Haleos

2025-26
ANNUAL REPORT

Haleos Labs Limited
(Formerly known as SMS Lifesciences India Limited)

Haleos

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. TVVSN Murthy	Managing Director
Mr. TV Praveen	Executive Director
Mrs. Sudeepthi Gopineedi	Whole-time Director
Mr. P Sarath Kumar	Independent Director
Dr. (Mr.) Mannam Malakondaiah	Independent Director
Dr. (Mr.) Srinivas Samavedam	Independent Director
Mrs. Sundaramma Patibandla	Women Independent Director (upto 5th August, 2026)

Statutory Auditors

M/s Rambabu & Co.
6-3-1090/1/A, Pancom Chambers,
Raj Bhavan Road, Somajiguda
Hyderabad – 500082, Telangana.

Internal Auditors

M/s Adusumilli & Associates
Flat. no. 302, Sri Sai Residency,
Balkampet Main Road,
Hyderabad - 500038.

Secretarial Auditors

M/s SVVS & Associates
Company Secretaries LLP
307, Babukhan Estate,
Basheerbagh,
Hyderabad - 500001.

Cost Auditors

M/s Annapragada & Co.
Plot No:127& 128,H.No:11-65, Sai Ram
Nagar Phase 2, Nadergul, Rangareddy,
K.V. Rangareddy, Telangana, India - 501510.

Listing

BSE Limited
National Stock Exchange of India Limited

Chief Financial Officer

Mr. N. Rajendra Prasad

Company Secretary

Mr. Trupti Ranjan Mohanty

Registered cum Corporate Office

Plot No: 19-III, Road No:71,
Opp. Bharatiya Vidya Bhavan Public School,
Jubilee Hills, Hyderabad – 500096
Website: *www.haleoslabs.com*
Email: *info@haleoslabs.com*

Registrar & Share Transfer Agent

Aarthi Consultants Private Limited
1-2-285, Domalguda Hyderabad – 500029 |
040 2763811 / *info@aarthiconsultants.com*

Subsidiary Company

Mahi Drugs Private Limited
CIN: U24233AP2012PTC084875
Vishakhapatnam - 531019

Bankers

EXIM Bank
RBL Bank Ltd
HDFC Bank Ltd

CIN: L74930TG2006PLC050223 **Website: www.haleoslabs.com**

Contents

IMPORTANT COMMUNICATION TO SHAREHOLDERS:

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent through e-mail to the Shareholders. Further, in compliance with the provisions of the Companies Act, 2013, the Rules framed thereunder and the recent Circulars issued by the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI), electronic copies of the Notice of the 20th (Twentieth) Annual General Meeting (AGM) and the Annual Report for the year 2025-26 will be sent to all the Shareholders whose e-mail addresses are registered with the Company / Depository Participant(s) as on **4th September, 2026**, to support the Green Initiative of the Government in full measures, Shareholders are requested to register/update their latest e-mail addresses with the Company via email to Company Secretary (cs@haleoslabs.com)

Shareholders may note that the Notice of the 20th AGM and the Annual Report 2025-26 will also be available on the Company's website (www.haleoslabs.com), on the websites of the Stock Exchanges where the Equity Shares of the Company are listed, i.e., BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com) and on the website of Central Depository Services Limited (CDSL) (www.evotingindia.com).

AGM NOTICE:

Notice is hereby given that the 20th Annual General Meeting (AGM) of the members **of Haleos Labs Limited (formerly known as "SMS Lifesciences India Limited")** (CIN: L74930TG2006PLC050223) to be held on **Wednesday, 30th September, 2026 at 03.00 pm** through Video Conferencing *("VC") / Other Audio Visual Means (OAVM),* to transact the following business:

ORDINARY BUSINESS:

1. <u>**ADOPTION OF FINANCIAL STATEMENTS.**</u>

   To receive, consider and adopt the Audited (Standalone and Consolidated) Financial Statements of the Company for the year ended 31st March, 2026 and the reports of the Board of Directors and the 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 Audited (standalone and consolidated) Financial Statements of the Company for the year ended 31st March, 2026 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

2. <u>**DECLARING THE DIVIDEND FOR THE YEAR 2025-26.**</u>

   To declare Dividend on Equity Shares at ₹1.50 per Equity Share of the face value of ₹10/- each (15%), for the year 2025-26.

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

   "RESOLVED THAT dividend at ₹1.50/- (15%) per equity share of the face value of ₹10/- each, as recommended by the Board, for the year ended 31st March, 2026, out of the profits for the year, be and is hereby approved and declared.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

3. <u>**RE-APPOINTMENT OF MR. TVVSN MURTHY, RETIRING BY ROTATION, AS DIRECTOR OF THE COMPANY.**</u>

   To re-appoint Mr. TVVSN Murthy (DIN: 00465198), who retires by rotation at this Annual General Meeting and being eligible, seeks 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 the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded for re-appointment of Mr. TVVSN Murthy (DIN: 00465198), as Director of the Company, who shall retire by rotation and being eligible, offer himself for reappointment .

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

4. <u>**APPOINTMENT OF STATUTORY AUDITORS OF THE COMPANY AND FIXING THEIR REMUNERATION.**</u>

   To appoint and fix remuneration of M/s. Suryanarayana & Suresh, Chartered Accountants as the Statutory Auditors of the Company for their first term of 5 (five) years from the conclusion of the 20th Annual General Meeting (AGM) until the conclusion of the 25th AGM.

   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 Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, and based on the recommendations of the Audit Committee and the Board of Directors of the Company, M/s Suryanarayana & Suresh, Chartered Accountants (firm registration No. 006631S), be and is hereby appointed as the Statutory Auditors of the Company for a term of 5 (five) consecutive years, to hold office from the conclusion of the 20th Annual General Meeting (AGM) until the conclusion of the 25th AGM of the Company, on such remuneration and reimbursement of expenses incurred in connection with the audit, as may be mutually agreed between the Board of Directors and the Statutory Auditors from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

SPECIAL BUSINESS:

5. **<u>RATIFICATION OF REMUNERATION PAYABLE TO COST AUDITORS.</u>**

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 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and other applicable Rules, if any, (including any statutory modification(s) or amendment(s) or re-enactment thereof for the time being in force), the remuneration of ₹75,000/- (Rupees Seventy-Five Thousand only) plus applicable taxes and reimbursement of out-of-pocket expenses, payable to M/s Annapragada & Co, (formerly known as M/s Harshitha Annapragada & Co) Cost Accountants (firm registration no. 006031), to audit the cost records of the Company for the year 2026-27, as approved by the Board of Directors on the recommendation of the Audit Committee, be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. **<u>RE-APPOINTMENT OF DR. (MR.) MANNAM MALAKONDAIAH AS AN INDEPENDENT DIRECTOR.</u>**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV thereto and the Companies (Appointment and Qualifications of Directors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Dr. (Mr.) Mannam Malakondaiah (DIN: 01431923) and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years commencing from 13th November, 2026.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. **<u>RE-APPOINTMENT OF DR. (MR.) SRINIVAS SAMAVEDAM AS AN INDEPENDENT DIRECTOR.</u>**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV thereto and the Companies (Appointment and Qualifications of Directors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Dr. (Mr.) Srinivas Samavedam

(DIN: 02488555) and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years commencing from 13th November, 2026.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary and to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. **REVISION OF REMUNERATION PAYABLE TO MR. TVVSN MURTHY, MANAGING DIRECTOR.**

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

"RESOLVED THAT in partial modification of the earlier resolution passed on 30th April, 2025 and pursuant to the provisions of Sections 188, 197 and other applicable provisions of the Companies Act, 2013 read with Part I and Part II of Schedule V thereto, and the rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, Regulation 17(6)(e) and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Clause 78 of the Articles of Association of the Company and pursuant to the recommendations of Nomination and Remuneration Committee, Audit Committee and Board of Directors of the Company, consent of the shareholders of the Company be and is hereby accorded for the revision in the remuneration payable to Mr. TVVSN Murthy (DIN: 00465198), Managing Director of the Company, with effect from 1st October, 2026 till the expiry of his current tenure, on the terms and conditions, including the remuneration, as set out in the Explanatory Statement annexed to the Notice convening this General Meeting.

RESOLVED FURTHER THAT notwithstanding anything contained in Sections 197 and 198 of the Companies Act, 2013 and Schedule V thereto, where, in any financial year during the tenure of Mr. TVVSN Murthy as Managing Director, the Company has no profits or its profits are inadequate, the remuneration as approved by the shareholders shall be paid to him as minimum remuneration, subject to the applicable provisions of the Companies Act, 2013 and Schedule V thereto.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation in the provisions of the Companies Act, 2013 or Schedule V thereto, the Board of Directors of the Company, be and is hereby authorised to vary, revise or increase the remuneration, including salary, commission, perquisites, allowances and other benefits, payable to Mr. TVVSN Murthy within such limits, ceilings and conditions as may be permissible under the applicable provisions of law, without any further reference to or approval of the Members of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary and to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

By Order of the Board
For Haleos Labs Limited
(Formerly known as "SMS Lifesciences India Limited")

Date: 05.08.2026
Place: Hyderabad

Trupti Ranjan Mohanty
Company Secretary

Registered office:
Plot No.19-III, Road No.71, Jubilee Hills,
Opp. Bharatiya Vidya Bhavan Public School,
Hyderabad – 500096.

NOTES TO E-AGM NOTICE:

1) Ministry of Corporate Affairs ("MCA") has vide its General circular no. 3/2025 dated 22nd September, 2025 read with General Circular Nos. 14/2020 dated 8th April 2020, 17/2020 dated 13th April 2020 and 20/2020 dated 5th May 2020 (collectively referred to as "MCA Circulars") and SEBI vide Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated 3rd October 2024 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 (collectively referred to as "SEBI Circulars") permitted the holding of an Annual General Meeting ("AGM") through VC/ OAVM, without the physical presence of the Members at a common venue.

   In compliance with the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, MCA Circulars and SEBI Circulars, the AGM of the Company is proposed to be held through Video Conference.

   - **The deemed venue for the 20th AGM shall be the Registered Office of the Company i.e. Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad – 500096.**
   - **Company is providing VC/OAVM facility to its members to attend the 20th AGM on Wednesday, 30th September, 2026 through Central Depositary Services Limited (CDSL).**

2) The statement pursuant to Section 102(1) of the Companies Act, 2013 and the Rules made thereunder in respect of the special business set out in the notice, Secretarial Standard on General Meetings (*"SS-2"*),wherever applicable, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, wherever applicable, is annexed hereto. The Board of Directors of the Company at its meeting held on 5th August, 2026, has considered and decided to include the Item Nos. 5 and 8 given above as Special Business in the AGM.

   Further, additional information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India ("ICSI"), in respect of Director seeking re-appointment at the AGM as mentioned in Item No. 3, 6 and 7 of this AGM Notice is provided in **Annexure 1** of this report.

   Members may also note that the notice of the AGM and the Annual Report 2025-26 will be posted on the Company's website, www.haleoslabs.com and also on the websites of the stock exchanges, i.e. BSE and NSE at www.bseindia.com and www.nseindia.com respectively.

3) Pursuant to the above-mentioned MCA Circulars, physical attendance of the Members is not required at the AGM, and attendance of the Members through video Conference will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013. Accordingly, the facility for **appointment of proxies by the Shareholders will not be available for the AGM** and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives by sending representation at cs@haleoslabs.com to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.

4) In case of joint Shareholders attending the AGM, only such joint Shareholder who is higher in the order of the names will be entitled to vote.

5) The video Conference facility for members to join the meeting shall be kept open 30 minutes before the start of the AGM. Members can attend and participate in the AGM through video Conference only, by following the instructions given in note no. 25 of this Notice.

6) The facility for attending the AGM virtually will be made available for 1,000 shareholders on a first come first served basis. This will not include large members (i.e. members with 2% or more shareholding, promoters, institutional investors, Directors, key managerial personnel, the chairpersons of the Audit Committee, Nomination & Remuneration Committee and Stakeholders' Relationship committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

[The detailed instructions for e-voting and attending the AGM through VC/OAVM is mentioned in note no. 22 – 27 and can be accessed from www.haleoslabs.com]

7) The transcript of the AGM and link of video recording shall be made available on the website of the Company at www.haleoslabs.com in the "Investors relations" section as soon as possible, after the meeting is concluded.

8) In line with the aforesaid Circulars, the Notice of AGM along with Annual Report 2025-26 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories as on **Friday, 4th September, 2026 ("First Cutoff Date").** Members may note that Notice and Annual Report 2025-26 can also be accessed from the websites of the Company at www.haleoslabs.com, websites of the Stock Exchange(s) www.bseindia.com and www.nseindia.com, website of CDSL (agency for providing the remote / venue e-voting facility) at www.evotingindia.com.

Accordingly, **members who have not registered their e-mail address may register their e-mail address by sending an email to Company (cs@haleoslabs.com)) / RTA (info@aarthiconsultants.com), along with their folio no./DP ID client ID and valid e-mail address for registration**

No physical copy of the notice of the 20th AGM and the Annual Report for the year 2025-26, has been sent to any members. However, members will be entitled to a physical copy of the Annual Report for the year 2025-26, free of cost, upon sending a request to the Company Secretary at cs@haleoslabs.com or at the Registered Office of the Company.

A letter containing a weblink for accessing the Notice and Annual Report for the year 2025-26 will be sent to those shareholders who have not registered their email address with the Company / Depositories / RTA

9) The registers, i.e. Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested maintained under Section 170 and Section 189 of the Companies Act 2013, respectively, will be available electronically for inspection by members during the AGM. All documents referred to in this Notice and the explanatory statement annexed hereto will also be available for electronic inspection without any fee by the members from the date of circulation of this notice up to the date of AGM, i.e. 30th September, 2026. Members seeking to inspect such documents can send an email to cs@haleoslabs.com)

10) Members seeking any information with regard to accounts or any other information are requested to write to the Company at least 10 (ten) days before the meeting so as to enable the management to keep the information ready.

11) The annual accounts of the Subsidiary (i.e. Mahi Drugs Private Limited) is made available on the website of the Company at www.haleoslabs.com/financials/

12) To prevent fraudulent transactions, Members are advised to exercise due diligence and notify immediately any change of particulars such as name, postal address, e- mail address, telephone/ mobile numbers, PAN, registering of nomination, bank mandate details and / or demise of any Member as soon as possible:

- to their Depositary Participants (DPs) in respect of their electronic share accounts, and
- to the Company's Registrar & Share Transfer Agents (RTA), M/s Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad – 500029, in respect of their physical share folios, if any, quoting their folio numbers.

Further, members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.

13) Shareholders can avail the facility of nomination in respect of shares held by them in physical form, pursuant to the provisions of Section 72 of the Companies Act, 2013 read with the Rules framed thereunder. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled in, to the Company at cs@haleoslabs.com. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility

14) SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. The Company has sent 6 (six) reminder letters to all the Members holding shares in physical form on (i) 1st June, 2022, (ii) 22nd February, 2023, (iii) 27th February, 2024, (iv) 13th July, 2024, (v) 1st July, 2025 and (vi) 25th May, 2026 pursuant to SEBI Circular SEBI/HO/MIRSD/POD-1/P/CIR/2024/81 dated 10th June, 2024 read with Master Circular for RTAs dated 7th May, 2024 for furnishing their PAN, KYC details and Nomination forms in form ISR-1.

Folios which are not KYC Compliant shall be eligible to lodge grievance or avail any service request from the RTA only after furnishing PAN, KYC details and Nomination.

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3rd November, 2021 (subsequently amended by Circular Nos. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/687 dated 14th December, 2021, SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 16th March, 2023 and SEBI/HO/MIRSD/POD-1/P/CIR/2023/181 17th November, 2023) has mandated that with effect from 1st April, 2024, dividend to security holders (including holding securities in physical form), shall be paid only through electronic mode. Such payment shall be made only after furnishing the PAN, choice of nomination, contact details including mobile number, bank account details and specimen signature.

Further, pursuant to the SEBI (listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025, all future dividend payments shall be made only through electronic modes approved by the Reserve Bank of India (RBIJ). Accordingly, the Company shall discontinue payment of dividends through physical modes, Including Dividend Warrants. Shareholders who have not yet registered or updated their valid bank account details with the Company / Depository participant(s) will not be able to receive dividend payments until such details are duly registered or updated.

Further, relevant FAQs published by SEBI on its website can be viewed at the following link: https://www.sebi.gov.in/sebi_data/faqfiles/jan-2024/1704433843359.pdf

The form ISR-1 is available at the website of the Company at www.haleoslabs.com/shareholding-information/; attention of the Members holding shares of the Company in physical form is invited to go through and submit the details to info@aarthiconsultants.com and cs@haleoslabs.com

15) Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022 has mandated the Listed Companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/Exchange of securities certificate; Endorsement; Sub-division/Splitting of securities certificate; Consolidation of securities certificates/folios; Transmission and Transposition.

Accordingly, Shareholders are requested to make service requests by submitting a duly filled and signed Form ISR–4, the format is available at the website of the Company at www.haleoslabs.com/shareholding-information/; It may be noted that any service request can be processed only after the folio is KYC compliant.

Special window for re-lodcement of transfer requests of physical shares.

SEBI circular no. HO/38/13/11(2)2026-MIRSD-POD/1I3750/2026 dated 30th January, 2026, a "Special Window" has been opened for the re-lodgment of share transfer requests in physical mode. This facility is only applicable to those transfer deeds that were lodged prior to the deadline of 1st April, 2019 and were either rejected, returned or not processed due to deficiencies in documentation or other procedural lapses. The window shall remain open from 5th February, 2026 to 4th February, 2027.

16) Shareholders holding shares in more than one folio in the same name(s) are requested to send the details of their folios along with share certificates so as to enable the Company to consolidate their holding into one folio.

17) SEBI has introduced a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market.

Post exhausting the option to resolve their grievances with the RTA/ Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal "SMART ODR" which can be accessed at https://smartodr.in/login.

18) Dividend of ₹1.50/- (15%) per equity share of ₹10/- each, for the year 2025-26,as recommended by the Board of Directors in the meeting held on 29th May, 2026, if approved at the AGM, would be paid subject to deduction of tax at source, as may be applicable, to those persons or their mandates:

- whose names appear as Beneficial Owners as at the end of the business hours on **Wednesday, 23rd September, 2026 ("Record Date")** in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and

- whose names appear as Members in the Register of Members of the Company as at the end of the business hours on Wednesday, 23rd September, 2026 after giving effect to valid request(s) received for transmission/ transposition of shares.

Dividend, if declared, at the 20th AGM, will be paid within 30 days by way of credit to the respective Bank accounts of the members from the date of approval by the Shareholders, subject to deduction of tax at source, to those members whose names appear on the register of members of the Company as on the record date.

19) In terms of Schedule I of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed companies are required to use the Reserve Bank of India's approved electronic mode of payment such as electronic clearance service (ECS), LECS (Local ECS)/RECS (Regional ECS)/NECS (National ECS), direct credit, real time gross settlement, national electronic fund transfer (NEFT), etc., for making payments like dividends to the members.

Accordingly, members holding securities in demat mode are requested to update their bank details with their depository participants. Members holding securities in physical form should send a request to update their bank details, to the Company's RTA.

20) Pursuant to Income-Tax Act, 2025, as amended, and Finance Act, 2020, and amendments thereof, dividend income is taxable in the hands of the members and the Company is required to deduct TDS from dividend paid to the members at rates prescribed in the Income-Tax Act, 2025.

For Resident members, TDS shall be deducted under Section 194 of the Income-Tax Act, 2025 @10% on the amount of Dividend declared and paid by the Company during the year 2026-27, provided PAN is provided by the member. If PAN is not submitted to the Company/ RTA (in case shares are held in physical mode)/not updated in their demat account (in case shares are held in demat mode) / PAN is not linked with Aadhaar, TDS would be deducted at a rate of 20% as per Section 206AA of the Income-Tax Act, 2025. However, no TDS shall be deducted on the Dividend payable to a resident Individual if the total dividend received/to be received during the financial year 2026-2027 does not exceed ₹10,000 and also in cases where members provide Form 15G (applicable to any person other than HUF or a company or a firm)/Form 15H (applicable to an individual who is 60 years and older) subject to such conditions as specified in the IT Act. Members may also submit any other document as prescribed under the IT Act, to claim a lower/nil withholding tax. PAN is mandatory for members providing Form 15G/Form 15H or any other documents as mentioned above.

The formats are available on the website of the Company at www.haleoslabs.com/shareholding-information/

The aforesaid declarations and documents need to be submitted by the members on or before 25th September, 2026 to the Company / RTA. No communication on the tax determination/deduction shall be entertained post the aforesaid date. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from the members, there would still be an option available with the members to file the return of income and claim an appropriate refund, if eligible.

21) Pursuant to the provision of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules") and amendments thereto, shares on which dividend has not been paid or claimed for 7 (Seven) consecutive years or more shall be transferred to the demat account of the IEPF Authority except for shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority restraining any transfer of the shares.

