 in-substance 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

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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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, September 09, 2024, MCA issued the Companies (Indian Accounting Standards) Amendment Rules,

2024 and Companies (Indian Accounting Standards) Second Amendment Rules, 2024 introducing following changes:

Ind AS 117:

Insurance Contracts was introduced and Ind AS 104: Insurance Contracts was withdrawn. This was accompanied with consequent amendments in other standards.

Ind AS 116 – Leases:

The amendments clarify accounting treatment for a seller-lessee involved in sale and leaseback transactions and introduced some related illustrative examples. The Group has reviewed the new pronouncements and based on its evaluation has determined that it does not have any significant impact in its financial statements.

Ind AS 21 - Effects of Changes in Foreign Exchange Rates:

On May 9, 2025, MCA notifies the amendments to Ind AS 21 - Effects of Changes in Foreign Exchange Rates. These amendments aim to provide clearer guidance on assessing currency exchangeability and estimating exchange rates when currencies are not readily exchangeable. The amendments are effective for annual periods beginning on or after April 1, 2025. The Group is currently assessing the probable impact of these amendments on its financial statements.

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(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, 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
Acquisition through business combination *	38.00	-	-	1.22	-	3.20	2.73	0.94	46.10
Additions	356.90	453.45	813.85	146.39	394.66	164.68	65.34	46.63	2,441.92
Disposals	-	-	6.70	-	-	-	1.60	0.14	8.45
As at March 31, 2025	514.18	2,106.86	5,464.97	678.06	1,163.45	306.64	112.06	173.42	10,519.63
Depreciation									
As at April 01, 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
Acquisition through business combination *	-	-	-	0.03	0.28	0.29	0.33	0.32	1.24
Charge for the year	-	57.63	248.59	51.57	78.86	16.30	5.87	33.03	491.86
Disposals	-	-	1.35	-	-	-	0.41	0.12	1.89
As at March 31, 2025	-	281.10	1,114.77	210.90	385.36	58.18	22.73	98.76	2,171.81
Net carrying value									
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
As at March 31, 2025	514.18	1,825.76	4,350.20	467.16	778.09	248.45	89.33	74.66	8,347.82

*Refer note 53 : Acquisition of shares of Honour Synthesis Private Limited (formerly known as "Congruent Remedies Private Limited") resulted in addition of PPE of Rs.46.10 and accumulated depreciation of Rs.1.24

Notes to Consolidated Financial Statements for the year ended March 31, 2025

(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, 2023	434.58	434.58
Additions	57.48	57.48
As at March 31, 2024	492.06	492.06
Additions	3.59	3.59
Disposals	5.80	5.80
As at March 31, 2025	489.85	489.85
<u>Amortisation</u>		
As at April 01, 2023	55.66	55.66
Charge for the year	24.97	24.97
As at March 31, 2024	80.63	80.63
Charge for the year	29.23	29.23
Disposals	1.06	1.06
As at March 31, 2025	108.79	108.79
<u>Net carrying value</u>		
As at March 31, 2024	411.43	411.43
As at March 31, 2025	381.05	381.05

5. Other intangible assets

Particulars	Computer Software	Total
<u>Gross carrying value</u>		
As at April 01, 2023	104.34	104.34
Additions	21.34	21.34
As at March 31, 2024	125.68	125.68
Additions	41.36	41.36
As at March 31, 2025	167.03	167.03
<u>Amortisation</u>		
As at April 01, 2023	34.06	34.06
Charge for the year	14.25	14.25
As at March 31, 2024	48.31	48.31
Charge for the year	17.66	17.66
As at March 31, 2025	65.97	65.97
<u>Net carrying value</u>		
As at March 31, 2024	77.36	77.36
As at March 31, 2025	101.06	101.06

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

6. Investments

Particulars	As at March 31, 2025	As at March 31, 2024
Investments in equity instruments of associates (unquoted - valued at cost)		
28,94,750 (March 31, 2024: 28,94,750) Equity Shares of Rs. 10 each fully paid-up in Honour Infra Estates Limited	25.17	27.55
Other Investments (unquoted - valued at FVTPL)		
1 (March 31, 2024: 1) Equity Share of AED 1,00,000 each fully paid-up in Hetero FZCO	661.32	782.67
Total	686.49	810.21
Aggregate amount of unquoted investments	686.49	810.21

7. Loans (non-current)

Particulars	As at March 31, 2025	As at March 31, 2024
considered good - unsecured		
Loans to related parties*	27.73	5.70
Total	27.73	5.70

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

8. Other financial assets (non-current)

Particulars	As at March 31, 2025	As at March 31, 2024
considered good- unsecured		
Security deposits and others	82.42	78.51
Interest accrued but not due	3.80	5.47
	86.22	83.98

9. Non current tax assets

Particulars	As at March 31, 2025	As at March 31, 2024
Income tax refund due, net of provision for tax	2.06	0.39
Total	2.06	0.39

10. Deferred tax asset (net)

Particulars	As at March 31, 2025	As at March 31, 2024
Deferred tax liability relating to		
Depreciation on Property, plant and equipment	0.73	-
	0.73	-
Deferred tax asset relating to		
Unabsorbed loss and depreciation allowance as per Income tax Act	2.21	-
	2.21	-
Deferred tax asset (net)	1.48	-

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

Deferred tax (assets)/liabilities:
For the year ended March 31, 2025:

Particulars	Acquisition through business combination	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Deferred tax liability relating to				
Depreciation on PPE	-	0.73	-	0.73
(A)	-	0.73	-	0.73
Deferred tax asset relating to				
Unabsorbed loss as per Income tax act	0.08	2.13	-	2.21
Preliminary expenses to the extent not written off	-	-	-	-
(B)	2.13	2.13	-	2.21
Deferred tax asset (net)	(B-A)	2.13	1.40	-
				1.48

11. Other non current assets

Particulars	As at March 31, 2025	As at March 31, 2024
considered good, unsecured		
Capital advances	73.84	98.20
Prepayments	19.41	20.83
Balances with Statutory / Government authorities	9.04	-
Total	102.29	119.02

12. Inventories

Particulars	As at March 31, 2025	As at March 31, 2024
(Cost and net realisable value which ever is lower)		
Raw materials and packing material	2,725.63	1,448.62
Work-in-progress	1,292.52	1,082.02
Finished goods	1,622.83	1,544.18
Stores and spares	89.71	50.19
Work in Progress - freehold land and related costs	-	800.53
Total	5,730.68	4,925.55