Members who have not encashed their dividend for respective years, are requested to write to the Company/Registrar and Share Transfer Agent (RTA) at least a month before the due date, as under:

Financial Year	Date of declaration of Dividend	Unclaimed dividend as on 31.03.2026	Last date for claiming unpaid/ unclaimed dividend
2018-19	30.09.2019	₹37,629/-	07.11.2026
2019-20	NA	NA	NA
2020-21	30.09.2021	₹16,996/-	07.11.2028
2021-22	30.09.2022	₹9,938/-	07.11.2029
2022-23	29.09.2023	₹21,529.50/-	06.11.2030
2023-24	30.09.2024	₹29,037/-	07.11.2031
2024-25	30.09.2025	₹31,154.50/-	07.11.2032

Accordingly, the unclaimed dividend and corresponding shares for the FY 2018-19 will be required to be transferred to IEPF Account. Detailed list unclaimed dividend amount as on 31st March, 2026 is uploaded on the website of the Company at www.haleoslabs.com/shareholding-information/

In this regard, we would like to inform that notice to the shareholders of the Company has been communicated through the following modes regarding the transfer of Shares of the Company, pertaining to FY 2018-19, to the Investors Education & protection Fund (IEPF) suspense Account, in accordance with the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

a. **Separate communications have been dispatched by speed post on 16th June, 2026 to the individual shareholders whose shares, pertaining to FY 2018-19, are liable to be transferred to the IEPF.**

b. **Public newspaper notice has been published on 16th June, 2026 in "Business Standards (English)" and "Telugu Prabha (Telugu)".**

Respective genuine shareholders are once again requested to claim the dividend before the due date in order to void transferring the shares and the unclaimed dividend to IEPF account.

In the event of transfer of equity shares and the unclaimed dividends to IEPF, Members are entitled to claim the same from IEPF authority by submitting an online application in the prescribed Form IEPF-5 available on the website, www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in Form IEPF-5.

22) **Process and manner for members opting for voting through Electronic means:**

a) In compliance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020, Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), the Company is providing facility of remote e-voting to its members in respect of the business to be transacted at the 20th AGM to be held on Wednesday, 30th September, 2026, at 3.00 p.m.

The Company has appointed Central Depository Services (India) Limited ("CDSL") as the authorised e-Voting agency for facilitating voting through electronic means. The facility o f casting votes by members using remote e-voting as well as e-voting system on the date of the AGM will be provided by CDSL.

b) Members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on **Wednesday, 23rd September, 2026 ("Second Cut-off Date")**, shall be entitled to avail the facility of remote e-voting as well as e-voting system on the date of the AGM. Any recipient of this Notice, who has no voting rights as on the "Second Cut-off date", shall treat this Notice as intimation only.

c) A person who has acquired the shares and has become a member of the Company after "First cut-off date" (i.e. after dispatch of the Notice of the AGM) and prior to "Second Cut-off date" (i.e. entitled to participate in AGM), shall be entitled to exercise his/her vote electronically i.e., remote e-voting or e-voting system on the date of the AGM.

d) **The remote e-voting will commence on Saturday, 26th September, 2026 at 9.00 a.m. and will end on Tuesday, 29th September, 2026 at 5.00 p.m**.

e) Once the vote on a resolution is casted by the member, he/she shall not be allowed to change it subsequently or cast the vote again.

f) The voting rights of the members shall be in proportion to their share in the paid-up equity share capital of the Company as on the "Second Cut-off date".

23) Instructions for shareholders for remote E-voting are as under:

a) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholder's/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facilities to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders**, **by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

b) In terms of aforesaid SEBI circular, e-Voting facility provided by the Company, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Login method for e-Voting and joining virtual meetings (Individual) is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with **CDSL**	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the evoting option, the user will be able to see e-Voting page of the E-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the E-voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with **NSDL**	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants**	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

HELPDESK FOR INDIVIDUAL SHAREHOLDERS HOLDING SECURITIES IN DEMAT MODE FOR ANY TECHNICAL ISSUES RELATED TO LOGIN THROUGH DEPOSITORY I.E. CDSL AND NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue to login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue to login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

c) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders holding in Demat form& physical shareholders.**

1) The shareholders should log on to the e-voting website www.evotingindia.com.

2) Click on "Shareholders" module.

3) Now enter your User ID

   a. For CDSL: 16 digits beneficiary ID,

   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

   c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

4) Next enter the Image Verification as displayed and Click on Login.

5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any Company, then your existing password is to be used.

6) If you are a first-time user follow the steps given below:

For Shareholders holding shares in Demat Form other than individual and Physic al Form	
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.

For Shareholders holding shares in Demat Form other than individual and Physic al Form	
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the Depository or Company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

d) After entering these details appropriately, click on **"SUBMIT"** tab.

e) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

f) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

g) Click on the **EVSN** for the Company.

h) On the voting page, you will see **"RESOLUTION DESCRIPTION"** and against the same the option **"YES/NO"** for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

i) Click on the **"RESOLUTIONS FILE LINK"** if you wish to view the entire Resolution details.

j) After selecting the resolution, you have decided to vote on, click on **"SUBMIT".** A confirmation box will be displayed. If you wish to confirm your vote, click on **"OK",** else to change your vote, click on **"CANCEL"** and accordingly modify your vote.

k) Once you **"CONFIRM"** your vote on the resolution, you will not be allowed to modify your vote.

l) You can also take a print of the votes cast by clicking on **"Click here to print"** option on the Voting page.

m) If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

24) Note for Non – Individual Shareholders and Custodians

a) Non-Individual shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

b) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com

c) After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

d) The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

e) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

f) Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter, etc., together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the Scrutinizer and to the Company, if voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

25) Instruction for members for attending the AGM through VC/OAVM are as under:

a) Members will be provided with a facility to attend the AGM through VC/OAVM by CDSL. Members may access the same at www.evotingindia.com under shareholders'/ members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

b) Members may to join the Meeting through Laptops, smartphones, Tablets and ipads for better experience.

c) Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

d) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

e) For ease of conduct, members who would like to express their views or ask questions during the AGM may **register themselves as a speaker by sending request from their registered email address mentioning their questions by 25th September, 2026** mentioning their name, demat account number (along with DP ID) / folio number, PAN, email id, mobile number at cs@haleoslabs.com

Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. However, considering the limitation of time, No., of speakers will be subject to the discretion of the Chairman.

26) Instructions for shareholders voting on the day of the AGM on e-voting system are as under:

a) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

b) Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available in the AGM.

c) If any Votes are casted by the members through the e-voting available during the AGM and if the same members have not participated in the meeting through VC/OAVM facility, then the votes casted by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members participating in the meeting.

d) Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

27) Process for those shareholders whose email/ mobile no. are not registered with the Company/ depositories.

a) For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to cs@haleoslabs.com and info@aarthiconsultants.com.

b) For Demat shareholders - Please update your email ID & mobile no. with your respective Depository Participant (DP).

c) For Individual Demat shareholders – Please update your email ID & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

Detailed procedure is laid down in www.haleoslabs.com/shareholding-information/

28) If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

29) The Board of Directors of the Company at their meeting held on 5th August, 2026, have appointed Mr. C. Sudhir Babu, Practicing Company Secretary, Proprietor, CSB Associates as the Scrutinizer, for conducting the remote e-voting process as well as the e-voting system on the date of the AGM, in a fair and transparent manner.

The Scrutinizer shall, immediately after the conclusion of voting during the meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make not later than two (2) working days from the conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman or a person authorised by the Chairman for counter signature. The Results shall be declared by the Chairman, Company Secretary or by an authorized person of the Chairman, and the resolutions will be deemed to have been passed on the date of the AGM, subject to receipt of the requisite number of votes in favour of the resolutions.

After the declaration of the results, the same shall be placed along with the Scrutinizer's Report(s) on the website of the Company www.haleoslabs.com and on CDSL i.e. www.cdslindia.com and communicated to the Stock Exchanges i.e. BSE and NSE, where the shares of the Company are listed for placing the same on their website(s).

CONTACT DETAILS:

Company	**Registrar and Transfer Agent**
Haleos Labs Limited Phone: 40-6628 8888 / 9861129909 Email: info@haleoslabs.com / cs@haleoslabs.com	**Aarthi Consultants Private Limited** Phone: 040-27638777/ 27642217 / 27634445 Email: info@aarthiconsultants.com
Virtual Meeting / e-Voting Agency	**Scrutinizer**
Central Depository Services (India) Limited E-mail: helpdesk.evoting@cdslindia.com Phone : +91-22-22723333/8588	**Mr. C. Sudhir Babu** Practicing Company Secretary Phone: 7981191458/ 9493676368 Email : csbassociates27@gmail.com

ANNEXURE TO NOTICE:

Explanatory statement pursuant to Section 102 of the Companies Act, 2013

ITEM 4:

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Rules made thereunder, the Members of the Company at the 15th Annual General Meeting (AGM) held on 30th September, 2021, had re-appointed M/s Rambabu & Co., Chartered Accountants (Firm Registration No. 0029765) as the Statutory Auditors of the Company for their 2nd term of 5 (five) years to hold office from the conclusion of the 15th AGM till the conclusion of the 20th AGM.

In this regard, the Board of Directors of the Company, at its meeting held on 29th May, 2026, based on the recommendation of the Audit Committee, has proposed the appointment of M/s Suryanarayana & Suresh, hartered Accountants (firm registration No. 006631S) as Statutory Auditors of the Company, in place of M/s Rambabu & Co., (outgoing auditors), for their 1st term of 5 (five) consecutive years, commencing from the conclusion of this AGM till the conclusion of 25th AGM, on such remuneration as may be decided by the Board of Directors on the recommendation of the Audit Committee.

Audit Committee and the Board of Directors, while recommending the appointment of M/s Suryanarayana & Suresh as the Statutory Auditors of the Company, have evaluated various factors, including their independence, eligibility and qualifications, professional credentials, industry expertise and experience in auditing companies of similar scale and complexity.

Brief profile:

M/s. Suryanarayana & Suresh, Chartered Accountants, is a Hyderabad based firm established in 1994, with over 3 (three) decades of professional experience in audit, assurance, taxation, financial consulting and regulatory compliance. The firm has team of 4 (four) partners, supported by accounting, audit and administrative professionals. The firm has extensive experience in statutory, internal, tax, bank, insurance, stock and government/PSU audits and has served organizations across diverse sectors including banking, infrastructure, power, manufacturing, healthcare and pharmaceuticals.

Further, pursuant to the provisions of Sections 139, 141 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s Suryanarayana & Suresh has furnished its consent and eligibility certificate, including a valid Peer Review Certificate (026963) issued by the Peer Review Board of the ICAI, confirming that its appointment, if approved, shall be in compliance with all applicable legal and regulatory requirements.

The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors, based on the recommendation of the Audit Committee and after due consultation with the Statutory Auditors.

In addition to statutory audit services, the Company may avail certifications and other permissible non-audit services from M/s Suryanarayana & Suresh, as permitted under Section 144 of the Companies Act, 2013 and subject to prior approval of the Audit Committee. The remuneration for such services shall be determined on mutually agreed terms.

Information pursuant to 36(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Sl no.	Particulars	Details
1)	Proposed Fees Payable	Mutually agreed between the Statutory Auditors and the Board on annual basis
2)	Terms of Appointment	Statutory Auditors, for a term of 5 consecutive years commencing from 20th AGM to 25th AGM.

Sl no.	Particulars	Details
3)	Any material change in the fee payable to such Auditor from that paid to the outgoing auditor along with the rationale for such change	Not Applicable
4)	Basis of recommendation for appointment including the details in relation to and credentials of the auditor proposed to be appointed	The Audit Committee and Board of Directors of the Company at their respective meetings held on 29th May, 2026 considered and evaluated various factors such as industry experience, competence of the audit team, efficiency in conduct of audit, independence, etc., and recommended the appointment of M/s Suryanarayana & Suresh, Chartered Accountant, as the Statutory Auditor for the proposed tenure.

The Board, on the recommendation of the Audit Committee, recommends the resolution set forth in Item No. 4 of the notice for approval of the members by passing an **Ordinary Resolution**. None of the Directors/ Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at Item No. 4 of the notice.

ITEM 5:

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Company is required to maintain cost records in accordance with the provisions of the Companies Act, 2013 and get the same audited by a qualified Cost Accountant.

Based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on 29th May, 2026, have approved the re-appointment of M/s Annapragada & Co., Cost Accountants, Hyderabad (firm registration no. 006031) (formerly known as M/s Harshitha Annapragada & Co), as the Cost Auditors of the Company, to audit the cost records for the year 2026-27 at a remuneration of ₹75,000/- (Rupees Seventy Five Thousand only) plus applicable taxes and reimbursement of out-of-pocket expenses. There has been no change in the remuneration payable to M/s Annapragada & Co., from that paid for the previous year 2025-26 for conducting the cost audit.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to M/s Annapragada & Co., for the year 2026-27, needs to be ratified by the shareholders of the Company.

The Board, on the recommendation of the Audit Committee, recommends the resolution set forth in Item No. 5 of the notice for approval of the members by passing an **Ordinary Resolution**.

None of the Directors/ Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at Item No. 5 of the notice.

ITEM 6:

Dr. (Mr.) Mannam Malakondaiah (DIN: 01431923) was appointed as an Independent Director of the Company by the shareholders through Postal Ballot, the results of which were declared on 29th January, 2022, for a period of 5 (five) consecutive years commencing from 13th November, 2021 to 12th November, 2026. He is eligible for re-appointment for the 2nd term on the Board of the Company.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 5th August, 2026, proposed the re-appointment of Dr. (Mr.) Mannam Malakondaiah as an Independent Director of the Company for the 2nd term of 5 (five) consecutive years commencing from 13th November, 2026, not liable to retire by rotation, subject to the approval of the shareholders.

Brief Profile:

Dr. (Mr.) Mannam Malakondaiah is a distinguished officer of the 1985 batch of the Indian Police Service (IPS).

He retired as the Director General of Police (Head of Police Force), Andhra Pradesh, on 30th June, 2018, after an illustrious career spanning nearly 4 (four) decades. Prior to his appointment as the Director General of Police, he served as the Vice-Chairman and Managing Director of the Andhra Pradesh State Road Transport Corporation (APSRTC).

During his distinguished career, he held several key leadership positions, including Superintendent of Police in multiple districts, Group Commander of Greyhounds, Chairman of the State Level Police Recruitment Board, Director of the Andhra Pradesh and Telangana Police Academies, Director General of the Anti-Corruption Bureau, and various senior positions with APTRANSCO, Civil Supplies and the Central Industrial Security Force (CISF).

Following his retirement from the Indian Police Service, he served as an Administrative Member of the Andhra Pradesh Administrative Tribunal and is presently serving as an Honorary Advisor to Vignan University.

Dr. Mannam Malakondaiah has undergone advanced professional training at premier institutions, including the Sardar Vallabhbhai Patel National Police Academy, IIM Ahmedabad, Tata Institute of Social Sciences, Mumbai, London School of Business and the Administrative Staff College of India, Hyderabad.

He has been the recipient of several prestigious honours and awards, including the President's Police Medal for Distinguished Service, Indian Police Medal for Meritorious Service, Vice-President of India Trophy for Exemplary Character and Conduct and the Union Home Minister's Medal.

He has also authored 5 (five) research papers on subjects relating to policing and agricultural power supply.

Nomination and Remuneration Committee, after taking into consideration the skills, expertise and competencies required for the Board in the context of the Company's business and the sector in which it operates and based on the performance evaluation of Dr. (Mr.) Mannam Malakondaiah, has concluded that his qualifications, experience and expertise meet the skills and capabilities required for the role of an Independent Director and accordingly recommended his re-appointment to the board.

Further, Board is of the opinion that Dr. (Mr.) Mannam Malakondaiah continues to possess the requisite core skills, expertise and competencies fundamental to the effective functioning of the Board. Considering his vast experience and valuable contribution to the deliberations of the Board, his continued association would be of immense benefit to the Company.

The Company has received declaration from Dr. (Mr.) Mannam Malakondaiah confirming that he continues to meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with the rules framed thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In terms of Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. (Mr.) Mannam Malakondaiah has confirmed that he is not aware of any circumstance or situation which exists or may reasonably be anticipated to arise that could impair or impact his ability to discharge his duties as an Independent Director. He has also confirmed that he is not debarred from holding the office of Director by virtue of any order of SEBI or any other authority, pursuant to the circular dated 20th June, 2018 issued by Stock Exchange(s) relating to the enforcement of SEBI orders regarding the appointment of directors by listed entities.

Further, Dr. (Mr.) Mannam Malakondaiah has confirmed that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director in terms of Section 152 of the Companies Act, 2013, subject to his re-appointment by the Shareholders.

Accordingly, the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, recommends the resolution set forth in Item No. 6 of the Notice for approval of the Shareholders by way of a **Special Resolution.**

Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard–2 on General Meetings issued by the Institute of Company Secretaries of India, the requisite particulars of Dr. (Mr.) Mannam Malakondaiah, including his brief profile and specific areas of expertise, are provided in "**Annexure 1"** to the Notice.

Except Dr. (Mr.) Mannam Malakondaiah, none of the other Directors or Key Managerial Personnel of the Company or their respective relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

ITEM 7:

Dr. (Mr.) Srinivas Samavedam (DIN: 02488555) was appointed as an Independent Director of the Company by the shareholders through Postal Ballot, the results of which were declared on 29th January, 2022, for a period of 5 (five) consecutive years commencing from 13th November, 2021 to 12th November, 2026. He is eligible for re-appointment for the 2nd term on the Board of the Company.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 5th August, 2026, proposed the re-appointment of Dr. (Mr.) Srinivas Samavedam as an Independent Director of the Company for the 2nd term of 5 (five) consecutive years commencing from 13th November, 2026, not liable to retire by rotation, subject to the approval of the shareholders.

Brief profile:

Dr. (Mr.) Srinivas Samavedam is a distinguished specialist in Critical Care Medicine, with over 26 years of experience, and currently serves as Consultant & Head – Critical Care at Sindhu Hospitals, Hyderabad.

He is internationally recognized for his expertise in critical care, emergency and trauma management, obstetric critical care and Extracorporeal Membrane Oxygenation (ECMO). He is credited with introducing ECMO services in Hyderabad and has played a significant role in advancing Critical Care Medicine as a super-Speciality in India.

Prior to joining Sindhu Hospitals, Dr. Samavedam served as Head of the Department – Critical Care and Medical Director at Virinchi Hospitals, Hyderabad. He has also held several key leadership and clinical positions, including Director – Critical Care at Century Super Specialty Hospital and CARE Hospitals, Registrar (ICU) at Westmead Hospital, New South Wales, Australia, Associate Consultant – Critical Care at Manipal Hospital, Bengaluru and Consultant in Internal Medicine and Critical Care at Image Hospital, Hyderabad.

He holds an MD and DNB in Internal Medicine, Fellowship of the National Board (FNB) in Critical Care Medicine, European Diploma in Intensive Care (EDIC), Master's in Hospital Administration from Symbiosis Institute, Fellowship of the Indian College of Critical Care Medicine (FICCM), and Diplomas in Medical Law & Ethics from NLSIU and Healthcare Quality from Apollo Medvarsity.

Apart from his extensive clinical and professional expertise, Dr. Samavedam is an accredited faculty for ISCCM and DNB training programmes, has authored numerous scientific publications, actively participates in national and international conferences, and serves on several national committees relating to ICU policies, including those concerning the Ministry of Health & Family Welfare guidelines on ICU admission criteria.

His extensive experience in healthcare leadership, critical care, clinical governance and institutional management brings valuable professional expertise and perspective to the Board.

Nomination and Remuneration Committee, after taking into consideration the skills, expertise and competencies required for the Board in the context of the Company's business and the sector in which it operates and based on the performance evaluation of Dr. (Mr.) Srinivas Samavedam, has concluded that his qualifications, experience and expertise meet the skills and capabilities required for the role of an Independent Director and accordingly recommended his re-appointment to the Board.

Further, Board is of the opinion that Dr. (Mr.) Srinivas Samavedam continues to possess the requisite core skills, expertise and competencies fundamental to the effective functioning of the Board. Considering his vast experience and valuable contribution to the deliberations of the Board, his continued association would be of immense benefit to the Company.

The Company has received declaration from Dr. (Mr.) Srinivas Samavedam confirming that he continues to meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with the rules framed thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In terms of Regulation 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. (Mr.) Srinivas Samavedam has confirmed that he is not aware of any circumstance or situation which exists or may reasonably be anticipated to arise that could impair or impact his ability to discharge his duties as an Independent Director. He has also confirmed that he is not debarred from holding the office of Director by virtue of any order of SEBI or any other authority, pursuant to the circular dated 20th June, 2018 issued by Stock Exchange(s) relating to the enforcement of SEBI orders regarding the appointment of directors by listed entities.

Further, Dr. (Mr.) Srinivas Samavedam has confirmed that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director in terms of Section 152 of the Companies Act, 2013, subject to his re-appointment by the shareholders.

Accordingly, the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, recommends the resolution set forth in Item No. 7 of the Notice for approval of the shareholders by way of a **Special Resolution.**

Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard–2 on General Meetings issued by the Institute of Company Secretaries of India, the requisite particulars of Dr. (Mr.) Srinivas Samavedam, including his brief profile and specific areas of expertise, are provided in "**Annexure 1"** to the Notice.

Except Dr. (Mr.) Srinivas Samavedam, none of the other Directors or Key Managerial Personnel of the Company or their respective relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

ITEM 8:

Mr. TVVSN Murthy was re-appointed as the Managing Director of the Company for a period of three years with effect from 1st June, 2025, pursuant to the approval of the shareholders obtained through Postal Ballot conducted between 1st April, 2025 and 30th April, 2025, the results of which were declared on 2nd May, 2025. At the time of his re-appointment, he was entitled to a basic salary of ₹15.00 lakhs per month and House Rent Allowance of ₹1.50 lakhs per month, aggregating to ₹16.50 lakhs per month.