13. Trade receivables

Particulars	As at March 31, 2025	As at March 31, 2024
<u>Trade receivables</u>		
considered good -unsecured		
from related parties	3,478.39	2,676.89
from others	2,764.34	2,496.69
	6,242.73	5,173.57
Less: Allowance for credit loss	(8.74)	(16.78)
Total	6,233.99	5,156.79

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

Ageing of trade receivables - outstanding as at March 31, 2025

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	5,463.16	590.32	130.36	28.96	19.49	6,232.30
(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	10.44	10.44
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-
Less: Allowance for credit loss					(8.74)	(8.74)
Total	5,463.16	590.32	130.36	28.96	21.18	6,233.99

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	5,156.79

14. Cash & cash equivalents

Particulars	As at March 31, 2025	As at March 31, 2024
Balances with Banks		
- in current accounts	48.04	127.46
Cash on hand	2.28	6.28
Total	50.32	133.74

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

15. Bank balances other than above

Particulars	As at March 31, 2025	As at March 31, 2024
- Deposits with original maturity of more than 3 months but less than 12 months	41.73	44.33
Total	41.73	44.33

16. Other financial assets (current)

Particulars	As at March 31, 2025	As at March 31, 2024
considered good, unsecured		
Loans to employees	21.16	22.36
Security deposits	-	0.06
Total	21.16	22.42

17. Current tax assets (net)

Particulars	As at March 31, 2025	As at March 31, 2024
considered good - unsecured		
Income tax refund due, net of provision for tax	59.79	79.89
Total	59.79	79.89

18. Other current assets

Particulars	As at March 31, 2025	As at March 31, 2024
considered good, unsecured		
Advance to suppliers	29.54	33.23
Prepayments	48.35	87.46
Balances with Statutory/Government authorities	1,328.53	807.02
Insurance claim receivable	145.76	145.76
Total	1,552.19	1,073.47

19. Equity share capital

Particulars	As at March 31, 2025	As at March 31, 2024
Authorised		
2,75,00,002 (March 31, 2024: 70,00,000) Equity Shares of Rs. 10/- each	275.00	70.00
Total	275.00	70.00
Issued, Subscribed and Paid Up		
50,00,000 (March 31, 2024: 50,00,000) Equity Shares of Rs. 10/- each fully paid up	50.00	50.00
Total	50.00	50.00

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

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

	As at March 31, 2025		As at March 31, 2024	
	No.	Rs.	No.	Rs.
Equity Shares of Rs.10 each, fully paid up				
Balance as per last financial statements	50,00,000	50.00	50,00,000	50.00
Outstanding at the end of the year	50,00,000	50.00	50,00,000	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, 2025		As at March 31, 2024	
	% Holding	No.	% Holding	No.
Equity Shares of Rs. 10/- each held by				
Dr. B. Parthasaradhi Reddy	46,19,500	92.39%	46,19,500	92.39%

19.4. Details of shareholding of Promoters as at March 31, 2025

Name of the shareholder	No.of shares	% of total shares	% change during the year
Dr.B. Parthasaradhi Reddy	46,19,500	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	1,50,000	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	50,00,000	100%	

Details of shareholding 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	46,19,500	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	1,50,000	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	50,00,000	100%	

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

20. Borrowings (non-current)

Particulars	As at March 31, 2025	As at March 31, 2024
Secured borrowings from Banks		
Holding Company:		
Vehicle Loans (Refer Note "a" below)	58.96	15.31
Secured Term Loan from Banks (Refer Note "b" below)	1,251.29	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	1,360.25	371.51

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) :

(i) 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
(ii) Type of Loan	Secured Term Loan
Name of the Lendor	HDFC Bank - (Loan 1: 250 and Loan 2: 730)
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	8.75% p.a. linked to 3 months T-bill.
Repayment	Repayable in 20 equated quarterly instalments commencing from 31st December 2024 for Loan 1 and 1st July 2025 for loan 2.

21. Lease liabilities (non-current)

Particulars	As at March 31, 2025	As at March 31, 2024
Lease liabilities		
- to related parties	365.88	385.27
Total	365.88	385.27

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

22. Provisions (Non-current)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for gratuity (funded)	58.15	42.35
Provision for compensated absences	24.71	21.75
Total	82.87	64.10

23. Deferred tax liabilities (net)

Particulars	As at March 31, 2025	As at March 31, 2024
Deferred tax liability relating to		
Depreciation on property, plant and equipment	614.41	524.75
Unamortized processing fees	1.67	1.13
Fair valuation of investments	212.85	243.39
Impact of accounting for leases as per Ind AS	4.39	4.27
	833.31	773.54
Deferred tax asset relating to		
Provision for gratuity & compensated absences	24.16	19.06
Unabsorbed loss as per Income tax act	-	194.79
Allowance for debtors	2.20	4.22
Disallowance of expenditure under Sec 35 DD	0.16	0.14
Bonus 43B disallowance	5.46	4.27
MSME Vendors Payable u/s.43B(h)	2.85	-
Preliminary expenses to the extent not written off	-	0.03
	34.83	222.51
Deferred tax liabilities (net)	798.48	551.03

Deferred tax (assets)/liabilities:
For the year ended March 31, 2025:

Particulars	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Depreciation on property, plant and equipment	524.75	89.65	-	614.41
Unamortized processing fees	1.13	0.54	-	1.67
Allowance for Credit loss	(4.22)	2.02	-	(2.20)
Fair valuation of investments	243.39	(30.54)	-	212.85
Ind AS 116 leases	4.27	0.12	-	4.39
Disallowance of expenditure under Sec 35 D/35DD	(0.14)	(0.03)	-	(0.16)
Unabsorbed loss as per Income tax act	(194.79)	194.79	-	-
Preliminary expenses to the extent not written off	(0.03)	0.03	-	-
Bonus 43B disallowance	(4.27)	(1.19)	-	(5.46)
MSE vendors payable u/s.43B(h)	-	(2.85)	-	(2.85)
Provision for gratuity & compensated absences	(19.06)	(3.01)	(2.10)	(24.16)
	551.03	249.54	(2.10)	798.48

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

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 and equipment	446.39	78.36	-	524.75
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	3.83	0.44	-	4.27
Disallowance of expenditure under Sec 35 DD	-	(0.14)	-	(0.14)
Unabsorbed loss as per Income tax act		(74.15)	-	(194.79)
Preliminary expenses to the extent not written off		(0.03)	-	(0.03)
Bonus 43B disallowance	-	(4.27)	-	(4.27)
Provision for gratuity & compensated absences	(12.39)	(1.32)	(5.34)	(19.06)
	633.67	43.35	(5.34)	551.03

24. Borrowings (Current)

Particulars	As at March 31, 2025	As at March 31, 2024
Indian Rupee borrowings from banks (secured) (See Note (c) below)	3,851.76	2,905.70
Current maturities of non current borrowings	375.13	101.77
Total	4,226.89	3,007.46

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 of parent company.

Rate of Interest

Rate of interest on cash credit/WCDL varies from 8.25% to 10.15%

Rate of interest on PCFC varies from SOFR+100 bps to 175 bps

25. Lease liabilities (current)

Particulars	As at March 31, 2025	As at March 31, 2024
Lease liabilities		
- to related parties	40.93	38.94
Total	40.93	38.94

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

26. Trade payables

Particulars	As at March 31, 2025	As at March 31, 2024
Total outstanding dues of micro and small enterprises	24.59	20.12
Total (A)	24.59	20.12
Total outstanding dues of creditors other than micro and small enterprises		
to related parties	349.91	315.19
to others	3,301.71	2,007.03
Total (B)	3,651.61	2,322.22
Total (A+B)	3,676.20	2,342.34

Ageing of trade payables - outstanding as at March 31, 2025

Particulars	MSME	Others	Disputed dues -MSME / Others	Total
Less than 1 year	24.59	3,629.49	-	3,654.08
1-2 years	-	16.39	-	16.39
2-3 years	-	5.73	-	5.73
More than 3 years	-	-	-	-
Total	24.59	3,651.61	-	3,676.20

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

Particulars	MSME	Others	Disputed dues -MSME / Others	Total
Less than 1 year	17.38	2,302.59	-	2,319.97
1-2 years	-	18.30	2.71	21.01
2-3 years	-	1.33	0.03	1.36
More than 3 years	-	-	-	-
Total	17.38	2,322.22	2.74	2,342.34

27. Other financial liabilities (current)

Particulars	As at March 31, 2025	As at March 31, 2024
Valued at amortised cost		
Interest accrued but not due on borrowings	17.07	7.28
Capital creditors	229.60	99.64
Other payables	39.10	32.57
Total	285.78	139.50

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

28. Other current liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory dues	55.24	57.85
Advance from customers	28.55	63.02
Total	83.80	120.87

29. Provisions (current)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for gratuity (funded)	7.42	5.13
Provision for compensated absences	6.94	6.28
Total	14.36	11.41

30. Current tax liabilities

Particulars	As at March 31, 2025	As at March 31, 2026
Income tax liability (net)	-	150.46
Total	-	150.46

31. Revenue from operations

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Sale of products	24,659.74	23,594.73
Other operating revenues	25.04	16.79
Total	24,684.78	23,611.52

Disaggregation of revenue
Revenue based on business segment

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
API	24,659.74	23,594.73
Others	25.04	16.79
Total Revenue from operations	24,684.78	23,611.52

Revenue based on Geography

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Domestic	20,976.86	20,866.26
Export	3,707.91	2,745.26
Total Revenue from operations	24,684.78	23,611.52

Timing of revenue recognition

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Goods and services transferred at a point in time	24,684.78	23,611.52
Total Revenue from operations	24,684.78	23,611.52

Notes to Consolidated Financial Statements for the year ended March 31, 2025

(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 contract liabilities from contracts with customers

Particulars	As at March 31, 2025	As at March 31, 2024
Trade receivables	6,233.99	5,156.79
Advance received from customers	28.55	63.02

32. Other income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest income	57.75	11.55
Foreign exchange fluctuation gain (net)	73.91	53.46
Gain on fair value of the investments	-	188.93
Gain on sale of listed securities	-	45.88
Other miscellaneous & non-operating income	-	2.17
Liabilities written back	1.37	-
Dividend Income	-	1.32
Reversal of excess ECL provision	8.04	-
Gain on derecognition of lease	0.46	-
Total	141.53	303.30

33. Cost of materials consumed

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Raw materials consumed		
Opening stock at the beginning of the year	1,448.62	2,304.80
Add : Purchases	17,161.15	14,619.17
	18,609.77	16,923.96
Less : Closing stock at the end of the year	2,725.63	1,448.62
Total	15,884.14	15,475.34

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Opening 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	-	796.95
	2,626.20	3,678.88
Closing stock of inventories		
Work-in-Progress of API and Intermediates	1,292.52	1,544.18
Finished goods of API and Intermediates	1,622.83	1,082.02
Work in Progress - freehold Land and related costs	-	800.53
	2,915.35	3,426.73
Changes in inventories of finished goods and work-in-progress	(289.15)	252.15

Notes to Consolidated Financial Statements for the year ended March 31, 2025

(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, 2025	For the year ended March 31, 2024
Salaries, allowances and wages	1,486.20	1,248.59
Contribution to provident fund and other funds	41.24	32.54
Gratuity expenses	18.62	14.18
Compensated absences	9.03	6.90
Staff welfare expenses	117.28	103.33
Total	1,672.38	1,405.55

36. Finance costs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest expense on		
- Term loans and working capital loans	469.04	354.14
- Others	65.92	45.83
Bank charges	23.01	17.15
Total	557.97	417.12

37. Other expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Manufacturing expenses		
Production expenses	330.76	248.40
Conversion charges	311.03	236.94
Power and fuel	855.48	740.97
Factory maintenance	222.32	171.20
Lab chemicals and maintenance	294.26	322.99
Factory lease expenses	0.02	0.57
Repairs & maintenance		
Plant and machinery	275.54	246.94
Buildings	103.04	153.69
Electricals	62.09	50.39
Others	46.05	22.77
(A)	2,500.59	2,194.85
Administrative expenses		
Advertisement	0.52	0.38
Rent, rates and taxes	51.04	49.66
Product registration and development charges	88.21	35.95
Printing and stationery	22.47	16.96
Postage, telegram and telephone	5.95	7.15
Insurance	70.52	69.34
Travelling and conveyance	38.68	26.53
Vehicle hire charges	67.73	58.07
Professional charges	167.50	77.94

(Contd.)