Based on the recommendation of Nomination and Remuneration Committee and the approval of the Board of Directors at their respective meetings held on 5th August, 2026, the remuneration payable to Mr. TVVSN Murthy has been proposed to be revised with effect from 1st October, 2026 till the expiry of his current tenure, subject to the approval of the Shareholders of the Company.

Nomination and Remuneration Committee and the Board of Directors have further approved the payment of the revised remuneration as minimum remuneration, in the event of absence or inadequacy of profits during the aforesaid period, subject to the applicable provisions of the Companies Act, 2013 and Schedule V thereto.

<u>The revised terms and conditions are set out below:</u>

a) **Remuneration / Salary:**

   ₹15,00,000 /- (Rupees Fifteen Lakhs only) per month.

b) **Rent Free Accommodation:**

   He shall be entitled to rent-free accommodation provided by the Company, subject to a monthly rental value not exceeding ₹3,50,000/- (Rupees Three Lakhs Fifty Thousand only).

c) **Perquisites & Allowances:**

   In addition to the salary and rent free accommodation, he shall be entitled to such perquisites, allowances and benefits including, but not limited to:

   - House maintenance and reimbursement of expenses relating to gas, electricity, water, furnishings, air-conditioning and repairs;

- Medical reimbursement and medical insurance;
- Club membership fees;
- Leave Travel Concession (LTC) for self and family;
- Foreign travel for business purposes; and
- Such other perquisites, benefits and allowances as may be determined by the Board of Directors from time to time in accordance with the Company's policies and applicable laws.

d) Minimum Remuneration:

Notwithstanding anything contained herein, where in any financial year during his tenure the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary, rent free accommodation, perquisites and allowances as specified above, in accordance with the provisions of Schedule V to the Companies Act, 2013.

e) Commission:

In addition to the salary, rent free accommodation, perquisites and allowances, he shall also be entitled to receive commission on the profits of the Company, as may be determined by the Board from time to time, subject to the overall limits prescribed under the Companies Act, 2013.

f) Annual Performance Bonus:

In addition to the salary, rent free accommodation, perquisites, allowances and commission, he shall also be eligible for Annual Performance Bonus, as may be determined by the Board of Directors based on the performance of the Company.

g) Others Terms & Conditions:

- The value of perquisites and allowances shall be evaluated in accordance with the provisions of the Income-tax Act, 2025 and the Rules made thereunder. Where no such valuation is prescribed, the same shall be taken at actual cost to the Company.
- The expenditure incurred by the Company on travel (within India or abroad), boarding, lodging, use of the Company's motor car for official purposes and telephone/mobile/ Internet facilities at residence for official use shall not be treated as perquisites and shall not form part of the ceiling on managerial remuneration.
- The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, to the extent such contributions are not taxable under the Income-tax Act, 2025, together with gratuity payable in accordance with the Company's rules and encashment of leave at the end of the tenure, shall not be included while computing the ceiling on managerial remuneration.
- He shall also be entitled to undertake foreign travel, as approved by the Board of Directors, in connection with the business of the Company, and the expenditure incurred thereon shall not be treated as perquisite for the purpose of computation of managerial remuneration.

Additional information:

- Mr. Murthy is not debarred from holding the office of Director pursuant to any order of SEBI or any other authority.
- Mr. Murthy possesses graduate-level qualifications and has expertise and specialised knowledge in the field in which the Company operates.
- The proposed modifications in the remuneration structure are purely structural in nature.
- The Company has not defaulted in the payment of dues to any bank, public financial institution or any other secured creditor.

Detailed profile of Mr. TVVSN Murthy is provided in **"Annexure 1"** to this notice, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

The information as required to be disclosed under paragraph (iv) of the second proviso after Paragraph B of Section II of Part II of Schedule V to the Companies Act, 2013 is given in **"Annexure A"** this Notice.

Accordingly, the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee and Audit Committee, recommends the resolution set forth in Item No. 8 of the Notice for approval of the shareholders by way of a **Special Resolution.**

Mr. TVVSN Murthy, Mr. T.V. Praveen and Mrs. Sudeepthi Gopineedi are interested in the resolution set out at Item No. 8 of the Notice. Save and except the above, no other Director, Key Managerial Personnel, or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

By Order of the Board
For Haleos Labs Limited
(Formerly known as "SMS Lifesciences India Limited")

Trupti Ranjan Mohanty
Company Secretary

Date: 05.08.2026
Place: Hyderabad

Annexure A

IMNFORMATION PURSUAN TO ITEM (IV) OF
THIRD PROVISO OF SECTION II OF PART II SCHEDULE V TO THE COMPANIES ACT, 2013

I. General Information	
Nature of Industry	The Company is engaged in the business of manufacturing, buying, selling, offering consultancy, importing and exporting, acting as commission agents and generally dealing with all types of Organic & Inorganic Chemicals, Pharmaceuticals, Active Pharmaceutical Ingredients (API) and Intermediates.
Date of commencement of Commercial production.	Semi-regulatory manufacturing facilities, comprising the Kazipally Unit and Jeedimetla Unit, along with other assets, were vested with Haleos Labs Limited (formerly known as SMS Lifesciences India Limited) pursuant to the Scheme of Arrangement between SMS Pharmaceuticals Limited and Haleos Labs Limited, sanctioned by the Hon'ble NCLT vide its order dated 15th May, 2017. The said undertakings have been in operation for the last 35 years and, until the year 2015–16, were operated under the name of "SMS Pharmaceuticals Limited".
In case of new companies, expected date of commencement of activities	Not applicable since the Company is an existing Company.
Financial performance based on given indicators (standalone) in Crores.	See table below
Foreign investments or collaborators, if any.	Company has not received any foreign investment, except the investment through secondary market.
II. Information about the Managerial person:	
Background details	**Name: Mr. TVVSN Murthy** Age: 67 years He is a Graduate in Chemistry and has a rich experience in bulk drug (API) and pharmaceutical industry. He started his career in 1981 with Standard Organics Limited, Hyderabad, as a chemist in R&D. During this period he was instrumental in developing technologies and processes for several bulk drugs. He was actively involved in commercialization of products by scaling up the laboratory scale process to pilot plant and up to commercial scale. In 1984, he joined Cheminor Drugs Limited (Group of Dr. Reddy's Limited Laboratory), Hyderabad as Production Manager. He played a major role in substantial development of production and turnover.

Financial performance based on given indicators (standalone) in Crores:

Year	Income	PBT	PAT	EPS
2025-26	300.99	25.19	17.78	58.80
2024-25	333.37	30.04	21.37	70.69
2023-24	303.84	19.11	13.07	43.22

	He played a key role in getting US FDA approval for Cheminor Drugs Limited. As a production Manager, he contributed a lot in process improvement and cost reduction procedures and generated motivation among the work force. He has co-promoted SMS Pharmaceuticals in 1990. He played a vital role in developing the production and R&D activities of SMS Pharma. He also played a major part in reducing the Ranitidine production Process from 7 stages to 4 stages. In his Capacity as Vice Chairman and Joint Managing Director of SMS Pharmaceuticals Limited, he has taken leadership in projects and EHS, energy saving initiatives. As part of Demerger plan, he was assigned responsibility of overseeing Haleos Labs. He has a vast experience in pharmaceutical industry. He has been associated with Haleos Labs Limited (formerly known as "SMS Lifesciences India Limited") since 2016. He always strives towards the product development and growth of the organization.
Past remuneration	Mr. TVVSN Murthy has drawn total remuneration of ₹199.36 lakhs during the year 2025-26.
Recognition or awards	He has been actively involved in the SMS group and has played a key role in the growth of the group since last 3 decades. Mr. Murthy's dedication for the long-term & sustainable growth of the Company has been well recognized in the Company and he guided SMS Pharma to being a leading manufacturer in the country and also in getting the "Best API Manufacturing Company" and "Best API Exports Company" from the Government of India. SMS Pharma has also received Green Chemistry award from American Chemical Society for path-breaking mercaptan handling in ranitidine under his leadership. Under his able leadership, Company has recently successfully completed US-FDA inspection.
Job profile and his suitability	He was Vice Chairman and Joint Managing Director in SMS Pharmaceuticals Limited prior to the demerger of the Company and has varied experience in the Pharma Industry.
Remuneration proposed	As given under the Explanatory statement. (Item No. 8)
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	Remuneration of Mr. Murthy is in tune with the remuneration in similar sized industries in same segment of business. The proposed remuneration compares favourably with that being offered to similarly qualified and experienced persons from the industry and the professionals with an entrepreneurial background. The remuneration being proposed is considered to be appropriate, having regard to factors such as past experience, position held, his contribution as Managing Director to the growth of the Company, its business and its profitability, age and merits.
Pecuniary Relationship directly or indirectly with the Company, or Relationship with Managerial Personnel, if any:	Other than the remuneration, Mr. Murthy has no other pecuniary relationship, either directly or indirectly, with the Company, except that he is a Promoter of the Company holding along with his immediate relatives, 56.10% of the Paid-up Equity Share Capital of the Company.

III. Other Information:	
Reasons for loss or inadequate profits	The Company has not incurred loss in the preceding years.
Steps taken or proposed to be taken for improvement	However, the ever-changing domestic and international market conditions, loss or inadequacy of profit cannot be ruled out. Hence, approval of the Shareholders by Special Resolution is being sought to pay said remuneration to Mr. Murthy during the further period of 3 (three) years as Managing Director. With the expansion of manufacturing capacity of certain existing products and introduction of certain new products as planned by the Company, it is likely to increase the productivity and consequent increase in profits.
Expected increase in productivity and profits in measurable terms	The Company is able to provide its customers value addition due to its strong Research & Development (R&D) capabilities. The Company has made substantial investment to bring Environment, Health, Safety (EHS) standard to international levels. The Company is therefore optimistic of making substantial strides in developing this business segment and developing new products.

IV. Disclosures:
Remuneration package of Mr. TVVSN Murthy is fully described in the Explanatory Statement and the requisite details of remuneration etc., of Directors shall be included in the Corporate Governance Report forming part of Annual Report for the year 2025-26.

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BOARD'S REPORT:

[for the year ended 31st March 2026]

TO THE MEMBERS,

Your Directors have pleasure in presenting this 20th (Twentieth) Annual Report along with the Audited Financial Statements for the year ended 31st March, 2026.

FINANCIAL SUMMARY

Highlights of the standalone and consolidated financial Statements for the year 2025-26 (as per the IND-AS) are as given below:

(₹in Lakhs)

Particulars	Standalone		Consolidated	
	2025-26	2024-25	2025-26	2024-25
Revenue from operations	**30,098.96**	**33,337.10**	**33,379.45**	**34,472.35**
Other income	142.11	394.56	243.34	486.01
Profit Before Depreciation, Interest and Tax (PBDIT)	**4,188.93**	**4,817.73**	**4,711.04**	**4,989.91**
Finance Cost	603.42	788.07	644.52	871.26
Depreciation	1,066.40	1,025.55	1,546.88	1,499.67
Profit before Tax (PBT)	**2,519.11**	**3,004.11**	**2,519.64**	**2,618.99**
Tax expenses	741.43	867.03	739.61	745.75
Profit after Tax (PAT)	**1,777.68**	**2,137.08**	**1,780.03**	**1,873.24**
Total Comprehensive Income (TCI)	**1,785.49**	**2,140.09**	**1,791.17**	**1,886.33**
TCI attributable to:				
- Equity holders of the parent			1,738.95	2,019.96
- Non-controlling interests			52.22	(133.63)
EPS in ₹	**58.80**	**70.69**	**57.26**	**66.51**

Standalone Financial Statement:

During the year, revenue from operations declined by 9.72% to ₹300.99 Crores, as compared to ₹333.38 Crores in FY 2024–25.Detailed sales break-up and financial ratios are provided in the Management Discussion and Analysis Report.

EBITDA for the year stood at ₹41.89 Crores, as against ₹48.18 Crores in the previous year.

Profits of the Company: (YoY)

Particulars	FY 2025-26	FY 2024-25	Change %age
PBT	₹25.19 crores	₹30.04 crores	(16.15%)
PAT	₹17.78 crores	₹21.37 crores	(16.80%)

Decline in revenue during the year was primarily attributable to combination of customer-specific and broader industry-related factors, rather than any fundamental or structural issue in the Company's business operations.

The key factors include:

a) Sale of Ranitidine were impacted as one of the Company's major customers faced financial challenges, resulting in a reduction in offtake during the year.

b) Orders from China were affected due to process-related issues at certain customers' facilities. These issues have largely been resolved, and the Company expects the normalisation of orders to support recovery in sales going forward.

c) Middle East crisis resulted in volatility and an increase in raw material prices, leading customers to adopt a cautious procurement approach, which adversely impacted demand.

Consolidated Financial Statement:

Your Company reported consolidated revenue from operations of ₹333.79 Crores during FY 2025–26, as against ₹344.72 Crores in the previous year. Consolidated EBITDA stood at ₹47.11 Crores, compared to ₹49.90 Crores in FY 2024–25. The consolidated Profit After Tax (PAT) for the year under review stood at ₹17.80 Crores, as against ₹18.73 Crores in the previous year, representing marginal decline of 4.97%.

Mahi Drugs Private Limited, Company's subsidiary, recorded significant growth during FY 2025–26, with its total income increasing by approximately 40% to ₹59.02 Crores, as compared to ₹42.27 Crores in FY 2024–25. The growth was primarily driven by increased market demand and higher sales volumes. The subsidiary also reported a significant turnaround in profitability, recording a net profit of ₹122.08 Lakhs during FY 2025–26, as against a net loss of ₹344.15 Lakhs in the previous year. (Financials of the subsidiary is available in the website of the Company at www.haleoslabs.com/shareholding-information)

Regulatory inspection:

During the year, following statutory/regulatory inspections were conducted:

Sl No.	Authority	Date	Unit	Outcome
1)	U.S. Food and Drug Administration (USFDA)	05.05.2025 – 09.05.2025	Sy. No. 180/2, Kazipally (V) Jinnaram Mandal, Sanga Reddy District, Telangana - 502319 (Unit -1)	Voluntary Action Indicated (VAI) status**
2)	Brazilian Health Authority (ANVISA) Audit.	22.09.2025 – 26.09.2025	Sy. No. 180/2, Kazipally (V) Jinnaram Mandal, Sanga Reddy District, Telangana - 502319 (Unit -1)	No observations

** observations were procedural in nature.

This successful audits reaffirms your Company's commitment to maintaining global quality standards and enables access to the regulated US market and other highly regulated global markets.

Future outlook:

Your Company remains focused on driving sustainable and profitable growth through combination of product portfolio expansion, commercialization of new products, strengthening of its R&D and process development capabilities and further consolidation of its presence in the global API and pharmaceutical intermediates market.

Your Company expects improvement in business momentum in the coming periods, supported by the anticipated recovery in offtake from certain key customers, resolution of process-related issues at customers' facilities and progress in the commercialization of key products.

The Company continues to work towards addressing the sales pressure in certain existing products while pursuing opportunities in higher-value and niche therapeutic segments. Your Company remains committed to strengthening its presence in regulated and semi-regulated markets, enhancing its product pipeline and improving operational efficiencies. Continued focus on process optimisation, yield improvement, product quality, cost efficiency, supply chain management and regulatory compliance will remain integral to the Company's growth strategy.

Your Company is also exploring new business opportunities and strategic initiatives across its manufacturing and product portfolio, with the objective of creating a more diversified and resilient revenue base and delivering sustainable long-term value.

Management Discussion and Analysis report:

Report on the Management Discussion and Analysis in terms of the provisions of Regulation 34 read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented as a separate Report as **Annexure 2**.

Dividend:

Your Directors are pleased to recommend dividend of ₹1.50 (Rupee One and Fifty paisa only) per equity share of the face value of ₹10/- each at a dividend payout ratio of 2.55% for the year ended 31st March, 2026. Dividend Distribution Policy pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to your Company.

Change in Name of the Company:

Board of Directors of your Company, at its meeting held on 29th May, 2025, approved the proposal to change the name of the Company from "SMS Lifesciences India Limited" to "Haleos Labs Limited", with a view to more accurately reflect the core business activities of the Company, strengthen and reposition its brand identity and provide greater flexibility to explore new verticals and expand into broader geographical markets.

Name "**Haleos**" is a coined word derived from "**Hale**," signifying Good Health, and "**Leos**," symbolising Strength.

Board believed that the new name would align with the Company's core objectives and long-term vision. The rebranding initiative reflects the Company's commitment to **"Chemistry for Good Health"** and is intended to establish a distinct and focused identity within its industry peer group.

Shareholders of the Company approved the change in name through Postal Ballot conducted between 1st July, 2025 and 30th July, 2025, the results of which were declared on 1st August, 2025. Subsequently, the Registrar of Companies approved the change of name, and the **Company was renamed "Haleos Labs Limited" with effect from 21st August, 2025.**

Details of new correspondence:

- **Scrip ID / trading symbol:** HALEOSLABS
- **Email id:** info@haleoslabs.com
- **Website:** www.haleoslabs.com

Change in name does not involve any change in the legal status, constitution, shareholding pattern, management or control of the Company. Further, the objects and line of business of the Company remain unchanged and the change in name does not affect any of the Company's rights, obligations, operations or activities or the rights and obligations of its members and other stakeholders.

Transfer to reserves:

Your Board of Directors in its meeting held on 29th May, 2026 has approved for transfer of ₹200 lakhs to the general reserve. Current general reserves stand at ₹7,616.02 lakhs.

Credit rating:

Details of credit rating ascribed by rating agencies are disclosed in the Corporate Governance Report forming part of this Annual Report. The credit rating is a reflection of your Company's financial position and discipline.

Material changes and commitments:

Except otherwise stated herein in this Report, there are no material changes and commitment affecting financial position of your Company from the closure of year ended on 31st March, 2026 and till the date of this Annual Report (i.e. between 1st April 2026 and 5th August, 2026).

Change in the nature of business:

Board of Directors hereby confirm that there is no change in the nature of business carried on by your Company during the year ended 31st March, 2026.

BOARD OF DIRECTORS

As on 31st March, 2026, your Company's Board had 7 (Seven) Directors comprising of 3 (three) Executive Directors and 4 (four) Non-Executive Independent Directors. The Board consist of 2 (two) Women Directors. (1 Executive and 1 Independent Director). The details of Directors and composition of various committees of the Board and other details are provided in Corporate Governance Report forming part of the Annual Report as annexure 9.

Board is of the opinion that the Directors of your Company possess requisite qualifications, experience and expertise (including the proficiency) and hold highest standards of integrity.

Changes in Directors and Key Managerial Personnel:

During the year and between the end of the year and date of this report, following are the changes in Directors and Key Managerial Personnel of your Company:

Appointment:

- The Board of Directors at their meeting held on 12th February, 2025 and Shareholders of the Company through Postal Ballot held between 1st April, 2025 to 30th April, 2025, result of which was declared on 2nd May, 2025, approved the appointment of Mrs. Sundaramma Patibandla (DIN: 02366355), as Non-Executive and Women Independent Director of your Company, for a term of 5 (five) consecutive years w.e.f. 12th February, 2025.

Reappointment:

- The Board of Directors at their meeting held on 12th February, 2025 and Shareholders of the Company through Postal Ballot held between 1st April, 2025 to 30th April, 2025, result of which was declared on 2nd May, 2025, approved the reappointment of Mr. TVVSN Murthy (DIN: 00465198), as Managing Director of your Company, for a period of 3 (three) years w.e.f. 1st June, 2025.

- The Board of Directors at their meeting held on 29th May, 2025 and Shareholders of the Company through Postal Ballot held between 1st July, 2025 to 30th July, 2025, result of which was declared on 1st August 2025, approved the reappointment of Mr. TV Praveen (DIN: 08772030), as Executive Director of your Company, for a period of 3 (three) years w.e.f. 1st September, 2025.

Retirement by Rotation:

- Mrs. Sudeepthi Gopineedi (DIN: 09102540), While-Time Director of your Company, who retired by rotation at the 19th AGM, was re-appointed by the Shareholders of the Company pursuant to the provisions of Section 152(6) of the Companies Act, 2013. Accordingly, Mr. TVVSN Murthy, (DIN: 00465198), Managing Director of your Company, is liable to retire by rotation and being eligible, offers himself for re-appointment at the 20th AGM of the Company. Resolution seeking shareholders' approval for his reappointment along with brief profile and other required details as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forming part of this Report as **Annexure 1**.

None of the aforesaid Directors are disqualified under Section 164(1) or 164(2) of the Companies Act, 2013 and are not debarred from holding the office of Director pursuant to any order of SEBI or any other authority.

Cessation:

- Mrs. Sundaramma Patibandla (DIN: 02366355), resigned as Non-Executive and Women Independent Director w.e.f. 29th May, 2026, due to her preoccupation & other professional commitments.

Declaration by Independent Directors:

In terms of Section 149(7) of the Companies Act, 2013 read with Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Independent Directors of your Company have submitted declarations confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Independent Directors have also confirmed their compliance with the Code for Independent Directors prescribed under Schedule IV to the Companies Act, 2013. All the Independent Directors of the Company are registered with the Independent Directors' Databank maintained by the Indian Institute of Corporate Affairs.

Annual Evaluation of the Board, its Committees and Individual Directors:

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors carried out an annual evaluation of its own performance, the performance of its Committees and that of the individual Directors, including the Independent Directors.

Performance evaluation was carried out based on the criteria evolved by the Board, taking into consideration the guidance provided under the SEBI Guidance Note on Board Evaluation. The evaluation process involved obtaining inputs from the Directors individually and from the Committees through structured questionnaires. The evaluation framework was designed to assess, inter alia, the contribution and effectiveness of the Board and its Committees, participation and contribution of individual Directors, overall Board functioning, areas of strength and opportunities for further improvement.