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Political contributions	100.00	150.00
Donations	1.37	4.45
General and office expenses	27.11	15.18
Loss on sale of property, plant & equipment	1.03	-
Loss on fair value of investment	121.35	-
Selling expenses	166.40	118.81
Auditor's remuneration	8.13	10.10
Cost audit fee	0.23	0.23
Corporate social responsibility expenses	52.50	62.70
Allowance for credit loss	-	11.67
Bad debts written-off	35.96	17.41
(B)	1,026.69	732.54
Total	(A)+(B)	2,927.39

38. Earnings per share (EPS)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit available for equity shareholders	2,114.58	2,216.53
Weighted average number of equity shares in computing basic and diluted EPS	50,00,000	50,00,000
Face value of each equity share (Rs.)	10	10
Earnings per share		
- Basic (Rs.)	422.92	443.31
- Diluted (Rs.)	422.92	443.31

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, 2025	For the year ended March 31, 2024
Current tax	545.10	757.89
Short/(excess) tax provision for earlier years	24.74	(24.45)
Deferred tax charge	248.14	43.35
Total income tax expense recognised in statement of Profit & Loss	817.98	776.79

(ii) OCI Section

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Deferred tax	2.10	5.34

Notes to Consolidated Financial Statements for the year ended March 31, 2025

(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, 2025	For the year ended March 31, 2024
Profit before tax (A)	2,934.94	2,993.61
Enacted tax rate in India (B)	25.168%	25.168%
Expected tax expenses (C = A*B)	738.67	753.43
Adjustments for		
Taxes with respect to earlier years	24.74	(24.45)
Expenses disallowed under Income Tax Act, 1961	-	5.18
Others	54.57	42.63
Total (D)	817.98	776.79

40. Significant accounting, judgements, 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, 2025

(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 Parent

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, 2025 and March 31, 2024 consist of the following:

Particulars	For the year ended	
	March 31, 2025	March 31, 2024
Current service cost	16.04	12.58
Interest on net defined benefit liability, net	6.43	5.11
Gratuity cost recognised in statement of profit and loss	22.47	17.69
Remeasurement on the net defined benefit liability:		
Return on plan assets (greater)/less than discount rate	(0.26)	(0.09)
Actuarial (gains) / losses due to DBO assumptions changes	0.92	8.06
Components of defined benefit costs recognised in other comprehensive income	0.66	7.97
Details of the employee benefits obligations and plan assets are provided below:		
Present value of funded obligations	110.15	91.39
Fair value of plan assets	44.58	43.92
Net defined benefit liability recognised	65.58	47.48
Details of changes in the present value of defined benefit obligations are as follows:		
Defined benefit obligations at the beginning of the year	91.39	70.41
Current service cost	15.41	12.58
Past service cost	0.62	-
Interest on defined obligations	6.43	5.11
Re-measurements due to:	-	-
Actuarial loss due to change in financial assumptions	2.83	2.91
Actuarial (gain)/loss due to change in demographic assumptions	-	-
Actuarial loss due to experience adjustments	(1.90)	5.15
Benefits paid	(4.64)	(4.76)
Defined benefit obligations at the end of the year	110.15	91.39

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

Details of changes in the fair value of plan assets are as follows:

Particulars	For the year ended	
	March 31, 2025	March 31, 2024
Fair value of plan assets at the beginning of the year	43.92	42.51
Employer contributions	1.96	2.70
Interest on plan assets	3.07	3.12
Re-measurements due to:		
Return on plan assets excluding interest on plan assets	0.26	0.09
Benefits paid	(4.64)	(4.50)
Plan assets at the end of the year	44.58	43.92

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, 2025	March 31, 2024
Discount rate	6.97%	7.22%
Rate of return of plan assets	7.65%	7.65%
Attrition rate	1.00%	1.00%
Rate of compensation increase	4.00%	4.00%

Sensitivity Analysis:

Particulars	For the year ended	
	March 31, 2025	March 31, 2024
(a) Effect of 1% change in assumed discount rate		
- 1% increase	99.38	56.16
- 1% decrease	122.75	70.65
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	122.31	70.43
- 1% decrease	99.52	56.09
(c) Effect of 1% change in assumed attrition rate		
- 1% increase	112.89	64.95
- 1% decrease	107.04	60.41

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

Particulars	For the year ended	
	March 31, 2025	March 31, 2024
Expected future benefit payments		
Year 1	7.61	1.58
Year 2	4.94	4.65
Year 3	3.16	2.93
Year 4	4.06	3.43
Year 5	8.42	2.32

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. 41.24 (March 31, 2024: Rs. 32.54) and is included in "contribution to provident fund and other funds.

Notes to Consolidated Financial Statements for the year ended March 31, 2025

(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, 2025	March 31, 2024
a. Assumptions		
Discount Rate	6.97%	7.22%
Salary Escalation	4.00%	4.00%
Mortality rate (LIC)	100.00%	100.00%
b. Changes in present value of the defined benefit obligation		
Present Value of Obligation as at beginning of year	28.03	21.20
Current Service Cost	7.94	5.81
Interest Cost	1.54	1.09
Benefits paid	(13.52)	(13.33)
Actuarial (gain) / loss on obligations	7.66	13.26
Present value of obligations as at end of year	31.65	28.03

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.

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

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Contingent Liabilities		
(a) Guarantees	11.47	10.00
(ii) Commitments		
(a) Unexpired Letters of Credits	364.97	259.69
(b) Estimated amount of contracts remaining to be executed on capital account and net off advances	482.78	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, 1994 Total disputed amount is Rs. 3.74 out of which Rs. 0.37 . deposited under protest. 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, 1994. Total disputed amount is Rs. 13.81 . out of which Rs. 1.38 . deposited under protest. The Parent is of the view that the Departments' contentions are not sustainable and is confident of favourable decision in its favour.

(v) The Parent 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 . The Parent 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, 2025

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

- (vi) The Parent 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 out of which Rs. 2.19 is deposited under protest. The Parent is of the view that the Departments' contentions are not sustainable and is confident of favourable decision in its favour.
- (vii) The Parent has preferred appeals on Excise duty issue pertaining to period October 2016 to June 2017 before Commissioner of Central Tax (Appeals-II), Pune. Total disputed amount is Rs. 11.00 . out of which Rs. 0.82 . is 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.
- (viii) The Parent has preferred appeals on Goods and Service Tax (GST) issue pertaining to financial year 2024-25 before the Deputy Commissioner of State Tax (GST appeals chennai-II). Total disputed amount is Rs. 3.80.Total demand amount is deposited under protest. The Parent is of the view that the Departments' contentions are not sustainable and is confident of favourable outcome.
- (ix) 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.