In separate meeting of the Independent Directors held on 11th February, 2026, the performance of the non-independent Directors and the Board as a whole was evaluated, taking into account the views of the Executive and Non-Executive Directors. The performance of each Independent Director was evaluated by the entire Board in the meeting held on 29th May, 2026, excluding the Director being evaluated.

As the Company does not have a full-time Chairperson, in terms of Clause 72 of the Articles of Association of the Company, the Directors present at a meeting elect one amongst themselves to act as the Chairperson of that particular meeting.

Directors' Responsibility Statement:

Your Board of Directors would like to assure that the financial statements for the year under review is as per the requirements of the Companies Act, 2013 and guidelines issued by SEBI and further confirm that:

- in the preparation of the annual financial statements for the year ended 31st March, 2026, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of your Company as at the end of year and of the profit and loss for the year 2025-26.
- proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- the annual accounts were prepared on a going concern basis;
- proper internal financial controls were in place and that such internal financial controls are adequate and were operating effectively; and
- proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and were operating effectively.

Code of Conduct for Directors and Senior Management:

Your Company has formulated a Code of Conduct for its Directors and Senior Management Personnel.

All Directors and Senior Management Personnel have affirmed their compliance with the provisions of the said Code for the year ended 31st March, 2026. A declaration to this effect, signed by the Managing Director, forms part of this Annual Report as **Annexure 3.**

Nomination & Remuneration Policy:

Board of Directors, on the recommendation of the Nomination and Remuneration Committee, has formulated and adopted policies for the selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel and for determining their remuneration.

Policy	Date of approval	Policy Weblink
Criteria for making payment / remuneration to the Non-Executive Directors	08.08.2023	www.haleoslabs.com/wp-content/uploads/2026/03/14.-Criteria-for-making-payment-to-the-Non-Executive-Directors.pdf
Nomination and Remuneration Policy	08.08.2023	www.haleoslabs.com/wp-content/uploads/2026/03/17.-Nomination-and-Remuneration-Policy.pdf

Extract of the Nomination & Remuneration Policy covering the salient features are provided in the Corporate Governance Report forming part of the Annual Report.

Familiarization Programme for Independent Directors:

Your Company has adopted Familiarisation Programme for its Independent Directors with the objective of familiarising them with the business, operations and affairs of the Company through structured orientation and familiarisation initiatives. The Programme is designed to provide the Independent Directors with an understanding of the Company's business model, industry, operations, regulatory environment and other matters relevant to the effective discharge of their duties.

Familiarisation Programme also aims to keep the Independent Directors updated on significant developments, including changes in the Company's business, operations and applicable laws and regulations, thereby enabling them to take well-informed and timely decisions.

The familiarisation initiatives, inter alia, include:

1. Independent Directors have one-to-one discussions with the Managing Director, Executive Directors and Chief Financial Officer to familiarise themselves with the Company's business, operations and other relevant aspects.
2. Compliance Officer periodically makes presentations to the Board on amendments to applicable laws and regulations, new enactments and other regulatory developments relevant to the Company's business and operations, as well as the compliance status of the Company.

Policy Weblink: www.haleoslabs.com/wp-content/uploads/2026/03/6.-Familiarisation-programme-for-Independent-Directors-policy.pdf

Key Managerial Personnel

Following are the Key Managerial Personnel ("KMP") of your Company as on 31st March, 2026, in accordance with the provisions of Sections 2(51) and 203 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- Mr. TVVSN Murthy, Managing Director
- Mr. N Rajendra Prasad, Chief Financial Officer
- Mr. Trupti Ranjan Mohanty, Company Secretary

There was no change in the Key Managerial Personnel of the Company during the year under review.

Directors and Officers Liability Insurance ('D&O')

Your Company has, on voluntary basis, obtained Directors' and Officers' Liability Insurance ("D&O Insurance") covering all its Directors and members of the Senior Management, pursuant to Regulation 25(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors:

M/s. Rambabu & Co., Chartered Accountants (Firm Registration No. 002976S), were appointed as the Statutory Auditors of the Company for a term of 5 (five) consecutive years, up to the conclusion of the 20th Annual General Meeting ("AGM") of the Company. The Statutory Auditors have audited the financial statements of the Company for the year ended 31st March, 2026, and their report thereon forms part of this Annual Report.

Auditors' Report on the financial statements of the Company for the year ended 31st March, 2026, does not contain any qualification, reservation, adverse remark or disclaimer and Comments on the financial statements referred to in the Auditors' Report are self-explanatory.

Appointment:

As the term of office of the existing Statutory Auditors concludes at the 20th AGM, the Board of Directors of the Company has proposed the appointment of M/s. Suryanarayana & Suresh, Chartered Accountants (Firm Registration No. 006631S), as the Statutory Auditors of the Company, in place of M/s. Rambabu & Co., for a term of 5 (five) consecutive years, commencing from the conclusion of the 20th AGM until the conclusion of the 25th AGM, subject to the approval of the shareholders.

Resolution seeking the approval of the Members for the appointment of M/s. Suryanarayana & Suresh, Chartered Accountants, along with their brief profile and other requisite disclosures pursuant to Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided in the Explanatory Statement annexed to the Notice convening the 20th AGM.

Secretarial Auditors:

M/s. SVVS & Associates Company Secretaries LLP, (LLPIN - AAE-9368; ICSI UID: L2015MH000700), firm of Company Secretaries in Practice, were appointed to undertake the Secretarial Audit of your Company for a term of 5 (five) consecutive years i.e. from the year 2025-26 to the year 2029-30 pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Secretarial Auditors, have issued following report for the year 2025-26:

- Secretarial Audit Report for the Company **(Annexure 4)**
- Secretarial Audit Report for the material subsidiary of the Company **(Annexure 5)**
- The aforesaid reports does not contain any qualification, reservation or adverse remarks.

Further, Company has obtained Annual Secretarial Compliance Report from Mr. C. Sudhir Babu, Practicing Company Secretary (Proprietor, CSB Associates) on 29th May, 2026, pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Annexure 6)** and the same was also submitted to the Stock Exchange(s) on 30th May, 2026. Aforesaid Report do not contain any qualification, reservation or adverse remarks.

Cost Auditors:

M/s. Annapragada & Co., Cost Accountants (formerly known as M/s. Harshitha Annapragada & Co.), were appointed as the Cost Auditors of the Company to conduct the audit of the cost records maintained by the Company in respect of products covered under the applicable provisions of Section 148 of the Companies Act, 2013, for the year 2025–26. The appointment was approved by the Board of Directors at its meeting held on 29th May, 2025. The Cost Audit Report for the year 2025–26 does not contain any qualification, reservation, adverse remark or observation/suggestion.

Further, based on the recommendation of the Audit Committee, the Board of Directors, at its meeting held on 29th May, 2026, re-appointed M/s. Annapragada & Co., Cost Accountants, being eligible, as the Cost Auditors of the Company for conducting the audit of the cost records of the Company for the year 2026–27. The remuneration payable to M/s. Annapragada & Co. for the year 2026–27 is subject to approval by the Members at the ensuing Annual General Meeting.

Internal Auditors:

Your Company continues to engage M/s. Adusumilli & Associates, Chartered Accountants (Firm Registration No. 06983S), as its Internal Auditors, in accordance with the provisions of Section 138 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014. The Internal Auditors submit their reports to the Audit Committee on a quarterly basis. The Audit Committee reviews the Internal Audit Reports, and based on the observations and recommendations of the Internal Auditors, the management undertakes appropriate corrective actions in the respective areas and takes necessary steps to further strengthen the Company's internal financial controls and operational controls.

Reporting of fraud by the Auditors:

During the year, no instance of fraud committed by the officers or employees of the Company was reported by any of the auditors under Section 143(12) of the Companies Act, 2013.

Internal Financial Controls:

Your Company has in place adequate internal financial controls with reference to its financial statements.

These controls are designed to provide reasonable assurance regarding the accuracy and completeness of accounting records and the preparation and presentation of reliable financial statements.

Details regarding the internal financial controls and their adequacy are provided in the Management Discussion and Analysis Report, which forms part of this Annual Report. The certificate pursuant to Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is enclosed as **Annexure 7** to this Report.

Vigil Mechanism / Whistle Blower Policy:

Your Company has adopted Whistle Blower Policy and established Vigil Mechanism for its Directors and employees in accordance with the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to enable them to report concerns relating to unethical behaviour, actual or suspected fraud, or violation of the Company's Code of Conduct or other applicable policies.

Employees and other stakeholders are encouraged to report genuine concerns regarding any actual or suspected violation of applicable laws, regulations, the Company's Code of Conduct or ethical standards. Such concerns may be raised by whistle-blower through an e-mail or written communication addressed to the Chairman of the Audit Committee.

The Company ensures that all concerns reported under the Whistle Blower Policy are examined and investigated, wherever necessary, in an impartial and appropriate manner and suitable corrective action is taken based on the findings. The mechanism provides adequate safeguards against victimisation of Directors and employees who avail themselves of the mechanism and also provides for direct access to the Chairman of the Audit Committee in appropriate cases. **Policy Weblink:** www.haleoslabs.com/wp-content/uploads/2026/03/1.-Whistle-Blower-Policy.pdf

SUBSIDIARY/ ASSOCIATE/ JOINT VENTURE COMPANIES

Your Company has only 1(one) subsidiary, Mahi Drugs Private Limited, in which it holds 60% equity stake.

Mahi Drugs Private Limited is also a Material Subsidiary of the Company in accordance with Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The subsidiary is engaged in the manufacture and sale of Active Pharmaceutical Ingredients (API) and its intermediates. The products manufactured and sold by the subsidiary are of a similar nature and fall within the pharmaceutical products segment.

During the year under review:

- Your Company had no associate company or joint venture as on 31st March, 2026.
- No company became or ceased to be a subsidiary, associate or joint venture of the Company during the year under review.

Contribution of the subsidiary to the overall performance of the Company is outlined in the Consolidated Financial Statements for the year 2025–26, which form part of this Annual Report. Further, a statement containing the salient features of the financial statements of the Company's subsidiary, in Form AOC-1, as required under Section 129(3) of the Companies Act, 2013 and the rules made thereunder, is annexed to and forms part of this Annual Report as **Annexure 8.**

Policy Weblink: www.haleoslabs.com/wp-content/uploads/2026/03/5.-Policy-for-determining-Material-Subsidiaries.pdf

DEPOSITS

Your Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013, read with the applicable rules made thereunder. Accordingly, no amount on account of principal or interest in respect of deposits from the public was outstanding as at 31st March, 2026.

MEETINGS OF THE BOARD OF DIRECTORS

During the year, 4 (four) meetings of the Board of Directors were convened and held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of the meetings of the Board of Directors and its Committees held during the year 2025–26 are provided in the Corporate Governance Report, which forms part of this Annual Report.

Sub-committees of Board:

Pursuant to the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has constituted various Committees, namely, the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee.

Details regarding the composition, terms of reference and meetings of these Committees are provided in the Corporate Governance Report, which forms part of this Annual Report.

Corporate Governance Report:

Your Company firmly believes in adhering to sound Corporate Governance practices to ensure the protection of the interests of its stakeholders and to promote the healthy and sustainable growth of the Company. The Company is committed to upholding high standards of Corporate Governance and complying with the requirements prescribed by SEBI and other applicable statutory and regulatory authorities.

In compliance with Regulation 34(3), read with Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Corporate Governance Report for the year 2025–26, containing the disclosures as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Annual Report as **Annexure 9.**

Certificate from M/s. Rambabu & Co., Chartered Accountants, Statutory Auditors of the Company, regarding compliance with the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to the Corporate Governance Report as **Annexure 9A.**

Further, certificate from Mr. C. Sudhir Babu, Company Secretary in Practice, Hyderabad (ICSI Membership No. 2724 and Certificate of Practice No. 7666), pursuant to Regulation 34(3), read with Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as a Director by SEBI, MCA or any other statutory authority, is enclosed as **Annexure 10** to this Report.

SHARE CAPITAL

As on 31st March, 2026, Authorised Share Capital of the Company stood at ₹3,50,00,000/- (Rupees Three Crore and Fifty Lakh only), comprising 35,00,000 (Thirty-Five Lakh) Equity Shares of face value of ₹10/- each.

As on 31st March, 2026, the issued, subscribed and paid-up Equity Share Capital of the Company stood at ₹3,02,32,870/- (Rupees Three Crore Two Lakh Thirty-Two Thousand Eight Hundred and Seventy only), comprising 30,23,287 (Thirty Lakh Twenty-Three Thousand Two Hundred and Eighty-Seven) Equity Shares of face value of ₹10/- each.

During the year under review:

- There was no change in the capital structure of the Company.
- The Promoters' shareholding in the Company has increased to 72.11 % from 71.41%, while the public shareholding stood at 27.89% as on 31st March, 2026, as compared to 28.59% as on 31st March, 2025.

Equity Shares of the Company are listed on the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE"). The Company has paid the requisite annual listing fees to NSE and BSE for the year 2026–27.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year, the Company extended Corporate Guarantee of ₹20 Crores in favour of RBL Bank to secure the External Commercial Borrowing ("ECB") availed by Mahi Drugs Private Limited, Material Subsidiary of the Company. The requisite approval of the shareholders for providing the said corporate guarantee was obtained through Postal Ballot, the results of which were declared on 1st May, 2026. Details of the transaction are disclosed in the Financial Statements forming part of this Annual Report.

RELATED PARTY TRANSACTIONS

In line with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has in place a Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions. Policy Weblink: www.haleoslabs.com/policies/

Policy is intended to ensure that appropriate reporting, approval and disclosure processes are in place for all transactions entered into between the Company and its related parties. All Related Party Transactions and any subsequent material modifications thereto are placed before the Audit Committee for its review and approval, as applicable.

Prior approval of the Audit Committee is obtained for Related Party Transactions that are repetitive in nature and entered into in the ordinary course of business, in accordance with the applicable provisions of law and the Company's Policy.

All contracts and arrangements entered into with related parties during the year were in the ordinary course of business and on an arm's length basis. The Company did not enter into any materially significant Related Party Transaction that may have a potential conflict of interest with the Company. Details of transactions with related parties during the year are disclosed in Note No. 44 to the Standalone Financial Statements, forming part of this Annual Report.

In accordance with Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 are provided in Form AOC-2, which is annexed as **Annexure 11** to this Report.

PARTICULARS OF EMPLOYEES AND REMUNERATION

Ratio of the remuneration of each director to the median's employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in separate annexure forming part of this report as **Annexure 12**.

Disclosure as per Rule 5 (2) and Rule 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is as mentioned below:

Name	:	Mr. TVVSN Murthy	Mr. TV Praveen
Age	:	67 years	43 years
Designation	:	Managing Director	Executive Director
Remuneration paid in FY 2025-26	:	₹199.36 lakhs**	₹95.91 lakhs**
Qualification	:	Graduate in Chemistry	Post Graduate in Management (Strategy & Marketing) from Indian Institute of Management, Kozhikode (IIMK) and Engineering graduate from Birla Institute of Technology & Science (BITS), Pilani.
Experience	:	More than 40 years' experience in Pharma sector	More than 15 years' experience in Pharma sector
Date of commencement of employment	:	01.04.2016	21.08.2020
Nature of employment	:	Contractual (as approved by shareholders)	Contractual (as approved by shareholders)
Last employment	:	SMS Pharmaceuticals Limited	SMS Pharmaceuticals Limited
Shareholding as on 31st March, 2026	:	4,80,034 equity shares of ₹10/- each i.e. 15.88%	2,73,939 equity shares of ₹10/- each i.e. 9.06%
Relationship with other Directors	:	Father of Mr. TV Praveen, Executive Director and Mrs. Sudeepthi Gopineedi, Whole-time Director.	Son of Mr. TVVSN Murthy, Managing Director and Sibling of Mrs. Sudeepthi Gopineedi, Whole-time Director.

****Includes perquisites**

Details of the top 10 employees in terms of remuneration are available for inspection at the Registered Office of the Company. Any member desirous of obtaining copy of the same may make written request by sending an e-mail to the Company Secretary at cs@haleoslabs.com. The remuneration paid to the Directors, Key Managerial Personnel and other employees of the Company during the year 2025–26 was in accordance with the Nomination and Remuneration Policy of the Company and within the limits approved by the shareholders, wherever applicable.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company is committed to discharge its social responsibility as an integral part of its corporate governance philosophy and strives to contribute to the development and well-being of society through socially responsible and sustainable initiatives. The Company's CSR initiatives are focused primarily on promoting healthcare, education and rural development, with the objective of creating a meaningful and positive impact on the communities in which it operates.

During the year, the Company spent ₹44.25 Lakhs towards Corporate Social Responsibility ("CSR") projects and activities in accordance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. Annual Report on CSR Activities, containing the requisite disclosures, forms part of this Report as **Annexure 13.**

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

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo is are provided in separately forming part of this report as **Annexure 14**.

OTHER STATUTORY REPORTS

Transfer of unpaid/ unclaimed dividend to IEPF:

All the unpaid or unclaimed dividends including the shares on which dividend has not claimed are required to be transferred by the Company to the IEPF Authority after the completion of 7 (seven) years in accordance with the applicable provisions of the Companies Act, 2013 read with the Companies Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules"). In FY 2024-25, the unclaimed fractional sale proceeds amounting to ₹5,97,721/- arising pursuant to the demerger, were transferred to the Investor Education and Protection Fund (IEPF). Eligible claimants are required to approach the IEPF Authority directly to claim their respective unclaimed amounts.

Further, the unclaimed dividend for FY 2018–19, along with the corresponding shares, will be required to be transferred to IEPF during FY 2026–27, in accordance with the applicable provisions of the Companies Act, 2013.. Detailed list of unclaimed dividend amount as on 31st March, 2026 is uploaded in the website of the Company at www.haleoslabs.com/shareholding-information/

In this regard, notice to the shareholders of the Company has been communicated through the following modes in accordance with the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

a. Separate communications have been dispatched by speed post on 16th June, 2026 to the individual shareholders whose shares, pertaining to FY 2018-19, are liable to be transferred to the IEPF.

b. Public newspaper notice has been published on 16th June, 2026 in "Business Standards (English)" and "Telugu Prabha (Telugu)".

Respective genuine shareholders are once again requested to claim the dividend before the due date in order to void transferring the shares and the unclaimed dividend to IEPF account.

In the event of transfer of equity shares and the unclaimed dividends to IEPF, Members are entitled to claim the same from IEPF authority by submitting an online application in the prescribed Form IEPF-5 available on the website, www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in Form IEPF-5.

Details of Nodal Officer:

Details of the Nodal Officer appointed pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“IEPF Rules”), are mentioned below.

Name of the Nodal Officer	Designation	Address and	Email ID & Contact Number
Mr. Trupti Ranjan Mohanty	Company Secretary and Compliance Officer	Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad - 500096	cs@haleoslabs.com 040 - 6628 8888

The same are also available on the website of the Company.

Business risk management:

Your Company has in place a robust Business Risk Management Framework for the identification, assessment, evaluation and management of business risks and opportunities. The framework is designed to provide a structured and systematic approach towards risk management, with the objective of enhancing transparency, minimising potential adverse impacts on the Company’s business objectives and strengthening its ability to create sustainable value and maintain its competitive advantage.

Risk Management Framework defines the approach to risk management across various levels of the Company, including the processes for identification, assessment, mitigation, monitoring, documentation and reporting of risks.

The framework incorporates various risk assessment models and mechanisms to facilitate the identification and evaluation of emerging and existing risks, assessment of risk trends and exposure, and analysis of their potential impact on the Company’s business and operations.

Policy Weblink: www.haleoslabs.com/wp-content/uploads/2026/03/18.-Risk-Management-Policy.pdf

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

Your Company has constituted an Internal Complaints Committee (“ICC”) to redress complaints relating to sexual harassment at the workplace, in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the applicable rules made thereunder.

The following details are reported as on 31st March, 2026:

- Number of sexual harassment complaints received during the year: 0
- Number of complaints disposed of during the year: 0
- Number of complaints pending for more than 90 days: 0
- Number of employees as on the closure of financial year: Female: 32 & Male: 579

Website Weblink: www.haleoslabs.com/wp-content/uploads/2026/03/8.-Prevention-of-Sexual-Harassment-POSH.pdf

Statement on Compliance with the Maternity Benefit Act, 1961:

Your Company has complied with the provisions of the Maternity Benefit Act, 1961, including the applicable amendments and rules made thereunder. The Company remains committed to providing a safe, inclusive and supportive work environment for its women employees and ensuring compliance with all applicable statutory requirements relating to maternity benefits.

Code for Prevention of Insider Trading:

The objective of the aforesaid Code is to regulate, monitor and report trading by the Designated Persons and their Immediate Relatives, with a view to preserving market integrity and protecting the interests of stakeholders at large.

In compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company maintains a Structured Digital Database with adequate internal controls and checks. Appropriate trading restrictions are also imposed on Designated Persons and their Immediate Relatives in accordance with the Code of Conduct for Regulating, Monitoring and Reporting Trading in the Securities of the Company.

Code Weblink: www.haleoslabs.com/wp-content/uploads/2026/03/3.-Code-of-Conduct-for-Prevention-of-Insider-Trading.pdf

Designated person with respect to beneficial interest in shares:

Mr. TVVSN Murthy, Managing Director of the Company, has been designated as the person responsible for furnishing information and extending cooperation to the Registrar or any other authorised officer with respect to beneficial interest in the shares of the Company, pursuant to Section 89 of the Companies Act, 2013, read with Rule 9(4) of the Companies (Management and Administration) Rules, 2014 and other applicable provisions, if any.

Compliance with Secretarial Standards:

During the year, the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India ("ICSI").

Annual Return:

Annual Return of the Company pursuant to Sections 92(3) and 134(3)(a) and of the Companies Act, 2013 is available on the website of the Company. **Policy Weblink:** www.haleoslabs.com/financials/

Weblink of policies:

Your Company has adopted various statutory policies and codes, as required under the Companies Act, 2013 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These policies and codes provide an appropriate governance framework and guide the Company's operations, decision-making and compliance practices. **Policy Weblink:** www.haleoslabs.com/financials/

GENERAL DISCLOSURE:

Your Directors state that no disclosure or reporting is required in respect of the following matters under the Companies Act, 2013, the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, either on account of the absence of any transaction or event requiring disclosure or due to the inapplicability of the relevant provisions:

a. Agreements affecting management or control:

No agreements have been entered into by the shareholders, promoters, promoter group, related parties, Directors, Key Managerial Personnel or employees of the Company or its Subsidiary, which are required to be disclosed pursuant to Regulation 30A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and which may impact the management or control of the Company or impose any restriction or liability on the Company, other than those entered into in the ordinary course of business.

b. Special rights to shareholders:

No special rights have been granted to any shareholder of the Company. Accordingly, the disclosure requirements under Regulation 31B of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable.

c. Material orders:

There are no significant or material orders passed by any regulator, court or tribunal that would impact the going concern status of the Company or its future operations.

d. Issue of shares:

No equity shares with differential rights, sweat equity shares or shares under any Employee Stock Option Scheme were issued during the year under review.

e. Remuneration from subsidiary:

No remuneration or commission was received by the Managing Director or Whole-time Directors of the Company from its Subsidiary during the year, as contemplated under Section 197(14) of the Companies Act, 2013.

f. Business Responsibility and Sustainability Report:

The requirements relating to the Business Responsibility and Sustainability Report ("BRSR") are not applicable to the Company.

g. Revision of financial statements:

There was no revision of the financial statements during the year under review.

h. Corporate Actions:

There were no instances of failure in the implementation of any corporate action during the year.

i. Defaults in repayment:

The Company has not defaulted in the payment of interest or repayment of loans to any financial institution or bank during the year under review.

j. Insolvency proceedings and one-time settlement:

No application or proceeding was pending or initiated against the Company under the Insolvency and Bankruptcy Code, 2016, during the year under review. Further, there was no instance of one-time settlement with any bank or financial institution.

k. Transactions with Promoter / Promoter Group entities:

There were no transactions with any person or entity belonging to the Promoter or Promoter Group holding 10% or more of the shareholding in the Company, as required to be disclosed under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except for the managerial remuneration paid to Mr. TVVSN Murthy, Promoter and Managing Director of the Company.

Additional information and disclosures required under the Companies Act, 2013, the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been provided in the relevant Annexures to this Report and in the Notes forming part of the Financial Statements.

ACKNOWLEDGEMENTS:

Your Company's culture is founded on the principles of professionalism, integrity and continuous improvement across all functions. The Company remains committed to the optimum utilisation of its resources to achieve sustainable and profitable growth. Your Directors place on record their sincere appreciation for the continued support and co-operation extended by the Company's business partners, members, bankers and other stakeholders during the year.

Your Directors also express their appreciation to all employees for their hard work, dedication and valuable contributions towards the growth and success of the Company. The Directors further extend their sincere gratitude to the Central Government, State Governments and other Government and regulatory authorities for their continued co-operation, assistance and encouragement.

By Order of the Board
For Haleos Labs Limited
(Formerly known as SMS Lifesciences India Limited)

TV Praveen	**TVVSN Murthy**
DIN: 08772030	DIN: 00465198
Executive Director	Managing Director

Date: 05.08.2026
Place: Hyderabad

Cautionary Statement:

The statements contained in the Board's Report that describe the Company's objectives, expectations, projections, estimates or forecasts may constitute "forward-looking statements" within the meaning of applicable securities laws and regulations. Such statements are based on the Company's current expectations, assumptions and estimates and are subject to various risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in such statements.

Important factors that could influence the Company's operations and performance include, among others, changes in global and domestic demand and supply conditions affecting the prices of finished goods, availability and prices of key inputs and raw materials, changes in government policies, laws and regulations, taxation, general economic and market conditions, foreign exchange fluctuations, competition, industrial relations, litigation and other factors beyond the Company's control. Accordingly, no assurance can be given that the expectations, estimates or forecasts reflected in such forward-looking statements will be realised.

Annexure 1

Details of Director seeking Re-appointment pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2):

Name of the Director	Mr. TVVSN Murthy	Dr. (Mr.) Mannam Malakondaiah	Dr. (Mr.) Srinivas Samavedam
Director Identification Number (DIN)	00465198	1431923	2488555
Date of Birth	10.02.1960	01.07.1958	02.02.1971
Nationality	Indian	Indian	Indian
Date of first appointment on Board	01.04.2016	13.11.2021	13.11.2021
Qualification	Graduate in Chemistry	IPS Officer [1985 batch) (Retd)	Masters in Hospital Administration. Symbiosis Institute, Fellow of Indian College of Critical Care Medicine along with various other degrees.
Nature of expertise in specific	More than 45 years expertise in the field of Organic Chemistry and has a rich experience in API's and pharmaceutical industry.	Retired as Director General of Police of Andhra Pradesh. Before his appointment as DGP, he worked as Vice-Chairman and Managing Director of APSRTC and other long lists of achievements.	More than 25 years' experience in health care. Pharma sector and currently, associated with Sindhu Hospitals, Hyderabad as Consultant & Head – Critical Care.
Member in the Committee of the Company	Audit Committee (member) Corporate Social Responsibility Committee (chairman) Stakeholders Relationship Committee (member)	Audit Committee (member) Nomination and Remuneration Committee (chairman) Corporate Social Responsibility Committee (member)	Nomination and Remuneration Committee (member) Corporate Social Responsibility Committee (member)
Directorship in other listed Companies	Nil	BEARDSELL LIMITED	Nil
Directorship in other Companies	Mahi Drugs Private Limited	NSL Textiles Limited NSL SEZ (Hyderabad) Private Limited Mandava Holdings Private Limited	Crest Clinical Services Private Limited HICS Academy Of Critical Care LLP
Justification for reappointment	NA	As mentioned in the explanatory statement	As mentioned in the explanatory statement

(Contd.)

Name of the Director	Mr. TVVSN Murthy			Dr. (Mr.) Mannam Malakondaiah	Dr. (Mr.) Srinivas Samavedam
No. of Board Meetings attended during the year 2025-26	4 out of 4			4 out of 4	3 out of 4
Relationship between Directors Inter-se	Father of Mr. Mr. TV Praveen, Executive Director and Mrs. Sudeepthi Gopineedi, Whole-Time Director			Nil	Nil
Shareholding	4,80,034 (15.88%)			Nil	Nil
Remuneration drawn in the last year (FY 2025-26)	Salary	Perks	Total	Sitting Fees: ₹4,60,000/-	Sitting Fees: ₹1,95,000/-
	₹ 19,800,000	₹ 136,125	₹ 19,936,125		
Remuneration proposed to be paid	As mentioned in the explanatory statement			Nil	Nil
Terms and conditions of appointment / Re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person.	Terms and conditions as mentioned in the explanatory statement and as per the policy of the Company as displayed on the Company's website.			Terms and conditions as mentioned in the explanatory statement and as per the policy of the Company as displayed on the Company's website.	Terms and conditions as mentioned in the explanatory statement and as per the policy of the Company as displayed on the Company's website.

Annexure 2

MANAGEMENT DISCUSSION AND ANALYSIS

[Pursuant to part B of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) 2015]

Management Discussion and Analysis Report sets out the key developments in the business environment and the Company's performance since the previous reporting period. The analysis supplements the Directors' Report and the audited financial statements, which together form an integral part of this Annual Report.

Post demerger in 2017, your Company has established itself as prominent manufacturer of Active Pharmaceutical Ingredients ("APIs"), bulk drugs and intermediates, with key products including Ranitidine HCL and Famotidine. The Company caters to both domestic and international markets and continues to focus on strengthening its manufacturing capabilities, product portfolio and market presence. Over the years, the Company has developed products, processes and systems aligned with industry benchmarks and remains committed to continuous improvement in quality, operational efficiency and regulatory compliance, enabling it to consistently deliver quality products to its customers.

a) <u>INDUSTRY STRUCTURE & DEVELOPMENT:</u>

The global pharmaceutical industry continues to be one of the fastest-growing sectors, supported by structural factors such as an ageing population, increasing prevalence of chronic diseases, rising healthcare awareness and expenditure, technological advancements and improved access to healthcare. The global pharmaceutical market is estimated to be valued at approximately US$ 1.75 trillion and is projected to cross US$ 2 trillion by 2030. Despite the favourable long-term growth outlook, pharmaceutical manufacturing companies continue to operate in dynamic and challenging environment. Cost and pricing pressures, the development of new medicines and therapies, evolving regulatory requirements, increasing digitalisation, supply chain disruptions and fluctuations in raw material and logistics costs continue to influence the operating environment. Manufacturers are therefore increasingly focused on product innovation, operational efficiency, regulatory compliance, quality systems and supply-chain resilience to remain competitive.

The global macroeconomic environment during FY 2025–26 remained volatile, with geopolitical tensions, disruptions in global supply chains and evolving trade policies affecting industrial activity. Continuing conflicts in certain regions, particularly in West Asia and Eastern Europe, resulted in disruptions to energy markets and key shipping routes, including the Red Sea corridor. These developments contributed to higher freight costs and volatility in raw material and other input costs. At the same time, the global trend towards supply-chain diversification and the "China+1" strategy continued to create opportunities for alternative and reliable manufacturing locations, including India.

India continued to demonstrate economic resilience during FY 2025–26, supported by robust domestic demand, sustained government capital expenditure and stable financial conditions. The Indian pharmaceutical industry remains an important contributor to the country's economy and the global healthcare ecosystem. The Indian pharmaceutical market is estimated to be valued at approximately US$ 60 billion and is expected to grow to around US$ 120–130 billion by 2030, potentially emerging as one of the largest pharmaceutical markets globally.

India is currently the 3rd largest pharmaceutical market globally by volume and ranks among the leading pharmaceutical markets by value. The industry has developed diversified manufacturing base covering bulk drugs, Active Pharmaceutical Ingredients ("APIs"), generic formulations, over-the-counter medicines, vaccines, biosimilars and biologics.

The Indian pharmaceutical industry is supported by large manufacturing ecosystem, skilled scientific talent and an increasing focus on quality and regulatory compliance. The country has more than 10,000 pharmaceutical manufacturing facilities, including significant number of facilities compliant with USFDA and other international regulatory standards. Indian pharmaceutical manufacturers continue to strengthen their global presence through product innovation, technological advancement, capacity expansion and increasing participation in regulated and semi-regulated markets.

The industry is also undergoing gradual transition from a volume-driven model towards greater emphasis on value creation. Increasing opportunities in complex generics, biosimilars, specialised APIs, contract development and manufacturing and other value-added pharmaceutical products are expected to support this transition. The rapid growth of the Contract Development and Manufacturing Organisation ("CDMO") segment, increasing demand for chronic therapies and growing investments in advanced pharmaceutical technologies are expected to create additional growth opportunities.

India remains an important participant in the global pharmaceutical supply chain, supported by its established manufacturing capabilities and growing reputation as a reliable supplier of cost-effective and quality pharmaceutical products. The increasing preference among global pharmaceutical companies for diversified sourcing and dependable manufacturing partners continues to create opportunities for Indian manufacturers of APIs, intermediates and pharmaceutical products. At the same time, the industry continues to face challenges arising from intense competition, pricing pressures, fluctuations in raw material costs, evolving regulatory expectations and disruptions in global logistics and supply chains. During the year, geopolitical developments, particularly tensions in the Middle East, continued to exert pressure on logistics availability and costs, which had a consequential impact on input costs and operating margins.

The Government of India has set an ambition to become US$ 30 trillion economy by 2047, coinciding with the centenary of India's independence. With its strong domestic base and global footprint, the pharmaceutical industry is expected to remain an important contributor to this growth journey. Continued investments in research and development, manufacturing infrastructure, technology and value-added products are expected to further strengthen India's position in the global pharmaceutical landscape.

Key Developments in the Company:

Against this backdrop, your Company continued to focus on strengthening its core API and intermediates business while pursuing opportunities for portfolio diversification, expansion into regulated markets and development of new revenue streams through strategic collaborations and contract manufacturing.

During the year, the Company continued its efforts towards expanding and diversifying its product portfolio. Validation of Dorzolamide HCL under the collaboration with C2 Pharma was successfully completed during Q4 FY 2025–26. The Company is also progressing with further product development and validation initiatives, including Brinzolamide. While these products are presently at various stages of validation and development and may not have a material impact on revenue in the immediate term, their successful commercialisation, subject to applicable regulatory and other requirements, is expected to support the Company's medium- to long-term growth strategy.

The Company also continued to explore opportunities in contract manufacturing and regulated markets. Its strategy remains focused on strengthening customer relationships, expanding its product portfolio, improving operational efficiencies and progressively enhancing its presence across domestic and international markets.

Overall, while near-term business conditions remain influenced by product-specific challenges, competitive pressures, fluctuations in input costs and logistics-related constraints, the Company's continued focus on product development, regulatory capabilities, strategic collaborations, manufacturing infrastructure and market diversification is expected to support its long-term growth and diversification objectives.

b) <u>OPPORTUNITIES & THREATS:</u>

Your Company is confident of strengthening its position in the coming years through a focused strategy of product portfolio expansion, capacity optimisation and development of new business opportunities.

We continues to focus on enhancing its manufacturing capabilities, improving capacity utilisation and exploring opportunities across the pharmaceutical value chain. Emphasis is being placed on expansion into regulated markets, development and commercialisation of new products, strengthening the contract manufacturing business and pursuing strategic collaborations and partnerships with global business associates. These initiatives are expected to broaden the Company's product portfolio, provide access to new customers and markets, diversify revenue streams and support sustainable long-term growth.

At the same time, the Company operates in a dynamic and competitive business environment and remains exposed to various external and internal risks. The Company continuously monitors these developments and undertakes appropriate measures to mitigate their potential impact on its operations and financial performance.

Opportunities
▪ Expansion into regulated and international markets
▪ New product development and portfolio diversification
▪ Commercialisation of validated and pipeline products
▪ Growth in contract manufacturing and strategic collaborations
▪ Capacity optimisation and improved operational leverage
▪ Increasing preference for diversified sourcing and the China+1 strategy
▪ Expansion of Mahi Drugs through new product commercialisation and improved capacity utilisation
▪ Strategic partnerships providing access to new customers and markets.
▪ Growing demand for specialised and value-added APIs

Threats
▪ Intense competition and pricing pressures
▪ Dependence on key products and product-specific market pressures
▪ Fluctuations in raw material prices and input costs
▪ Increase in logistics costs
▪ Geopolitical tensions and supply-chain disruptions
▪ Evolving regulatory and compliance requirements
▪ Delays in product development and commercialization
▪ Customer credit and receivables risks
▪ Shortage and retention of skilled technical manpower

Your Company's strategy is centred on leveraging these opportunities while proactively addressing the associated risks through product diversification, strengthening customer relationships, improving operational efficiencies, prudent credit management, regulatory compliance and continued investment in manufacturing and product development capabilities.

c) SEGMENT–WISE OR PRODUCT-WISE PERFORMANCE

Your Company is primarily engaged in the manufacturing of Active Pharmaceutical Ingredients ("APIs"), intermediates and related products and also undertakes contract manufacturing activities. The Company caters to both domestic and international markets, with its product portfolio comprising established products such as Ranitidine HCL and Famotidine, along with other APIs and intermediates. The Company operates its manufacturing facilities at Kazipally (Unit I) and Jeedimetla (Unit II) in Telangana, supported by its subsidiary, Mahi Drugs Private Limited, located at Anakapalli Dist., Andhra Pradesh. The manufacturing infrastructure, together with the Company's research and development capabilities, supports its strategy of product diversification, capacity optimisation and expansion into domestic and international markets.

During the year, your Company's business performance was influenced by product-specific market conditions, particularly pressure in the Ranitidine business, along with fluctuations in input costs and other operating expenses. The Company continued to focus on strengthening its product portfolio through new product development, validation and commercialisation initiatives. Strategic collaborations and contract manufacturing opportunities also form an integral part of the Company's efforts to diversify its revenue streams and reduce dependence on a limited number of products.

The Company continues to pursue opportunities in regulated markets, supported by its manufacturing and regulatory capabilities. During the year, efforts were also directed towards expanding the product portfolio through development and validation initiatives under strategic collaborations, while contract manufacturing continues to offer additional opportunities for customer and revenue diversification.

Subsidiary – Mahi Drugs Private Limited

Mahi Drugs Private Limited, the Company's subsidiary located at JN Pharma City, Anakapalli Dist., Andhra Pradesh, continues to be an important part of the Company's long-term growth and diversification strategy. The facility provides additional manufacturing capabilities and supports the Company's plans to expand its product portfolio and presence in regulated markets.

During the year, the performance of Mahi Drugs continued to be impacted by delays in the commercialisation and ramp-up of certain products. The Company, however, continued its efforts towards improving capacity utilisation, expanding product sales and progressing new product commercialisation. These initiatives are expected to support the improvement in operational performance as product volumes increase.

Research & Development

Your Company's in-house Research and Development ("R&D") capabilities continue to play significant role in product development, process optimisation, cost improvement and strengthening the product pipeline.

The R&D function focuses on the development of APIs and intermediates, novel route synthesis, process robustness, analytical method development and optimisation of manufacturing processes.

Your Company's continued focus on R&D and product development supports its strategy of portfolio diversification and the development of new growth opportunities. During the year, the Company continued its efforts towards product validation and commercialisation under strategic collaborations, additionally also pursuing the development of additional products for future commercialisation.

R&D Expenses:

(₹ in lakhs)

Particulars	FY 2025-26	FY 2024-25
Capital	88.50	93.64
Recurring	582.55	538.98
Total	**671.05**	**632.62**
Total R&D Expenditure as a %age to revenue from operations	**2.23%**	**1.90%**

d) FURTURE OUTLOOK

Your Company remains focused on strengthening its business through product portfolio expansion, improved capacity utilisation, operational efficiencies and the development of new growth opportunities. The outlook for the Company is supported by its continued focus on new product development and commercialisation, expansion into regulated markets, strategic collaborations and growth in contract manufacturing activities.

Your Company is pursuing the commercialisation and scale-up of new products, including products developed through strategic collaborations, which are expected to contribute to revenue growth over the medium to long term, subject to successful validation, regulatory requirements and market conditions. The Company also continues to explore opportunities to expand its presence in regulated and international markets.

The contract manufacturing business presents another avenue for growth and diversification. The Company continues to pursue new projects and customer engagements, which are expected to progressively strengthen its revenue base and customer portfolio.

The outlook for Mahi Drugs is expected to improve with the ramp-up of product commercialisation, increasing capacity utilisation and better sales volumes. The Company continues to work towards improving the subsidiary's operational performance through the introduction and commercialisation of new products and optimisation of its manufacturing infrastructure.

While the business environment continues to be influenced by pricing pressures, raw material cost fluctuations, geopolitical developments and global supply-chain challenges, the Company remains focused on improving its product mix, strengthening operational efficiencies and pursuing sustainable growth opportunities.

Overall, the Company's medium to long-term strategy remains centred on portfolio diversification, new product development, commercialisation, expansion into regulated markets, contract manufacturing, strategic collaborations and improved capacity utilisation. These initiatives are expected to strengthen the Company's market position and create more diversified and sustainable platform for future growth.

e) **RISKS AND CONCERNS**

The pharmaceutical industry operates in a dynamic and highly regulated environment and is exposed to various risks arising from market conditions, competition, regulatory developments, supply chain disruptions and changes in the global economic environment. Your Company continuously monitors these risks and undertakes appropriate measures to mitigate their potential impact on its operations and financial performance.

Your Company continues to face pricing and competitive pressures, particularly in certain key products. Fluctuations in raw material prices, changes in product demand and increased competition may impact margins and profitability. The Company seeks to mitigate these risks through product diversification, process optimisation, cost-control measures and the development of new products and markets.

Your Company is also exposed to supply chain and logistics risks. Geopolitical developments and disruptions in key shipping routes may affect the availability and cost of raw materials, freight and logistics services. Your Company continuously monitors market conditions and works towards optimising procurement and supply chain processes to minimise the impact of such disruptions.

As API manufacturer, your Company operates in a stringent regulatory environment. Changes in regulatory requirements, delays in approvals or observations arising from regulatory inspections may impact product commercialisation and access to regulatory markets. The Company continues to strengthen its quality systems, manufacturing processes and compliance framework to address evolving regulatory expectations.

Your Company's growth strategy also involves new product development and commercialisation, which is subject to development timelines, successful validation, regulatory requirements and market acceptance. Delays in commercialisation or ramp-up of new products may affect the anticipated growth and financial performance. Your Company continues to monitor development programmes and undertake appropriate measures to improve execution and commercialisation timelines.

The performance of your Company may also be influenced by customer concentration, credit and receivables risks. Delays in customer payments or deterioration in the creditworthiness of customers may affect cash flows and working capital. Your Company has strengthened its credit assessment and monitoring processes, including the evaluation of customer creditworthiness before accepting orders and taking appropriate recovery measures whereever necessary.