(total amount of pre deposit Rs.9.04 disclosed under other non current assets in note no .11)

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	Dr. B. Parthasaradhi Reddy	Promoter
2	Honour Synthesis Private Limited (formerly known as "Congruent Remedies Private Limited")	Subsidiary
3	Exavis Pte Ltd (formerly known as "Exavision Pte Ltd")	Subsidiary
4	Honour Infra Estates Limited	Associate
5	Dyuthi Labs Private Limited	Subsidiary - Struck off
<u>Key Management Personnel:</u>		
1	Dr.K.Rathnakar Reddy	Managing Director
2	Dr. K. Subhas Chander Reddy	Wholetime Director
3	N.Muralidhar Reddy	Wholetime Director (Resigned w.e.f. 06.03.2025)
4	A. Sudhakar Reddy	Director (Resigned w.e.f. 06.03.2025)
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
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Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

Other related parties:

1	Hetero Labs Limited	19	Cliwis Lab Private Limited
2	Hetero Drugs Limited	20	Jitvan Land LLP
3	Cirex Pharmaceuticals Private Limited	21	Janina Marine Properties LLP
4	Chemipack (India) Private Limited	22	Sai Sindhu Foundation
5	Hetero Infrastructure SEZ Private Limited	23	Hetero Foundation
6	Hindys Lab Private Limited	24	Camber Pharmaceutical Co Limited
7	Hazelo Lab Private Limited	25	Amarox Pharma S.A. De C.V.
8	Dasami Lab Private Limited	26	Hetero Singapore Pte Limited
9	Selmar Lab Private Limited	27	Hetero USA Inc
10	Annora Pharma Private Limited	28	Hetero FZCO
11	Aspiro Pharma Limited	29	Makiz-Pharma LLC
12	Analys Lab Private Limited	30	Pharmed Healthcare Company SAE
13	Audree Infotech Private Limited	31	Evaric Pharmaceuticals Inc
14	Aarani Enterprises Private Limited	32	PT. AmaroX Pharma Global
15	Paamit Lab Private Limited	33	Ascent Pharmaceuticals Inc
16	Hetero Healthcare Limited	34	Sidhys Services LLP
17	Danika Traders Private Limited	35	Seven Pharma Columbia SAS
18	Valary Lab Private Limited		

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

Nature of the Transaction & Nature of Relationship	2024-25	2023-24
Sales / Conversion Income		
Other related parties:		
Hetero Labs Limited	15,126.91	13,922.61
Hetero Drugs Limited	341.10	428.30
Hindys Lab Private Limited	63.42	25.01
Hazelo Lab Private Limited	35.06	30.22
Dasami Lab Private Limited	557.03	686.32
Aarani Enterprises Private Limited	109.27	186.35
Makiz Pharma LLC	22.31	11.08
Selmar Lab Private Limited	2.32	44.35
Amarox Pharma S.A. De C.V.	126.86	65.25
Annora Pharma Private Limited	1,340.77	827.74
Hetero USA, Inc	46.25	13.13
Hetero FZCO	25.87	4.80
Valary Lab Private Limited	0.77	-
Evaric Pharmaceuticals Inc	10.33	2.71
PT. AmaroX Pharma Global	97.69	45.59
Aspiro Pharma Limited	237.44	70.82
Camber Pharmaceutical Co Limited	23.05	9.38
Paamit Lab Private Limited	45.74	5.69

(Contd.)

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

Nature of the Transaction & Nature of Relationship	2024-25	2023-24
Hetero Health Care Limited	11.43	4.91
Ascent Pharmaceuticals Inc	17.25	-
Purchases / Conversion charges		
Other related parties:		
Hetero Labs Limited	4,065.08	3,226.53
Hetero Drugs Limited	97.51	15.46
Hindys Lab Private Limited	1.52	3.44
Hazelo Lab Private Limited	15.19	12.58
Dasami Lab Private Limited	23.53	10.40
Cirex Pharmaceuticals Private Limited	10.33	11.13
Selmar Lab Private Limited	87.49	87.49
Aarani Enterprises Private Limited	1.42	42.64
Danika Traders Private Limited	1,460.75	1,337.81
Annora Pharma Private Limited	-	0.07
Chemipack (India) Private Limited	3.09	5.69
Purchase of property, plant and equipment		
Other related parties:		
Hetero Labs Limited	20.85	-
Audree Infotech Private Limited	16.12	63.52
Testing Charges		
Other related parties:		
Analys Lab Private Limited	89.86	25.83
Cliwis Lab Private Limited	2.12	-
AMC Charges		
Audree Infotech Private Limited	21.27	-
Corporate social responsibility		
Other related parties:		
Hetero Foundation	37.50	49.50
Sai Sindhu Foundation	15.00	13.20
Lease Rent		
Other related parties:		
Hetero Infrastructure SEZ Private Limited	26.08	23.05
Hetero Drugs Limited	2.49	2.49
Cirex Pharmaceuticals Limited	10.33	10.33
Jitvan Land LLP	11.25	8.10
Janina Marine Properties LLP	2.47	1.78
Manufacturing Expenses		
Other related parties:		
Hetero Infrastructure SEZ Private Limited	11.77	28.00
Interest earned		
Subsidiary		
Dyuthi Labs Private Limited	-	0.07

(Contd.)

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

Nature of the Transaction & Nature of Relationship	2024-25	2023-24
Associate		
Honour Infra Estates Limited	1.69	0.11
Remuneration		
Key Management Personnel		
Dr.K.Rathnakar Reddy	44.61	46.70
Dr.K. Subhas Chander Reddy	22.75	19.76
N. Muralidhar Reddy	24.25	16.52
Directors sitting fee		
Narasimha Reddy	-	0.18
Buchiram Venkat Sobhanadri Suri	-	0.20
J.Adi Sesha Giri	0.38	0.18
A Gopal Reddy	0.38	0.18
Other Advances		
Other related parties:		
Sidhys Services LLP	0.49	-
Salary expenses		
Krishna Chaitanya Kura	4.93	2.73
Srinivas Vengala	2.63	2.42

iii) Amount due to / from related parties

Nature of the Transaction & Nature of Relationship	As at March 31, 2025	As at March 31, 2024
Trade Receivables		
Entities with Joint Control		
Hetero Labs Limited	2,157.25	1,068.93
Hetero Drugs Limited	62.03	174.84
Dasami Lab Private Limited	329.37	484.58
Hazelo Lab Private Limited	0.66	18.60
Hindys Lab Private Limited	37.73	25.41
Aarani Enterprises Private Limited	52.91	94.07
Aspiro Pharma Limited	220.98	60.28
Annora Pharma Private Limited	381.37	515.75
Hetero USA, Inc	14.06	14.01
Makiz-Pharma LLC	22.49	165.25
Seven Pharma Columbia SAS	-	9.63
Hetero FZCO	-	4.86
Evaric Pharmaceuticals Inc	10.26	-
PT. AmaroX Pharma Global	90.47	14.87
AmaroX Pharma S.A. De C.V.	54.67	1.67
Paamit Labs Private Limited	11.42	8.52
Hetero Healthcare Limited	5.06	8.23