The performance of Mahi Drugs Private Limited remains dependent on the successful commercialisation and ramp-up of new products and achieving optimum capacity utilisation. Delays in product commercialisation and lower-than-optimal utilisation levels may continue to exert pressure on its financial performance. Your Company is working towards improving the subsidiary's performance through increased product sales, new product commercialisation and improved capacity utilisation.

Senior management and the Board members regularly identify, evaluate and monitor risks that may have a material impact on the Company's operations, profitability, financial position or regulatory compliance. Functional heads are entrusted with the responsibility of identifying and managing risks within their respective areas and implementing appropriate mitigation measures.

The Company has adopted a structured Risk Management Policy to provide a framework for identifying, assessing, monitoring and mitigating key business risks. Through continuous monitoring and review, the Company endeavours to maintain an appropriate risk management framework and strengthen its ability to respond effectively to changes in the business and regulatory environment.

f) <u>INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY.</u>

Your Company has in place an adequate internal control system commensurate with the size, scale and nature of its operations. The internal control framework is designed to ensure the orderly and efficient conduct of business, safeguard the Company's assets and ensure the accuracy and reliability of financial reporting. The systems and processes are periodically reviewed, upgraded and strengthened to incorporate necessary improvements, thereby enabling the Company to remain resilient and adaptable in a dynamic regulatory and business environment.

The internal control framework enables the Company to:

- Safeguard its assets against unauthorized use, loss or disposition;
- Ensure the efficient conduct of operations in accordance with established policies and procedures;
- Maintain the accuracy, completeness and reliability of financial and accounting records;
- Ensure compliance with applicable laws, regulations and accounting standards; and
- Detect and prevent fraud and irregularities in accounting and financial reporting processes.

To review and monitor the adequacy and effectiveness of the internal control systems, the Company has appointed M/s Adusumilli and Associates, Chartered Accountants, as its Internal Auditors. The Internal Auditors provide an independent and objective assessment of the design, implementation and operating effectiveness of the internal control framework and make recommendations for improvement, wherever necessary.

The Board of Directors and the Audit Committee exercise active oversight over the Company's internal control and internal financial control systems. Periodic reviews are undertaken to assess the adequacy and effectiveness of the controls, adherence to applicable accounting standards and compliance with statutory and regulatory requirements.

Through this continuous process of monitoring, review and evaluation, the Company endeavours to ensure that its internal financial control systems remain robust, reliable, efficient and responsive to its evolving business and organizational requirements, thereby supporting sustainable growth and strong corporate governance practices.

g) FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

(₹ in Crores)

Particulars	FY 2025-26	FY 2024-25	Change%
Revenue from operations	300.99	333.37	(9.71%)
Other Income	1.42	3.95	(64.05%)
Total Income	**302.41**	**337.32**	**(10.35%)**
EBITDA	**41.89**	**48.18**	**(13.06%)**
Depreciation	10.66	10.26	3.90%
PBIT	31.23	37.92	(17.64%)
Profit Before Tax	**25.19**	**30.04**	**(16.15%)**
Tax Expense	7.41	8.67	(14.53%)
Profit after Tax	**17.78**	**21.37**	**(16.80%)**

Break-up of Sales:

(₹ in Crores)

Particulars	FY 2025-26	FY 2024-25	Change%
Sale of Goods			
▪ APIs	196.58	204.99	(4.10%)
▪ Intermediates	78.31	98.89	(20.81%)
▪ Others	11.01	12.93	(14.85%)
Sale of Services	15.09	16.56	(8.88%)
Total Sales	**300.99**	**333.37**	**(9.71%)**

The reasons for the decline in the Company's financial performance are discussed in the Directors' Report.

h) HUMAN RESOURCES

The total employee strength of the Company stood at 611 as on March 31, 2026.

The Company recognizes its employees as its most valuable asset and has adopted various Human Resources policies aimed at developing, empowering and supporting its workforce. The focus remains on providing equal and fair opportunities for career development while fostering an inclusive workplace free from discrimination on the basis of religion, gender, race, colour, caste or any other grounds. The Company is committed to building a motivated workforce that feels valued, respected and inspired to contribute meaningfully towards the achievement of organizational objectives.

To promote a culture of accountability, transparency and ethical conduct, the Company has instituted a robust Whistleblower Policy that enables employees to raise and report genuine concerns without fear of reprisal. Further, in line with its commitment to providing a safe, secure and respectful workplace, the Company has implemented a Prevention of Sexual Harassment (POSH) Policy in accordance with applicable statutory requirements. The Policy provides employees with an appropriate mechanism and support system for addressing grievances in an effective and confidential manner.

Beyond statutory compliance, the Company endeavours to be an enabling employer by providing its employees with the necessary tools, guidance and opportunities for learning and professional growth. By fostering a supportive and inclusive work environment, the Company seeks to enable its employees to progress in their individual careers while contributing meaningfully to the Company's sustained growth and long-term success.

i) DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS.

Particular	FY 2025-26	FY 2024-25	Variance (%)
Debtors Turnover Ratio	5.07	5.86	(13.48%)
Inventory Turnover Ratio	4.62	4.93	(6.29%)
Interest Coverage Ratio	5.17	4.81	7.48%
Current Ratio	1.37	1.43	(4.20%)
Debt Equity Ratio	0.44	0.40	10.00%
Operating Profit Margin	13.92%	14.45%	(3.67%)
Net Profit Margin	5.91%	6.41%	(7.80%)
Return on Net worth	8.63%	11.45%	(24.63%)

There have been no significant changes in the financial ratios; hence, an explanation for the same is not required. The return on Net worth for the year 2025-26 has decreased by 24.63% as compared to preceding year due to decrease in profitability and marginal decline in operations.

By Order of the Board
For Haleos Labs Limited
(Formerly known as "SMS Lifesciences India Limited")

Date: 05.08.2026
Place: Hyderabad

TV Praveen
Executive Director
DIN: 08772030

TVVSN Murthy
Managing Director
DIN: 00465198

Annexure 3

Declaration on Code of Conduct

(Pursuant to Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

I, TVVSN Murthy, Managing Director of the Company, hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the 'Code of Conduct in respect of the year 2025-26 as envisaged in Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

By Order of the Board
For Haleos Labs Limited
(Formerly known as "SMS Lifesciences India Limited")

TVVSN Murthy
DIN: 00465198
Managing Director

Date: 05.08.2026
Place: Hyderabad

Annexure 4

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2026

[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,
Haleos Labs Limited,
Hyderabad.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Haleos Labs Limited** ("the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by the Institute of Company Secretaries of India. The Auditing Standards require that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Based on our verification of the Company's 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 from 1st April, 2025 to 31st March, 2026 ("the 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 and in the manner reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2026 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made hereunder;

(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) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (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, 2018 (SEBI ICDR Regulations) **(not Applicable to the Company during the Audit Period);**

(d) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 **(not Applicable to the Company during the Audit Period);**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(not Applicable to the Company during the Audit Period);**

(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 clients;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(not Applicable to the Company during the Audit Period);**

(h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India; and

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

(vi) We further report that, having regard to the Compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof the Company has complied with the following laws applicable specifically to the Company:

(a) Drugs and Cosmetics Act, 1940

(b) Drugs (Price Control) Order, 2013

(c) Narcotic Drugs and Psychotropic Substances Act, 1985

(d) Indian Boilers Act, 1923 and Regulations

(e) Explosives Act, 1884

(f) Petroleum Act, 1934

(g) Water (Prevention and Control of Pollution) Act, 1974

(h) Air (Prevention and Control of Pollution) Act, 1981

(i) Environment Protection Act, 1986

We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well 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 agenda items are deliberated before passing the same and views/observations made by the Directors are recorded in the Minutes.

We further report that 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.

We further report that during the Audit Period except the following, there were no events/ actions which are having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

i) The Name of the Company was Changed to "Haleos Labs Limited" pursuant to the Special Resolution passed on July 30, 2025 through Postal Ballot.

ii) Mr. T.V. Praveen, Executive Director of the Company was reappointed consequent to expiry of his term of office. He was reappointed for a term of Three(3) years from September 1, 2025 to August 31, 2028 pursuant to the Special Resolution passed on July 30, 2025 through Postal Ballot.

iii) The Company has received Establishment Inspection Report(EIR)with a Voluntary Action Indicated (VAI) status from the USFDA for API manufacturing facility located at Kazipally Village, Sanga Reddy District, Telangana on July 15, 2025.

iv) The API manufacturing facility located at Sy. No. 180/2, Kazipally Village, Jinnaram Mandal, Sanga Reddy District, Telangana, has successfully completed inspection by the Brazilian Health Authority (ANVISA) conducted from September 22, 2025 to September 26, 2025, paves the way for entry into Brazil, the largest pharmaceutical market in South America.

For SVVS & Associates Company Secretaries LLP

C. SUDHIR BABU
Designated Partner
FCS: 2724; C P No.: 7666
UDIN: F002724H000540129
Peer Review No.: 6514/2025

Place: Hyderabad
Date: 29-05-2026

Note: This letter is to be read with our letter of even date which is annexed and form an integral part of this report.

ANNEXURE

The Members,
Haleos Labs Limited,
Hyderabad.

(1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

(2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random 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) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

(5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on random test basis.

(6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For SVVS & Associates Company Secretaries LLP

C. SUDHIR BABU
Designated Partner
FCS: 2724; C P No.: 7666
UDIN: F002724H000540129
Peer Review No.: 6514/2025

Place: Hyderabad
Date: 29-05-2026

Annexure 5

Form No. MR-3

SECRETARIAL AUDIT REPORT

for the Financial Year ended 31st March, 2026

[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,
Mahi Drugs Private Limited,
Visakhapatnam.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahi Drugs Private Limited, a Material Subsidiary of M/s. Haleos Labs Limited** ("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 Company's 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 31st March, 2026 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2026 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made hereunder **(Not Applicable to the Company)**;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(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) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are **not Applicable to the Company** except the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India; and

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

(vi) We further report that, having regard to the Compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof the Company has complied with the following laws applicable specifically to the Company:

(a) Drugs and Cosmetics Act, 1940

(b) Drugs (Price Control) Order, 2013

(c) Narcotic Drugs and Psychotropic Substances Act, 1985

(d) Indian Boilers Act, 1923 and Regulations

(e) Explosives Act, 1884

(f) Petroleum Act, 1934

(g) Water (Prevention and Control of Pollution) Act, 1974

(h) Air (Prevention and Control of Pollution) Act, 1981

(i) Environment Protection Act, 1986

We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that:

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well 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 agenda items are deliberated before passing the same and views/observations made by the Directors are recorded in the Minutes.

We further report that 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.

We further report that during the Audit Period, there was no event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

For **SVVS & Associates**
Company Secretaries LLP

Place: Hyderabad
Date: 29-05-2026

C. SUDHIR BABU
Designated Partner
FCS: 2724; C P No.: 7666
UDIN: F002724H000540239
Peer Review No.: 6514/2025

Note: This letter is to be read with our letter of even date which is annexed and form an integral part of this report.

ANNEXURE

The Members,
Mahi Drugs Private Limited,
Visakhapatnam.

(1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

(2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random 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) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

(5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on random test basis.

(6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **SVVS & Associates**
Company Secretaries LLP

Place: Hyderabad
Date: 29-05-2026

C. SUDHIR BABU
Designated Partner
FCS: 2724; C P No.: 7666
UDIN: F002724H000540239
Peer Review No.: 6514/2025

Annexure 6

ANNUAL SECRETARIAL COMPLIANCE REPORT

Secretarial Compliance Report of Haleos Labs Limited for the Financial Year ended 31st March, 2026

We have examined:

(a) all the documents and records made available to us and explanation provided by **Haleos Labs Limited** ("the listed entity"),

(b) the filings/ submissions made by the listed entity to the Stock Exchanges,

(c) website of the listed entity,

(d) any other document/ filing, as may be relevant, which has been relied upon to make this Report.

for the financial year ended 31st March, 2026 ("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the regulations, circulars, guidelines issued thereunder by the SEBI;

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

(e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021

(g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(h) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

(i) other regulations as applicable and circulars/ guidelines issued thereunder;

and based on the above examination, we hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sr. No.	*Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)*	*Regulation/ Circular No.*	*Deviations*	*Action Taken by*	*Type of Action*	*Details of Violation*	*Fine Amount*	*Observations /Remarks of the Practicing Company Secretary (PCS)*	*Management Response*	*Remarks*
					NIL					

(b) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	*Observations/ Remarks of the Practicing Company Secretary (PCS) in the previous reports)*	*Observations made in the Secretarial Compliance report for the year ended ..... (The years are to be mentioned)*	*Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)*	*Details of violation / Deviations and actions taken/penalty imposed, if any, on the listed entity*	*Remedial actions, if any, taken by the listed entity*	*Comment s of the PCS on the actions taken by the listed entity*
1.	SEBI has issued framework for restricting trading by Designated Persons ("DPs") by freezing PAN.	Company unfreezed PAN of Mr. Praveen, Executive Director during the closure of trading window period.	SEBI has issued framework for restricting trading by Designated Persons ("DPs") by freezing PAN vide SEBI circular no, SEBI/HO/ISD/ ISD-PoD-2/P/ CIR/2023/124 dated 19.07.2023	Company unfreezed PAN of designated person during the closure of trading window period. National Stock Exchange of India Limited (NSE) has sent a Cautionary Letter to the Company to be careful in future to avoid recurrence of such lapses and requested to ensure that the Company adheres to the requirements of the applicable provisions/ regulations as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	Cautionary measures advised by the Board of Directors	The management has been advised to avoid such instances in future.

I. We hereby report that, during the review period the compliance status of the listed entity with the following requirements:

Sr. No	Particulars	Compliance Status (Yes/ No/ NA)	Observation s/ Remarks by PCS*
1.	**Secretarial Standards:** The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries of India (ICSI).	Yes	
2.	**Adoption and timely updation of the Policies:** • All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities. • All the policies are in conformity with SEBI Regulations and have been reviewed & updated on time, as per the regulations/ circulars/guidelines issued by SEBI.	Yes	
3.	**Maintenance and disclosures on Website:** • The listed entity is maintaining a functional website. • Timely dissemination of the documents/information under a separate section on the website. • Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which redirects to the relevant document(s)/section of the website.	Yes	
4.	**Disqualification of Director(s):** None of the director(s) of the listed entity is/ are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity.	Yes	
5.	**Details related to subsidiaries of listed entities have been examined w.r.t.:** (a) Identification of material subsidiary companies. (b) Disclosure requirement of material as well as other subsidiaries.	Yes	
6.	**Preservation of Documents:** The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per policy of preservation of documents and archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	
7.	**Performance Evaluation:** The listed entity has conducted performance evaluation of the board, independent directors and the committees at the start of every financial year/during the financial year as prescribed in SEBI Regulations.	Yes	

Sr. No	Particulars	Compliance Status (Yes/ No/ NA)	Observation s/ Remarks by PCS*
8.	**Related Party Transactions:** (a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; (b) In case no prior approval obtained, the listed entity shall provide detailed reasons alongwith confirmation whether the transactions were subsequently approved/ ratified/ rejected by the Audit Committee.	(a) Yes (b) Not Applicable	
9.	**Disclosure of events or information:** The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	
10.	**Prohibition of Insider Trading:** The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	
11.	**Actions taken by SEBI or Stock Exchange(s), if any:** No action(s) has been taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder (or) The actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges are specified in the last column.	Not Applicable	
12.	Resignation of statutory auditors from the listed entity or its material subsidiaries: In case of resignation of statutory auditor from the listed entity or any of its material subsidiaries during the financial year, the listed entity and / or its material subsidiary(ies) has / have complied with paragraph 6.1 and 6.2 of Section V-D of Chapter V of the Master Circular on compliance with the provisions of the LODR Regulations by listed entities.	Not Applicable	
13.	**Additional Non-compliances, if any:** No additional non-compliances observed for any SEBI regulation/ circular/guidance note etc. except as reported above.	Not Applicable	

We further, report that the listed entity is in compliance/ not in compliance with the disclosure requirements of Employee Benefit Scheme Documents in terms of regulation 46(2) (za) of the LODR Regulations.

Assumptions & limitation of scope and review:

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
2. Our responsibility is to report based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial records and books of account of the listed entity.
4. This report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (LODR) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

Signature:

C. Sudhir Babu
FCS No.: 2724; CP No.: 7666
UDIN: F002724H000540074
Peer Review No.: 6514/2025

Place: Hyderabad
Date: 29-05-2026

Annexure 7

CEO AND CFO CERTIFICATE

[Pursuant to Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015

We, Mr. TVVSN Murthy, MD and Mr. N. Rajendra Prasad, CFO hereby certify as under:

A) We have reviewed financial statements (standalone & consolidated), including the cash flow statement for the year ended 31st March, 2026 and to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the company's affairs and comply with existing accounting standards, applicable laws and regulations.

B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended on 31st March, 2026, which is fraudulent, illegal or violates the company's code of conduct.

C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company for financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.

D) We have indicated to the auditors and the Audit Committee:

   i. that there are no significant changes in internal control over financial reporting during the year;

   ii. that there are no significant changes in accounting policies during the year; and

   iii. that there are no instances of significant fraud of which we have become aware of and involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Haleos Labs Limited
(Formerly known as "SMS Lifesciences India Limited"

		TVVSN Murthy
Date : 05.08.2026	**N. Rajendra Prasad**	Managing Director
Place: Hyderabad	Chief Financial Officer	(DIN: 00465198)

Annexure 8

FORM AOC. 1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014]

Part "A": Subsidiaries

Particulars	Name of the Subsidiary Mahi Drugs Private Limited CIN: U24233AP2012PTC084875
Provisions pursuant to which the company has become a subsidiary	Section 2(87)(ii)
Reporting period	01.04.2025 – 31.03.2026
Date of Acquisition	02-08-2018
Reporting currency and Exchange rate of subsidiaries if any	₹ (In lakhs)
Share Capital	707.26
Other Equity	3,294.81
Total assets	11,854.74
Total Liabilities (Excl. Share Capital, Reserves & Surplus)	7,852.67
Investments	-
Total Revenue	**6,019.89**
Profit before taxation	120.25
Provision for taxation / Tax Expenses	(1.83)
Profit after taxation	**122.08**
Proposed Dividend	Nil
% of shareholding	60%

1. Names of subsidiaries which are yet to commence operations - Nil
2. Names of subsidiaries which have been liquidated or sold during the year - Nil

Part "B": (Information in respect of Associates and Joint Ventures to be presented)

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

Not Applicable since the Company does not have any Associate Companies and Joint Ventures.

By Order of the Board
For Haleos Labs Limited
(Formerly known as "SMS Lifesciences India Limited")

Date: 05.08.2026
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

Annexure 9

REPORT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2025

[Pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company is pleased to present the Corporate Governance Report of the Company for the financial year ended 31st March, 2026.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Haleos Labs Limited (formerly known as SMS Lifesciences India Limited) ("the Company"), is committed to maintaining the highest standards of corporate governance based on the principles of transparency, accountability, fairness, ethical conduct and responsible decision-making. The Company believes that sound corporate governance practices are essential for sustainable value creation for all stakeholders and for maintaining their trust and confidence.

Company's corporate governance framework is designed to ensure effective oversight, prudent management and compliance with applicable laws, rules and regulations, including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Company has adopted appropriate policies, procedures and systems to strengthen its governance framework. These include robust internal control systems, transparent financial and other disclosures, clearly defined policies and effective oversight by the Board of Directors and its Committees.

The governance framework of the Company is, inter alia, supported by:

a) Clearly defined policies relating to the evaluation of the performance of the Board, its Committees and individual Directors, as well as the remuneration framework for Directors and Senior Management, under the oversight of the Nomination and Remuneration Committee.

b) Transparent accounting practices, timely and accurate financial reporting and disclosures, supported by an adequate system of internal financial controls.

c) Effective review and monitoring mechanisms to support informed strategic decision-making and oversight of the Company's operational, financial and compliance functions.

d) A structured framework for ensuring compliance with applicable statutory and regulatory requirements and the timely dissemination of material information to stakeholders.

Board and its Committees periodically review the Company's governance practices, policies and processes to ensure their continued effectiveness and alignment with applicable regulatory requirements and evolving governance standards. The performance of the Board, its Committees and individual Directors is evaluated annually in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Company is committed to ensuring compliance with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant laws and regulations. Necessary approvals of the shareholders are obtained wherever required under applicable law, including through electronic voting facilities, in accordance with the prescribed procedures.

The Company's Corporate Governance framework reflects its commitment to ethical and responsible management, transparency in decision-making and protection of the interests of all stakeholders.

The detailed Report on Corporate Governance for the financial year ended March 31, 2026 is presented below.

2. **BOARD OF DIRECTORS:**

a) **Composition and category of Directors:**

The Board plays a pivotal role in ensuring sound corporate governance and provides strategic direction and oversight for the overall functioning of the Company. The Board of Directors is the apex governing body of the Company and is responsible for overseeing its strategic direction, performance, governance framework and long-term sustainability.

In line with its commitment to the principles of integrity, transparency and accountability, the Company has an appropriate mix of Executive and Independent Directors, which enables the Board to exercise independent judgement and provides an appropriate balance between governance and management.

As stewards of corporate governance, the Board ensures that the Company conducts its affairs in an ethical, transparent and responsible manner and in compliance with applicable laws and regulations. The Board oversees the formulation and implementation of key policies, strategic initiatives and risk management framework and provides guidance and oversight to the management for achieving sustainable growth and long-term value creation for all stakeholders.

While the Board retains overall responsibility for the governance and strategic direction of the Company, the day-to-day management and operational affairs of the Company have been entrusted to the Executive Directors and the Senior Management, subject to the overall supervision, direction and control of the Board.

As on March 31, 2026, the Board comprised 7 (Seven) Directors, representing an optimum mix of Executive and Independent Directors. The composition of the Board is in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Directors bring to the Board diverse qualifications, expertise, professional experience and competencies across various fields, enabling the Board to effectively discharge its responsibilities. The detailed profile of the Directors is available on the Company's website at www.haleoslabs.com/composition-of-the-board/

Composition of the Board of Directors:

Sl No.	Name of Director	DIN	Designation	Category
1.	Mr. Veeravenkata Satyanarayana Murthy Talluri	00465198	Managing Director	Promoter group & Executive
2.	Mr. Venkata Praveen Talluri	08772030	Executive Director	Promoter group & Executive
3.	Mrs. Sudeepthi Gopineedi	09102540	Whole-time Director	Promoter group & Executive
4.	Mr. Sarath Kumar Pakalapati	01456746	Independent Director	Non-Executive & Independent
5.	Mr. Mannam Malakondaiah	01431923	Independent Director	Non-Executive & Independent
6.	Mr. Srinivas Samavedam	02488555	Independent Director	Non-Executive & Independent
7.	Mrs. Sundaramma Patibandla**	02366355	Women Independent Director	Non-Executive & Independent

****resigned w.e.f. 29th May, 2026**

Brief profiles of the Directors being reappointed have been given in the AGM Notice, forming part of the Annual Report.

b) Attendance of each Director at the Board Meetings, last Annual General Meeting (19th AGM):

The Board meets at regular intervals to discuss and deliberate upon matters relating to the strategic direction, business operations and overall performance of the Company. The meetings of the Board are convened in accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board, inter alia, reviews and considers the business strategies and policies of the Company, financial performance and financial statements, reports of the Statutory Auditors, Cost Audit Report and Secretarial Audit Report, annual operating plans and budgets, capital expenditure budgets and updates thereon, compliance reports under applicable laws, major legal and regulatory matters and developments and transactions with Related Parties.

The Board also takes note of the Minutes of the meetings of its Committees and reviews the Minutes of the meetings of the Board of its Subsidiary Company, in accordance with applicable provisions of law. The Board periodically reviews the Company's compliance with the provisions of the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations.

During the financial year 2025–26, the Board met 4 (four) times on 29th May, 2025 (ii) 11th August, 2025 (iii) 10th November, 2025 and (iv) 11th February, 2026. The maximum interval between any two consecutive meetings did not exceed 120 days, and the Company has complied with the applicable requirements relating to the frequency and conduct of Board Meetings under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details of attendance of Directors at the Board Meetings and Annual General Meeting (AGM) held during the year are given below:

Name of the Director	Number of Board Meetings		Attendance at the last AGM held on 30.09.2025
	Eligible to attend	Attended	
Mr. TVVSN Murthy	04	04	✓
Mr. TV Praveen	04	04	✓
Mrs. Sudeepthi Gopineedi	04	04	✓
Mr. P. Sarath Kumar	04	04	✓
Mr. Mannam Malakondaiah	04	04	✓
Mr. Srinivas Samavedam	04	03	✓
Mrs. Sundaramma Patibandla**	04	02	✓

****resigned w.e.f. 29th May, 2026**

The requisite quorum was duly present for all the aforesaid Meetings.

The Meetings of the Board of Directors are generally held at the Registered Office of the Company. In order to facilitate the participation of Directors and invitees and considering their convenience, the Company also provides the facility to attend the Meetings through video conferencing, in accordance with the applicable provisions of the Companies Act, 2013 and the rules made thereunder.

The Agenda and relevant notes for the Meetings of the Board are circulated to the Directors sufficiently in advance in accordance with the provisions of the Companies Act, 2013, the rules made thereunder and Secretarial Standard – 1 on Meetings of the Board of Directors ("SS-1") issued by the Institute of Company Secretaries of India ("ICSI"). This enables the Directors to adequately prepare for the Meetings and facilitates meaningful deliberations and informed and timely decision-making by the Board.

In certain cases, where it is necessary to consider matters of an urgent nature, including matters involving Unpublished Price Sensitive Information ("UPSI") such as financial results, declaration of dividend, corporate restructuring, changes in the Board or Senior Management, or other material events, the Agenda and supporting documents may be circulated at a shorter notice, in accordance with the applicable provisions of SS-1 and other applicable laws. The Company Secretary attends the Meetings of the Board and its Committees and, inter alia, is responsible for ensuring compliance with the applicable secretarial standards and for recording and maintaining the Minutes of such Meetings.

The draft Minutes of the Meetings of the Board are circulated to all the Directors for their comments within the prescribed timelines in accordance with SS-1. After incorporating the comments, if any, received from the Directors, the Minutes are finalised and entered in the Minutes Book within 30 days of the conclusion of the respective Meeting, in accordance with the applicable provisions of the Companies Act, 2013 and SS-1.

c) Number of directorships, committee memberships and committee chairmanships held by the aforementioned Directors in other companies as on 31st March, 2026 are given below:

Name & Designation	Number of Directors in other company	Number of other committees		Names of Listed Companies in which Directorship is held and Category of Directorship
		Chairman	Member	
Mr. TVVSN Murthy	01	-	-	-
Mr. Venkata Praveen Talluri	01	-	-	-
Mrs. Sudeepthi Gopineedi	-	-	-	-
Mr. Sarath Kumar Pakalapati	02	-	-	-
Mr. Srinivas Samavedam	01	-	-	-
Mr. Mannam Malakondaiah	04	-	05	Independent Director in Beardsell Limited
Mrs. Sundaramma Patibandla	05	-	-	-

Including all companies (i.e. private, public, foreign, Section 8), except Haleos Labs Limited.

Only membership of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committees in other Public Companies, have been considered.

d) Number of meetings of the Board of Directors held and dates on which held:

During the year 2025-26, the Board of Directors met as mentioned below:

Sl No.	Date & time	No. of Director present
1.	29th May, 2025 [02.00 pm]	07
2.	11th August, 2025 [01.45 pm]	06
3.	10th November, 2025 [02.45 pm]	06
4.	11th February, 2026 [04.45 pm]	06

e) Disclosure of Relationship between Directors Inter-se:

Mr. TVVSN Murthy, Mr. TV Praveen and Mrs. Sudeepthi Gopineedi, being Promoter Directors of the Company, were related to each other as "relatives" within the meaning of Section 2(77) of the Companies Act, 2013. None of the other Directors of the Company is related to any other Director on the Board or to any of the Key Managerial Personnel of the Company within the meaning of the applicable provisions of the Companies Act, 2013 and the rules made thereunder.

f) Number of shares held by Directors as on 31st March, 2026:

Name of Directors	No. of Shares	(%age)
Mr. TVVSN Murthy	4,80,034	15.88%
Mr. Venkata Praveen Talluri	2,73,939	9.06%
Mrs. Sudeepthi Gopineedi	1,99,494	6.60%
Mr. Sarath Kumar Pakalapati (including indirect holding)	3,035	0.10%
Mr. Mannam Malakondaiah	-	-
Mr. Srinivas Samavedam	-	-
Mrs. Sundaramma Patibandla	-	-
Total	**9,56,502**	**31.64%**

The Company does not have any convertible instruments during the period under review.

g) Familiarization Programmes for Independent Directors:

At the time of appointment, each Independent Director is issued a formal letter of appointment setting out, inter alia, the roles, functions, duties and responsibilities expected of him/her as a Director of the Company. The terms and conditions of appointment are in accordance with the applicable provisions of the Companies Act, 2013 including Schedule IV thereto, the rules made thereunder and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Directors are familiarised with their roles, rights, responsibilities, liabilities and obligations under the applicable provisions of the Act, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws. They are also kept updated on relevant regulatory developments and matters relating to the business and operations of the Company.

The Company has in place adequate familiarisation programme for its Independent Directors. As part of the programme, the Independent Directors are periodically provided with presentations and updates on, inter alia, the Company's business, operations, financial performance, strategic initiatives and material regulatory developments. Quarterly updates and other relevant information are also shared with the Directors to enable them to gain and maintain an appropriate understanding of the Company's business and the industry in which it operates. The details of familiarization programmes for Independent Directors policy can be accessed from the website of the Company at www.haleoslabs.com/policies/

h) Skills/ Expertise/ Competence of the Board of Directors:

The Company has in place a Policy on Board Diversity, which provides for an appropriate and balanced composition of the Board and recognises the importance of diversity in the Boardroom. Diversity is considered across various parameters, including, inter alia, skills, experience, knowledge, professional background, industry expertise, gender, age and other relevant attributes.

The Company is engaged in the manufacture and development of Active Pharmaceutical Ingredients ("APIs"), pharmaceutical intermediates and bulk drugs and caters to both domestic and international markets. Accordingly, the Board requires an appropriate mix of skills, expertise and competencies to provide strategic direction, oversee the operations of the Company and support its long-term growth and sustainability. The current composition of the Board represents an appropriate blend of professionalism, knowledge, experience and expertise, enabling the Board to effectively discharge its responsibilities and provide strategic guidance and oversight to the management.

In accordance with the requirements of Regulation 34(3) read with Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following core skills, expertise and competencies have been identified by the Board as being relevant in the context of the Company's business and sector:

Skill	Description	Name of Directors
Leadership and Management	Ability to provide strategic leadership, create an inspiring vision, guide the Company and effectively oversee the implementation and delivery of strategic objectives.	CA (Mr.) P. Sarath Kumar, Mr. TV Praveen and Mr. TVVSN Murthy
Industry knowledge (Pharma Industry)	Knowledge and understanding of the pharmaceutical industry, including regulatory and business developments, industry dynamics and factors influencing the Company's operations.	Mr. TVVSN Murthy, Mr. TV Praveen, Mrs. Sudeepthi Gopineedi and Dr. (Mr.) Srinivas Samavedam.
Business Acumen	Ability to apply experience, knowledge and perspective to evaluate business opportunities, assess risks and make sound and informed business decisions.	Mr. TVVSN Murthy, Mr. TV Praveen and Mrs. Sudeepthi Gopineedi
Strategic Thinking	Ability to identify opportunities, evaluate strategic alternatives, assess risks and develop and oversee the implementation of strategies to achieve the Company's long-term objectives.	Mr. TVVSN Murthy, Mr. TV Praveen, Mrs. Sudeepthi Gopineedi, Mrs. Sundaramma Patibandla and CA (Mr.) P. Sarath Kumar
Finance & Accounting	Knowledge and ability to analyse financial statements, assess financial viability, contribute to financial planning, oversee budgets and resource utilisation, and understand financial reporting, accounting principles, internal controls and audit processes.	Mrs. Sundaramma Patibandla, CA (Mr.) P. Sarath Kumar and Mr. TV Praveen
Technology	Knowledge and understanding of technologies relevant to the Company's existing and future products, manufacturing processes and business opportunities.	Mr. TVVSN Murthy, Mr. TV Praveen and Mrs. Sudeepthi Gopineedi
Governance	Knowledge and understanding of corporate governance processes, regulatory compliance, Board oversight, stakeholder interests, accountability, corporate ethics and values.	Dr. (Mr.) Mannam Malakondaiah, CA (Mr.) P. Sarath Kumar, Mrs. Sundaramma Patibandla and Dr. (Mr.) Srinivas Samavedam.
Global Business	Understanding of global business dynamics, international markets and industry trends relevant to the Company's operations.	Mr. TV Praveen and Mrs. Sudeepthi Gopineedi

The Board comprises highly qualified and experienced professionals possessing the requisite skills, expertise and competencies to make an effective contribution to the deliberations and decision-making of the Board and its Committees. The detailed profile of the Directors is available on the Company's website at www.haleoslabs.com/composition-of-the-board/. The Policy on Board Diversity, as approved and amended from time to time by the Board, is also available on the Company's website at www.haleoslabs.com/policies/

i) Conformity related to Independent Directors:

All the Independent Directors of the Company have submitted their respective declarations and disclosures confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Directors have also confirmed that they have complied with the Code for Independent Directors prescribed under Schedule IV to the Companies Act, 2013 and have affirmed their continued independence in accordance with Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

They have further confirmed that they are not aware of any circumstance or situation, existing or reasonably anticipated, which could impair or impact their ability to discharge their duties with objective and independent judgement and without any external influence.

The Board has taken on record the declarations and disclosures submitted by the Independent Directors and, based on the same, is of the opinion that all the Independent Directors fulfil the conditions specified under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the Management.

The Board has also confirmed that the Independent Directors are persons of integrity and possess the requisite qualifications, expertise, experience and competencies relevant to the Company's business.

The Independent Directors have complied with the applicable provisions relating to registration with the databank maintained by the Indian Institute of Corporate Affairs ("IICA") and the requirements prescribed under Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, including the applicable provisions relating to online proficiency self-assessment, wherever applicable.

The tenure of the Independent Directors is in accordance with the provisions of the Companies Act, 2013, the rules made thereunder and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

j) Resignation of an Independent Director

During the year 2025–26, none of the Independent Directors resigned from the Board of the Company.

Subsequent to the close of the year, Mrs. Sundaramma Patibandla tendered her resignation as an Women Independent Director of the Company with effect from 29th May, 2026, due to her preoccupation and other professional commitments. The Company confirms that there were no other material reasons for her resignation other than those stated in her resignation letter.

Statutory and Regulatory Compliance Declaration

The Company confirms the following:

1. The composition of the Board of Directors is in compliance with the requirements of Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. None of the Directors of the Company holds directorship in more than the permissible number of listed entities as prescribed under Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. None of the Independent Directors serves as an Independent Director in more than the permissible number of listed entities as prescribed under Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, Mr. TVVSN Murthy, Managing Director, Mr. TV Praveen, Executive Director, and Mrs. Sudeepthi Gopineedi, Whole-time Director, do not hold the position of Independent Director in any other listed entity.

4. None of the Independent Directors holds the position of Managing Director or Whole-time Director in any listed entity, in accordance with the applicable requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. None of the Directors is a member of more than 10 Committees or acts as Chairperson of more than 5 Committees across all public limited companies in which he/she is a Director, in accordance with Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6. The tenure of the Independent Directors is in accordance with the provisions of the Companies Act, 2013, the rules made thereunder and the applicable provisions of Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

7. During the year 2025–26, no vacancy arose on the Board due to the resignation of any Independent Director. Accordingly, the provisions relating to the filling of a vacancy arising from the resignation or removal of an Independent Director under Regulation 25(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were not applicable.

8. During the year 2025–26, the information specified in Part A of Schedule II to the SEBI Listing Regulations, including, inter alia, annual operating plans and budgets, capital expenditure budgets, quarterly and annual financial results, foreign currency exposures, minutes of meetings and such other information as may be applicable to the Company and its Subsidiary, was placed before the Board for its consideration and review.

9. Senior Management Personnel have confirmed that they do not have any material personal interest in transactions entered into by the Company which may potentially conflict with the interests of the Company.

10. The Company has voluntarily obtained a Directors' and Officers' Liability Insurance policy with adequate coverage and complies with the applicable requirements of Regulation 25(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. COMMITTEES CONSTITUTED BY THE BOARD OF DIRECTORS:

The Board has constituted various Committees with specific terms of reference and clearly defined roles and responsibilities to enable focused attention on matters requiring detailed deliberation and to ensure effective and timely resolution of diverse matters.

The Committees function in accordance with the applicable provisions of the Companies Act, 2013, the rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other applicable laws and regulations. The terms of reference of the respective Committees are reviewed and updated by the Board from time to time, as considered necessary.

As on 31st March, 2026, the Company had constituted the following Board-level Committees:

a) Audit Committee;

b) Nomination and Remuneration Committee;

c) Corporate Social Responsibility Committee; and

d) Stakeholders' Relationship Committee.

Snapshot of the composition of the Committees as on 31st March, 2026:

Name of Director	Position in Committee (whether Chairperson / Member)			
	Audit Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee
Mr. TVVSN Murthy	Member	Chairman	-	Member
Mr. TV Praveen	-	Member	-	-
Mrs. Sudeepthi Gopineedi	-	-	-	-
Mr. P. Sarath Kumar	Chairman	-	Member	Chairman
Mr. (Dr.) Mannam Malakondaiah	Member	Member	Chairman	-
Mr. (Dr.) Srinivas Samavedam	-	Member	Member	-
Mrs. Sundaramma Patibandla**	Member	-	Member	Member

****resigned w.e.f. 29th May, 2026**

Meetings of each Committee are convened and chaired by the respective Chairperson of the Committee.

The Chairperson of each Committee apprises the Board of the significant matters discussed and decisions taken at the respective Committee Meetings. The Minutes of the Meetings of all the Committees are placed before the Board for its information and noting, thereby ensuring effective oversight and facilitating appropriate coordination between the Board and its Committees.

Attendance Details of the Meetings of Committees during the year:

Name of the Meeting	Audit Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee
Meeting held	**04**	**02**	**02**	**01**
Attendance of Directors				
Mr. TVVSN Murthy	04	02	-	01
Mr. TV Praveen	-	02	-	-
Mrs. Sudeepthi Gopineedi	-	-	-	-
Mr. P. Sarath Kumar	04	-	02	01
Mr. (Dr.) Mannam Malakondaiah	04	02	02	-
Mr. (Dr.) Srinivas Samavedam	-	01	02	-
Mrs. Sundaramma Patibandla	02	-	01	01

The Company complies with the applicable provisions of the Companies Act, 2013 and the rules made thereunder, Secretarial Standard–1 on Meetings of the Board of Directors ("SS-1") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to the convening and conduct of Meetings of the Board of Directors and its Committees.

A. AUDIT COMMITTEE:

- **Terms of reference:**

The terms of reference of the Audit Committee are in accordance with the provisions of Section 177 of the Companies Act, 2013, the rules made thereunder and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

- **Role and Responsibilities of the Audit Committee:**

The role and responsibilities of the Audit Committee are in accordance with the provisions of Section 177 of the Companies Act, 2013 and the rules made thereunder, Part C of Schedule II read with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and other applicable statutory and regulatory requirements. The Audit Committee also performs such other functions and exercises such powers as may be entrusted to it by the Board of Directors from time to time.

Further, in accordance with the applicable provisions of the Companies (Cost Records and Audit) Rules, 2014 and other applicable provisions relating to cost records and cost audit, the Company maintains the requisite cost records in respect of its business of manufacturing Active Pharmaceutical Ingredients ("APIs") and bulk drugs. Cost Audit Report issued by the Cost Auditors of the Company is placed before the Audit Committee for its review and consideration. Based on its review, the Audit Committee considers the report and makes appropriate recommendations to the Board of Directors, wherever required, in accordance with the applicable provisions of law.

- **Composition of the Audit Committee as on 31st March, 2026:**

Name	Designation	Category
Mr. P. Sarath Kumar	Chairman	Non-Executive
Dr. (Mr.) Mannam Malakondaiah	Member	Non-Executive
Mr. TVVSN Murthy	Member	Executive
Mrs. Sundaramma Patibandla**	Member	Non-Executive

****resigned w.e.f. 29th May, 2026**

During the year, there were no changes in the composition of the Audit Committee.

- **Meeting and Attendance:**

During the year 2025–26, the Audit Committee met 4 (four) times.

The meetings were scheduled in advance, and the requisite quorum was present at each meeting.

The gap between any 2 consecutive meetings did not exceed 120 days, and the Company complied with the applicable requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to the frequency and conduct of Audit Committee Meetings.

Audit Committee Meetings held during the year 2025-26 and attendance details:

Sl No.	Date of meeting	Eligible to attend	attended
1)	29th May, 2025	04	04
2)	11th August, 2025	04	04
3)	10th November, 2025	04	03
4)	11th February, 2026	04	03

All the Members of the Audit Committee possess the requisite qualifications and expertise to serve on the Committee and have sound knowledge of finance, accounting practices, financial management and internal controls. The composition of the Audit Committee is in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Chairperson of the Audit Committee was present at the 19th Annual General Meeting of the Company to address and answer queries raised by the shareholders.

Executive Directors, Chief Financial Officer and Company Secretary are permanent invitees to the Meetings of the Audit Committee. Statutory Auditors, Secretarial Auditors, Internal Auditors and such other officials or professionals, as considered necessary, are invited to attend the Meetings of the Audit Committee and provided their observations and inputs on matters placed before the Committee.

The Audit Committee, after due deliberations, made appropriate recommendations to the Board of Directors from time to time, and the recommendations made by the Audit Committee were duly considered and accepted by the Board during the year 2025–26.

B. NOMINATION AND REMUNERATION COMMITTEE:

- **Terms of reference:**

The terms of reference of the Nomination and Remuneration Committee are in accordance with the provisions of Section 178 of the Companies Act, 2013 and the rules made thereunder and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

- **Role and Responsibilities of the Nomination and Remuneration Committee:**

The role and responsibilities of the Nomination and Remuneration Committee are in accordance with the provisions of Section 178 of the Companies Act, 2013 and the rules made thereunder, Part D of Schedule II read with Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. The Committee also discharges such other functions and responsibilities as may be prescribed under applicable statutory or regulatory provisions and as may be entrusted to it by the Board of Directors from time to time.