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Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

Nature of the Transaction & Nature of Relationship	As at March 31, 2025	As at March 31, 2024
Valary Lab Private Limited	-	0.13
Camber Pharmaceutical Co Limited	10.32	7.26
Ascent Pharmaceuticals Inc	17.35	-
Trade Payables		
Entities with Joint Control		
Cirex Pharmaceuticals Limited	4.95	1.26
Selmar Lab Private Limited	3.58	22.86
Danika Traders Private Limited	281.83	279.17
Chemipack (India) Private Limited	0.60	0.85
Analys Lab Pvt Ltd	35.41	3.60
Honour Infra Estates Limited	-	0.34
Hetero Infrastructure SEZ Private Limited	22.78	7.13
Cliwis Lab Private Limited	0.75	-
Borrowings - non current		
From Dr.B. Parthasaradhi Reddy - Promoter	50.00	50.00
Loans - non current		
Associate		
Honour Infra Estates Limited	27.73	5.70
Other financial assets- non current		
Interest Receivable on Loans		
Associate		
Honour Infra Estates Limited	1.62	0.10
Security deposits and others		
Other related parties:		
Hetero Infrastructure SEZ Private Limited	7.30	6.64
Cirex Pharmaceuticals Private Limited	0.02	0.02
Other Receivables		
Other related parties:		
Sidhys Services LLP	0.49	-
Capital Creditors		
Entities with Joint Control		
Audree Infotech Private Ltd	30.75	15.86
Lease Liabilities(non current)		
Hetero Infrastructure SEZ Private Limited	264.42	264.53
Honour Infra Estates Limited	-	5.53
Cirex Pharmaceuticals Limited	69.17	72.73
Jitvan Land LLP	26.49	34.84
Janina Marine Properties LLP	5.81	7.64

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Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

Nature of the Transaction & Nature of Relationship	As at March 31, 2025	As at March 31, 2024
Lease Liabilities (current)		
Hetero Infrastructure SEZ Private Limited	26.85	26.03
Honour Infra Estates Limited	-	0.07
Cirex Pharmaceuticals Limited	3.90	3.57
Jitvan Land LLP	8.35	7.61
Janina Marine Properties LLP	1.83	1.67

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	As at March 31, 2025	As at March 31, 2024
Percentage ownership interest	49.99%	49.99%
Non-current assets	78.35	58.32
Current assets	1.78	2.95
Non-current liabilities	29.35	5.80
Current liabilities	0.47	0.40
Net assets	50.31	55.07
Group's share of net assets (49.99%)	25.17	27.54
Carrying amount of interest in Associates	25.17	27.54

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Percentage ownership interest	49.99%	49.99%
Revenue	0.20	0.98
Profit	(4.76)	(0.57)
Other comprehensive income	-	-
Total comprehensive income	(4.76)	(0.57)
Group's share of Profit (49.99 %)	(2.38)	(0.29)
Group's share of OCI (49.99 %)	-	-
Group's share of total comprehensive income.	(2.38)	(0.29)

In years ended March 31, 2025 and March 31, 2024, the Group did not receive dividends from the Associates.

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

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.

46. Description of the Group
A. Subsidiaries and associates of the parent company are listed below:

S. No.	Entity name	Country	Currency	As at March 31, 2025		As at March 31, 2024	
				Relation	% of holding	Relation	% of holding
1	Honour Synthesis Private Limited	India	INR	Subsidiary	100.00		
2	Exavis Pte Ltd	Singapore	USD	Subsidiary	100.00		
3	Honour Infra Estates Limited	India	INR	Associate	49.99	Associate	49.99
4	Dyuthi Labs Private Limited*	India	INR			Subsidiary	100.00

B. Additional statutory information in respect of the components of Honour Lab Limited and its consolidated entities

Entity name	March 31, 2025		For the year ended March 31, 2025					
	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	100.07%	13,922.55	100.37%	2,122.49	99.72%	(6.23)	100.38%	2,116.26
Indian Subsidiaries								
Honour Synthesis Private Limited	1.54%	213.71	-0.17%	(3.52)	-	-	-0.17%	(3.52)
Dyuthi Labs Private Limited*	0.00%	-	0.00%	0.02			0.00%	0.02
Foreign Subsidiaries								
Exavis Pte Ltd	-0.01%	(1.77)	-0.09%	(1.84)	0.28%	(0.02)	-0.09%	(1.86)
Indian associates								
Honour Infra Estates Limited	-0.02%	(2.38)	-0.11%	(2.38)	-	-	-0.11%	(2.38)
Total	101.57%	14,132.11	100.01%	2,114.77	100.00%	(6.25)	100.01%	2,108.52
Less :Effect of inter-company adjustments / eliminations	-1.57%	(219.00)	0.00	0.19	-	-	0.00	0.19
Net Amount	100.00%	13,913.11	100.00%	2,114.58	100.00%	(6.25)	100.00%	2,108.34

*Struck off w.e.f 31st March, 2025.

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, 2025

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

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	109.07%	13,867.31	108.16%	2,397.47	95.95%	(15.24)	108.25%	2,382.23
Indian Subsidiaries								
Hoster Labs Private Limited	-0.03	(442.89)	-8.15%	(180.62)	-0.00	(0.64)	-8.24%	(181.26)
Dyuthi Labs Private Limited	-0.00	(0.12)	0.00%	(0.03)	-	-	0.00%	(0.03)
Indian associates								
Honour Infra Estates Limited	0.00%	(0.29)	-0.01%	(0.29)	-	-	-0.01%	(0.29)
Total	105.58%	13,424.02	100.00%	2,216.53	96%	(15.89)	100%	2,200.65
Less :Effect of inter-company adjustments / eliminations	-5.58%	(709.75)	-	-	0%	-	0%	-
Net Amount	100.00%	12,714.27	100.00%	2,216.53	96%	(15.89)	100%	2,200.65

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, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Financial assets					
Financial assets at cost					
a) Investments					
Investment in Associates	3	25.17	27.55	25.17	27.55
Financial assets at fair value through profit & loss:					
a) Investments					
-Equity instruments- Unquoted	3	661.32	782.67	661.32	782.67
Financial assets at amortised cost:					
a) Trade receivables	3	6,233.99	5,156.79	6,233.99	5,156.79
b) Cash and cash equivalents	3	50.32	133.74	50.32	133.74
c) Bank balances other than above	3	41.73	44.33	41.73	44.33
d) Other financial asset - current	3	107.39	106.40	107.39	106.40
e) Other financial asset -non current	3	27.73	5.70	27.73	5.70
Total Financial assets		7,147.64	6,257.17	7,147.64	6,257.17

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

	Level	Carrying value		Fair value	
		As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Financial liabilities					
<i>Financial liabilities at amortised cost:</i>					
a) Borrowings	3	5,587.14	3,378.98	5,587.14	3,378.98
b) Trade payables	3	3,676.20	2,342.34	3,676.20	2,342.34
c) Lease liabilities	3	406.81	424.21	406.81	424.21
d) Other financial liabilities	3	285.78	139.50	285.78	139.50
Total Financial Liabilities		9,955.93	6,285.03	9,955.93	6,285.03

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.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

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 assessment and management 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. 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. Credit quality of a customer is assessed based on the individual credit limits which are defined 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 statement of

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

profit and 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 Balance sheet 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.

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. 6233.99 Mn and Rs. 5156.79 Mn as of March 31, 2025 and March 31, 2024, respectively, being the total of the carrying amount of 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:

March 31, 2025:

Particulars	Up to 12 months	1 to 5 years	> 5 years	Total
Non-current borrowings	-	1,323.75	36.50	1,360.25
Lease liabilities	40.93	191.22	174.66	406.81
Current borrowings	4,226.89	-	-	4,226.89
Trade payables	3,676.20	-	-	3,676.20
Other current financial liabilities	285.79	-	-	285.79
Total	8,229.81	1,514.97	211.16	9,955.94

March 31, 2024:

Particulars	Up to 12 months	1 to 5 years	> 5 years	Total
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
Total	5,528.25	563.83	192.96	6,285.03

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, 2025

(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 rate 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, 2025				
Term loans & working capital loans	1%	1%	(55.87)	55.87
March 31, 2024				
Term loans & working capital loans	1%	1%	(33.79)	33.79

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 exchange rates may have potential impact on the statement of profit and 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 entity. 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 against the functional currency of the Group. The Group 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.

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, 2025			March 31, 2024		
		Amount in Foreign Currency	Amount in Functional Currency	Conversion Rate	Amount in Foreign Currency	Amount in Functional Currency	Conversion Rate
Trade payables	USD	18.26	1,561.10	85.48	8.85	738.46	83.41
PCFC payables	USD	11.50	982.96	85.48	11.35	946.65	83.41
Trade receivables	USD	27.74	2,371.37	85.48	31.29	2,609.51	83.41

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, 2025				
USD	1.00%	1.00%	(1.73)	1.73
March 31, 2024				
USD	1.00%	1.00%	9.24	(9.24)

Notes to Consolidated Financial Statements for the year ended March 31, 2025

(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, 2025	As at March 31, 2024
Opening balance	409.23	378.91
Additions	3.59	57.48
Disposals	2.53	-
Depreciation expense	29.23	24.97
Closing balance	381.05	411.43

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, 2025	As at March 31, 2024
Opening balance	421.61	374.39
Additions	-	57.48
Disposals	3.00	-
Accretion of interest	38.30	38.00
Payments	50.11	45.65
Closing balance	406.81	424.22
Non current lease liability	365.88	385.27
Current lease liability	40.93	38.94

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, 2025	As at March 31, 2024
Borrowings including int. accrued on borrowings	5,604.21	3,386.26
Less: cash and cash equivalents	50.32	133.74
Net debt	5,553.90	3,252.52
Equity	50.00	50.00
Other Equity	13,863.11	12,664.27
Total Equity	13,913.11	12,714.27
Gearing ratio (Net Debt/ Total Equity)	0.40	0.26

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. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2025.

53. Business Combinations on account of acquisitions during the year
(i) Acquisition of shares of Honour Synthesis Private Limited (formerly known as “Congruent Remedies Private Limited”)

On October 28, 2024, Honour Synthesis Private Limited (formerly known as “Congruent Remedies Private Limited”), has become subsidiary through acquisition of its shares from an existing investor. As a result, the Holding Company has acquired 100 percent of the voting rights of Honour Synthesis Private Limited (formerly known as “Congruent Remedies Private Limited”).

The following table summarises the Acquisition-date fair value of consideration transferred, for the fair values of assets acquired and liabilities assumed and determination of Goodwill.

Particulars	Amount
A. Consideration transferred	
Acquisition-date fair value of consideration transferred	390.00
B. Fair value of assets acquired and liabilities assumed at the date of acquisition	
Non current assets	642.13
Current assets	83.05
Total assets	725.19
Financial liabilities	302.26
Current liabilities	205.69
Total liabilities	507.96
Total net identifiable assets acquired	217.23
C. Goodwill arising on acquisition (A) - (B)	172.77

54. Composite Scheme of Arrangement (‘Scheme’):

A Composite Scheme of Arrangement (‘Scheme’) was entered into between the Parent Company and its subsidiaries, Hoster Labs Private Limited (hereinafter referred to as the ‘subsidiary’) and Veer East Realty India Private Limited (hereinafter referred to as the ‘non-core subsidiary’), pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The Scheme was approved by the Board of Directors vide its resolution dated September 04, 2023.

The Scheme has been sanctioned by the Hon’ble National Company Law Tribunal (NCLT), Hyderabad Bench, vide its order dated October 25, 2024.

Pursuant to the Scheme:

All assets and liabilities of Hoster Labs Private Limited and Veer East Realty India Private Limited have been merged into Honour Lab Limited, with effect from April 1, 2024 (appointed date 1), and October 1, 2023 (appointed date 2), respectively.

Further, the Scheme provides for the demerger of non-core business-related assets and liabilities of Honour Lab Limited into Anaika Infracon Private Limited (‘New Company’) with effect from April 1, 2024.

In consideration of the demerger into the New Company, the equity shareholders of Honour Lab Limited shall receive 671 fully paid up equity shares of Rs. ₹10 each of Anaika Infracon Private Limited for every 37 equity shares of Rs. ₹10 each held in Honour Lab Limited on the record date, in accordance with the swap ratio specified under the Scheme.

As Hoster Labs Private Limited and Veer East Realty India Private Limited were wholly owned subsidiaries of Honour Lab Limited, the entire paid-up capital shall be cancelled without any further act or deed for cancellation.

The Company has given effect to the Scheme in its financial statements for the year ended March 31, 2025, as approved by the NCLT.

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

Amalgamation of Hoster Labs Private Limited with Honour Lab Limited

The Board of Directors of the erstwhile Hoster Labs Private Limited (“Hoster” or “Transferor Company”) in their meeting held on September 07, 2023 had considered and approved a scheme of amalgamation of Hoster with and into Honour Lab Limited (“Parent” or the “Transferee Company”).

During the current year, the scheme of amalgamation of Hoster with the Company was sanctioned by the Hon’ble National Company Law Tribunal (NCLT) vide its order dated October 25, 2024. A certified true copy of the said order sanctioning the scheme has been filed with the Registrar of Companies, Hyderabad. In accordance with the NCLT order, the Company has given effect to the scheme in the standalone financial statements with effect from the appointed date, i.e., April 01, 2024, in accordance with the accounting treatment prescribed under the scheme and Appendix C of Ind AS 103 – “Business Combinations of entities under common control.

The comparative financial statement and other financial information for the year ended March 31, 2024 included in the standalone financial statement have also been restated in accordance with Appendix C of Ind AS 103 – “Business Combination of entities under common control”.

Assests Acquired and Liabilities assumed on April 1, 2024 (Appointed date 1) are as follows:

Particulars	Amount
Assets	
Property, plant and equipment	766.12
Capital work-in-progress	71.80
Right-of-use assets	2.53
Other intangible assets	6.26
Other financial assets	4.62
Other non-current assets	1.09
Deferred tax asset (net)	153.86
Non current tax assets	0.39
Inventories	226.20
Trade receivables	345.12
Cash & cash equivalents	9.53
Other current assets	176.53
Current tax assets	0.67
Total of assets (A)	1,764.72
Liabilities	
Borrowings*	1,804.82
Lease liabilities	2.96
Other financial liabilities*	276.45
Provisions	6.10
Lease liabilities	0.04
Trade payables	89.97
Other financial liabilities	2.06
Other current liabilities	14.74
Provisions	0.37
Total of liabilities (B)	2,197.51
Net Value of Liabilities Taken (A-B)	432.79
Value of Investment in Hoster Labs Private Limited by Honour Lab Limited	10.10
Net liabilities assumed due to merger (Balancing figure) *	442.89

*The borrowings are from Honour Lab Limited, and ₹255.80 included under other financial liabilities is payable to Honour Lab Limited on account of interest accrued but not due.

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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Merger of Veer East Realty India Private Limited with Honour Lab Limited and than demerger
Assests and Liabilities recognised on account of merger and derecognised on account of demerger as follows:

Particulars	Merger Appointed date 2	Demerger Appointed date 1
Assets		
Property, plant and equipment	0.18	0.17
Other financial assets	0.06	0.06
Inventories	800.07	800.54
Cash & cash equivalents	110.87	110.02
Total of assets (A)	911.18	910.79
Liabilities		
Borrowings*	176.84	-
Other financial liabilities*	13.35	-
Trade payables	0.28	0.19
Other current liabilities	0.00	1.11
Total of liabilities (B)	190.48	1.30
Net Value of Liabilities Taken (A-B)	(720.70)	(909.49)
Value of Investment in Veer East India Realty Private Limited by Honour Lab Limited	896.42	-
Net assets recognised/derecognised on account of business combination (Balancing figure)^	175.71	(909.49)

*The borrowings of Rs.176.84 and Rs.13.35 of interest accrued but not due included under other financial liabilities are payable to Honour Lab Limited, and after merger the both amounts eliminated with receivables in Honour Lab Limited.

^Value of net assets dereognised is directly adjusted in reseves for the FY 2024-25.

55. Other statutory information

- (i) The Group does not have any benami property, where any proceeding has been initiated is pending against the Company for holding any benami property.
- (ii) The Group has not traded or invested in Crypto currency or Virtual currency during the financial year.
- (iii) The Group has not advanced or loaned or invested funds to or in any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (iv) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act,1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (v) The Group has not been declared as a wilful defaulter by any bank or financials institution or lender during the year.
- (vi) The title deeds of all the immovable properties, disclosed in the financial statements included in property, plant and equipment and capital work-in progress are held in the name of the Group as at the balance sheet date.
- (vii) The Group does not have any transactions with companies which are struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.
- (viii) The Group has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

- (ix) The Group is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017, as amended, as per the opinion obtained.
- (x) The Group has not given any loans or advances in the nature of loans to promoters, directors, KMPs and/ or related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are repayable on demand, or without specifying any terms or period of repayment.

56. Research & Development Expenditure

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue Expenditure		
Lab chemicals and materials	71.22	46.88
Power & fuel	23.51	13.01
Employee cost	213.31	170.50
Other expenditure	168.76	98.29
Total (A)	476.80	328.69
Capital Expenditure		
R & D Building	7.18	40.70
R & D Equipment	115.53	71.02
Total (B)	122.71	111.72
Total R & D Expenditure (A) + (B)	599.52	440.40

57. Capital Work in progress

Particulars	As at March 31, 2025	As at March 31, 2024
Plant & machinery	727.87	299.97
Civil works	378.70	285.94
Others	143.15	7.52
Total	1,249.72	593.43

Capital work in progress ageing schedule

As at March 31, 2025

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	734.50	426.26	70.12	18.84	1,249.72
Projects temporarily suspended	-	-	-	-	-
Total	734.50	426.26	70.12	18.84	1,249.72

As at March 31, 2024

CWIP	Amount in CWIP for a period of				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	-	-	-	-	-
Total	593.43	-	-	-	593.43

Notes to Consolidated Financial Statements for the year ended March 31, 2025

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

58. Contribution to political parties

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
To political parties (through Electoral Bonds)	100.00	150.00
Total	100.00	150.00

59. Previous year figures are regrouped, wherever necessary, to conform with current year's classification/disclosure.

As per our Report of even date attached
For **Suryanarayana Reddy & Co.,**
Chartered Accountants
Firm Registration No: 005752S

Sd/-

S Sudarshan

Partner

Membership No: 211148

Place: Hyderabad

Date : 04-09-2025

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

Honour Lab Limited

Nexity, Tower 30, 12th Floor,
Sy. No. 83/1, Hyderabad Knowledge City, Raidurg,
Serilingampally, Hyderabad-500081, Telangana, India.