- **Composition of the Nomination and Remuneration Committee as on 31st March, 2026:**

Name	Designation	Category
Dr. (Mr.) Mannam Malakondaiah	Chairman	Non-Executive
Mr. P. Sarath Kumar	Member	Non-Executive
Dr. (Mr.) Srinivas Samavedam	Member	Non-Executive
Mrs. Sundaramma Patibandla**	Member	Non-Executive

****resigned w.e.f. 29th May, 2026**

During the year, there were no changes in the composition of the NR Committee.

- **Meeting and Attendance:**

During the year 2025–26, the Nomination and Remuneration Committee met 2 (two) times. The meetings were scheduled well in advance, and the requisite quorum was present at each meeting.

Nomination and Remuneration Committee Meetings held during the year 2025-26 and attendance details:

Sl No.	Date of meeting	Eligible to attend	attended
1)	29th May, 2025	04	04
2)	11th February, 2026	04	03

- **Performance evaluation criteria for Directors:**

In accordance with the provisions of the Companies Act, 2013, the rules made thereunder, Schedule IV to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a framework and criteria for evaluating the performance of the Board of Directors, its Committees, individual Directors and Independent Directors.

The Nomination and Remuneration Committee has formulated the criteria and framework for the annual performance evaluation, taking into consideration the applicable statutory and regulatory requirements.

The performance evaluation was carried out by Nomination and Remuneration Committee in the meeting held on 11th February, 2026, through a structured evaluation process based on questionnaires and feedback received from the Directors. The evaluation covered various aspects relating to the composition and functioning of the Board and its Committees, quality of deliberations, effectiveness of decision-making, governance practices, discharge of duties and responsibilities and the overall contribution of individual Directors.

The key parameters considered for the evaluation included, inter alia:

1) **Evaluation of the Board:**

- Effectiveness of the Board in strategic decision-making and providing direction to the management;
- Adequacy of the Board's composition, structure and diversity;
- Effectiveness of the corporate governance framework and oversight mechanisms;
- Identification and oversight of material risks and compliance matters;
- Review and monitoring of the Company's operational and financial performance;
- Quality and adequacy of information provided to the Directors for effective decision-making;
- Conduct of Board Meetings, including the level of participation, quality of discussions and timely resolution of matters;
- Effectiveness of the Chairperson in leading and facilitating the deliberations of the Board;
- Oversight of internal controls, internal audit observations and management's corrective actions;
- Oversight of the appointment, performance and independence of the Statutory Auditors; and
- Consideration of audit plans and other matters relating to the audit and financial reporting process.

2) **Evaluation of the Committees:**

- Effectiveness of the functioning of the Committees and discharge of their respective roles and responsibilities;
- Quality of deliberations and meaningful participation of the Members;
- Conduct of Committee Meetings and timely resolution of matters;
- Adequacy and timeliness of information placed before the Committees; and
- Effectiveness of recommendations made to the Board.

3) **Evaluation of Individual and Independent Directors:**

- Attendance and active participation in the Meetings of the Board and its Committees;
- Contribution to discussions, deliberations and decision-making;
- Exercise of objective and independent judgement;
- Constructive contribution through professional expertise, experience, ideas and suggestions;
- Ability to raise and address matters of concern and provide appropriate guidance to the management;
- Adherence to ethical standards and maintenance of confidentiality;
- Contribution towards safeguarding the interests of stakeholders; and
- In the case of Independent Directors, fulfilment of their duties and responsibilities, including protection of the interests of whistle-blowers under the vigil mechanism.

The performance evaluation of the Independent Directors was carried out by the entire Board in the meeting held on 29th May, 2026, excluding the Director being evaluated, in accordance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Independent Directors in the meeting held on 11th February, 2026 also reviewed, inter alia, the performance of the Non-Independent Directors, the Board as a whole and the quality, quantity and timeliness of the flow of information between the management and the Board.

The outcome of the evaluation process was reviewed by the Nomination and Remuneration Committee and the Board, as applicable. The Directors expressed satisfaction with the evaluation process and its outcome.

- **Remuneration Policy:**

In terms of the provisions of the Companies Act, 2013, the rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, has approved the following policies:

- Criteria for making payment and remuneration to Non-Executive Directors.
- Nomination and Remuneration Policy.
- Policy on Board diversity.
- Policy on succession planning.

The aforesaid policies are available on the website of the Company at www.haleoslabs.com/policies/

C. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

- **Terms of reference:**

  The terms of reference of the Corporate Social Responsibility ("CSR") Committee are in accordance with the provisions of Section 135 of the Companies Act, 2013 and the rules made thereunder, as amended from time to time.

- **Role and Responsibilities of the CSR Committee**

  Role and responsibilities of the CSR Committee are in accordance with the provisions of Section 135 of the Companies Act, 2013, the rules made thereunder and other applicable statutory and regulatory provisions, as amended from time to time. The Committee also performs such other functions as may be entrusted to it by the Board of Directors from time to time.

  Key roles and responsibilities of the CSR Committee include, inter alia:

  - Formulating and recommending to the Board, a Corporate Social Responsibility Policy, which indicates the CSR activities and projects to be undertaken by the Company in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder;
  - Recommending to the Board the amount of expenditure to be incurred on the CSR activities and projects of the Company;
  - Monitoring the implementation of the CSR Policy and CSR activities of the Company from time to time;
  - Reviewing the CSR Policy periodically and recommending any amendments or modifications to the Board, as may be considered necessary; and

- **Composition of the CSR Committee as on 31st March, 2026:**

Name	Designation	Category
Mr. TVVSN Murthy	Chairman	Executive
Dr. (Mr.) Mannam Malakondaiah	Member	Non-Executive
Mr. TV Praveen	Member	Executive
Dr. (Mr.) Srinivas Samavedam	Member	Non-Executive

  During the year, there were no changes in the composition of the CSR Committee.

- **Meeting and Attendance:**

  During the year 2025–26, the Corporate Social Responsibility ("CSR") Committee met 2 (two) times. The meetings were scheduled well in advance, and the requisite quorum was present at each meeting.

  CSR Committee Meetings held during the year 2025-26 and attendance details:

Sl No.	Date of meeting	Eligible to attend	attended
1)	11th August, 2025	04	03
2)	11th February, 2026	04	04

- **CSR policy:**

  CSR Policy of the Company, formulated in accordance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, is available on the website of the Company at www.haleoslabs.com/csr-initiatives/

  Pursuant to Section 135(5) of the Companies Act, 2013, the Company is required to spend at least 2% of the average net profits made during the three immediately preceding years towards CSR activities. For the year 2026–27, the prescribed CSR expenditure obligation of the Company amounts to ₹49.05 Lakhs.

D. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

- **Terms of reference:**

  Terms of reference of the Stakeholders' Relationship Committee are in accordance with the provisions of Section 178 of the Companies Act, 2013 and the rules made thereunder, and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

- **Role and Responsibilities of the Stakeholders' Relationship Committee:**

  Role and responsibilities of the Stakeholders' Relationship Committee are in accordance with the provisions of Section 178 of the Companies Act, 2013 and the rules made thereunder, Part D of Schedule II read with Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. The Committee is responsible, inter alia, for considering and resolving the grievances of stakeholders of the Company and ensuring effective redressal of their concerns. The Committee also performs such other functions and discharges such responsibilities as may be prescribed under applicable statutory or regulatory provisions or as may be entrusted to it by the Board of Directors from time to time.

- **Composition of the Stakeholders' Relationship Committee as on 31st March, 2026:**

Name	Designation	Category
Mr. P. Sarath Kumar	Chairman	Non-Executive
Mr. TVVSN Murthy	Member	Executive
Mrs. Sundaramma Patibandla**	Member	Non-Executive

****resigned w.e.f. 29th May, 2026**

During the year, there were no changes in the composition of the Stakeholders' Relationship Committee.

- **Meeting and Attendance:**

  During the year 2025–26, the Stakeholders' Relationship Committee met 1 (one) time. The meeting was scheduled well in advance, and the requisite quorum was present.

Stakeholders' Relationship Committee Meetings held during the year 2025-26 and attendance details:

Sl No.	Date of meeting	Eligible to attend	attended
1)	29th May, 2025	03	03

Compliance Officer:

Mr. Trupti Ranjan Mohanty, Company Secretary, is the Compliance Officer of the Company and can be contacted at cs@haleoslabs.com.

Stakeholders Relationship Committee specifically looks into redressing of shareholders/ investors complaints in matters such as transfer of shares, non-receipt of declared dividends and ensures expeditious share transfer process and also approves issue of duplicate/ split share certificates, transmission of shares etc.

Stakeholders' Relationship Committee specifically oversees and monitors the redressal of grievances and complaints of shareholders and other stakeholders. The Committee, inter alia, considers matters relating to transfer and transmission of securities, non-receipt of dividends and other corporate benefits, issue of duplicate or replacement share certificates, consolidation, sub-division and other investor service-related matters.

The Committee also ensures the timely and effective resolution of grievances of shareholders and investors and monitors the expeditious processing of requests relating to securities and other matters falling within its terms of reference.

The details of Investor Complaints during the year 2025-26 are as following:

Complaints outstanding as on 1st April, 2025	-
(+) Complaints received during the year 2025-26	-
(-) Complaints resolved during the year 2025-26	-
Complaints outstanding as on 31st March, 2026	-

There are no pending share transfers as on 31st March, 2026.

4. DETAILS OF SENIOR MANAGEMENT:

Board of Directors at its meeting held on 11th February, 2026, reviewed the definition of "Senior Management" of the Company pursuant to Regulation 16(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Senior Management of the Company:

Sl No.	Name of Sr. Management	Department	Designation	Dt of joining**
1.	Mr. Rajendra Prasad Nadella	Accounts / Finance	General Manager / CFO	08/06/2006
2.	Mr. Trupti Ranjan Mohanty	Compliance	Company Secretary	13/01/2020
3.	Mr. Mukesh P. Shewalkar	R&D	General Manager	27/05/2024
4.	Mr. Lakshminarayana Somisetty	Operations	General Manager	19/10/2018
5.	Mr. Vijay Babu Chirumamilla	Admin / HR / IT	Manager	07/07/1995

****Joining date prior to May 2017 pertains to SMS Pharma (I.e. demerged company)**

During the year, there was no change of SMPs.

Succession Planning

The Company has adopted a Policy on Succession Planning for appointment to the Board of Directors and Senior Management Personnel. The policy provides a structured framework for ensuring continuity in leadership and identifying and developing suitable candidates for key positions within the Company.

The Policy is available on the website of the Company at www.haleoslabs.com/policies/.

5. DETAILS OF REMUNERATION TO DIRECTORS:

a) **Details of pecuniary relationship or transaction of Non-Executive Directors with the Company:**

None of the Non-Executive Directors has any material pecuniary relationship or transaction with the Company, other than the payment of sitting fees for attending the meetings of the Board and/or its Committees and reimbursement of expenses incurred by them in connection with the business of the Company, if any.

Sitting fees paid to Non-executive Directors: **(Amt. in ₹)**

Name of Directors	Board Meetings	Audit Committee Meetings	Nomination & remuneration Committee meetings	Corporate Social responsibility meetings	Stakeholders relationship committee meeting	Total
Mr. P. Sarath Kumar	2,00,000	2,00,000	30,000	-	15,000	4,45,000
Dr. (Mr.) Mannam Malakondaiah	2,00,000	2,00,000	30,000	30,000	-	4,60,000
Dr. (Mr.) Srinivas Samavedam	1,50,000	-	30,000	15,000	-	1,95,000
Mrs. Sundaramma Patibandla	1,00,000	1,00,000	15,000	-	15,000	2,30,000
Total	**6,50,000**	**5,00,000**	**1,05,000**	**45,000**	**30,000**	**13,30,000**

The sitting fees paid to the Non-Executive Directors for attending the Meetings of the Board and its Committees are within the limits prescribed under Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time.

b) Criteria for making payments to Non-Executive Directors:

The Company has adopted a Policy on Criteria for Making Payment to Non-Executive Directors, which sets out the framework for payment of remuneration, including sitting fees, to the Non-Executive Directors in accordance with the applicable provisions of the Companies Act, 2013, the rules made thereunder and other applicable laws and regulations. The Policy is available on the website of the Company at www.haleoslabs.com/policies/.

c) Remuneration to Executive Directors during the year ended 31st March, 2026 is given below:

Sl No.	Name of Executive Director**	Salary	Perks	Total	%age of net profit
1)	Mr. TVVSN Murthy, MD	1,98,00,000	1,36,125	1,99,36,125	6.83%
2)	Mr. TV Praveen, ED	93,00,000	2,90,929	95,90,929	3.28%
3)	Mrs. Sudeepthi G., WTD	24,00,000	2,76,947	26,76,947	0.92%
Total		**3,15,00,000**	**7,04,001**	**3,22,04,001**	**11.03%**

****MD – Managing Director | ED – Executive Director | WTD – Whole-time Director**

The information relating to remuneration and other particulars, as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, is provided in **Annexure 12** to this Annual Report.

The aggregate annual managerial remuneration payable to the Executive Directors, including in the event of inadequacy or absence of profits, is subject to an overall cap of ₹400 Lakhs, in accordance with the approvals obtained from the shareholders and the applicable provisions of the Companies Act, 2013.

6. GENERAL MEETINGS AND POSTAL BALLOT:

d) **Location, date and time of the Annual General Meetings (AGM) of the Company held during the preceding 3 (three) years and the Special Resolution(s) passed thereat are as follows:**

AGM	Financial year	Date	Time	Venue	Special resolution
19	2024-25	30.09.2025	3.00 pm	Video Conferencing (VC)	-
18	2023-24	30.09.2024	3.00 pm	Video Conferencing (VC)	-
17	2022-23	29.09.2023	2.00 pm	Video Conferencing (VC)	-

Note: -

- During the year, all the resolutions set out in the respective notices convening the AGM(s) and Postal Ballot(s) were duly passed by the shareholders with the requisite majority.
- The Company has proposed the following Special Resolutions for approval of the shareholders at the ensuing Annual General Meeting, pursuant to the Notice dated 5th August, 2026:

1) Re-appointment of Dr. (Mr.) Mannam Malakondaiah as an Independent Director for a second term;
2) Re-appointment of Dr. (Mr.) Srinivas Samavedam as an Independent Director for a second term;
3) Revision in the remuneration of Mr. TVVSN Murthy, Managing Director.

e) **Postal Ballot Resolution:**

During the year 2025–26, the Company conducted 3 (three) Postal Ballot(s) for obtaining the approval of the Members on the matters requiring their consent. The resolutions placed before the Members through the Postal Ballot process and the details thereof are provided below:

Postal Ballot No. 1/2025-26

Date of Postal Ballot notice: 28th March, 2025

Voting period: 1st April, 2025 (9.00 am) to 30th April, 2025 (5.00 pm)

Date of declaration of results: 2nd May, 2025

Voting results:

Sl No.	Description	Type of Resolution	No. of Votes Polled	Votes in Favour		Votes in Against	
				No. of Votes	%age	No. of Votes	%age
1.	Approval of appointment of Mrs. Sundaramma Patibandla as Non-Executive and Women Independent Director of the Company, for a term of 5 (five) consecutive years.	Special Resolution	15,67,932	15,67,924	99.9995	08	0.0005

Sl No.	Description	Type of Resolution	No. of Votes Polled	Votes in Favour		Votes in Against	
				No. of Votes	%age	No. of Votes	%age
2.	Approval of reappointment of Mr. TVVSN Murthy as Managing Director of the Company, for a further period of 3 (three) years.	Special Resolution	99,562	99,554	99.9920	08	0.0080
3.	Approval for continuation of payment of remuneration to Executive Directors.	Special Resolution	99,562	99,554	99.9920	08	0.0080
4.	Approval to postpone the name change activity of the Company.	Special Resolution	15,67,932	15,67,925	99.9996	07	0.0004

All resolutions were passed with requisite majority.

Postal Ballot No. 2/2025-26

Date of Postal Ballot notice: 29th May, 2025

Voting period: 1st July, 2025 (9.00 am) to 30th July, 2025 (5.00 pm)

Date of declaration of results: 1st August, 2025

Voting results:

Sl No.	Description	Type of Resolution	No. of Votes Polled	Votes in Favour		Votes in Against	
				No. of Votes	%age	No. of Votes	%age
1.	Change of name of the Company and consequential amendment to Memorandum of Association and Articles of Association of the Company.	Special Resolution	21,11,519	21,11,518	100.00	01	0.00
2.	Approval of reappointment of Mr. TV Praveen as Executive Director of the Company, for a further period of 3 (three) years.	Special Resolution	1,52,685	1,52,679	99.9961	06	0.0039

Sl No.	Description	Type of Resolution	No. of Votes Polled	Votes in Favour		Votes in Against	
				No. of Votes	%age	No. of Votes	%age
3.	Approval for increase in individual managerial remuneration limits payable to Executive Director pursuant to Section 197 (i) of the Companies Act, 2013	Special Resolution	1,52,685	1,52,679	99.9961	06	0.0039
4.	Approval for increase in overall managerial remuneration limits payable to Executive Directors pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	Special Resolution	1,52,685	1,52,679	99.9961	06	0.0039
5.	Approval of Material Related Party Transactions of the Company for the year 2025-26	Ordinary Resolution	1,52,685	1,52,684	99.9993	01	0.0007
6.	Approval of material Related Party Transactions of the Material Subsidiary of the Company for the year 2025-26.	Ordinary Resolution	1,52,685	1,52,684	99.9993	01	0.0007

All resolutions were passed with requisite majority.

Postal Ballot No. 3/2025-26

Date of Postal Ballot notice: 11th February, 2026

oting period: 31st March, 2026 (9.00 am) to 29th April, 2026 (5.00 pm)

ate of declaration of results: 1st May, 2026

Voting results:

Sl No.	Description	Type of Resolution	No. of Votes Polled	Votes in Favour		Votes in Against	
				No. of Votes	%age	No. of Votes	%age
1.	Approval of Material Related Party Transactions of the Company related to issue of corporate Guarantee in favour of RBL Bank to secure the External Corporate Borrowings facility availed by Mahi Drugs Private limited (Subsidiary)	Ordinary Resolution	1,05,600	1,05,592	99.9924	08	0.0076

All resolutions were passed with requisite majority.

f) **Person who conducted the postal ballot exercise:** Mr. TVVSN Murthy, Managing Director and Mr. Trupti Ranjan Mohanty, Company Secretary and Compliance Officer.

g) **Whether any special resolution is proposed to be conducted through postal ballot:**

Currently the following is conducted through Postal Ballot.

Postal Ballot No. 1/2026-27

Date of Postal Ballot notice: 29th May, 2026

Voting period: 30th July, 2026 (9.00 am) to 28th August, 2026 (5.00 pm)

Tentative date of declaration of results: 1st September, 2026

Below are Postal Ballot Resolutions:

1) Approval for reappointment of Mrs. Sudeepthi Gopineedi as Whole-Time Director for a period of 5 (five) years – Special Resolution

2) Approval of overall Managerial Remuneration limits payable to Executive Directors pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Special Resolution

3) Approval of material Related Party Transactions for the year 2026-27 - Ordinary Resolution

4) Approval of material Related Party Transactions of the Material Subsidiary of the Company for the year 2026-27 - Ordinary Resolution

h) Procedure for postal ballot: as specified in Postal Ballot notice.

i) Details of Extra-Ordinary General Meetings held during the year: Nil

7. **MEANS OF COMMUNICATION:**

a)	**Quarterly / Annual Results**	:	The results of the Company are submitted to the stock exchanges (NSE & BSE), published in the Newspapers & also uploaded in the website of the Company.
b)	**Newspapers wherein results normally published**	:	▪ Financial Express / Business Standards (English) ▪ Nava Telangana / Andhra Prabha (Telugu)
c)	**Website, where displayed**	:	www.haleoslabs.com/financials/
d)	**Whether website also displays official news releases**	:	No
e)	**Presentation made to institutional investors or to the analysts**	:	The Company regularly communicates with its investors and other stakeholders through timely disclosures and other appropriate means. Annual Investor Presentation is submitted to the Stock Exchanges and is also made available on the website of the Company. During the year, the Company also provided appropriate and timely responses to queries and concerns raised by investors and other stakeholders, thereby facilitating transparent and effective communication. The relevant presentations and other investor-related information are available on the website of the Company at www.haleoslabs.com.

The Annual Report, containing, inter alia, the Standalone and Consolidated Financial Statements, Board's Report, Auditors' Reports and other relevant information, is circulated to the shareholders of the Company prior to the Annual General Meeting ("AGM").

The Company promptly intimates the Stock Exchanges of all Unpublished Price Sensitive Information ("UPSI") and other material events or information that may be relevant to shareholders and investors, in accordance with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws. Such information is also disseminated through the website of the Company at www.haleoslabs.com.

SCORES 2.0:

SEBI has introduced SCORES 2.0, an online web-based complaint redressal system designed to strengthen and streamline the investor grievance redressal mechanism in the securities market. The system facilitates effective handling and monitoring of investor complaints through, inter alia, auto-escalation and oversight by the designated bodies. The Company is registered on the SCORES 2.0 platform.

Salient features of the SCORES 2.0 system include:

1. Centralised database for recording and monitoring investor complaints;
2. Online submission and monitoring of Action Taken Reports ("ATRs") by the concerned listed entities and other intermediaries, as applicable; and
3. Online access for investors to track the status of their complaints and the actions taken thereon.

During the year, the Company did not receive any investor complaint through the SCORES 2.0 platform.

Online Dispute Resolution Mechanism

SEBI has introduced an online dispute resolution mechanism for resolution of disputes arising in the Indian securities market through the Online Dispute Resolution ("ODR") Portal. After exhausting the available avenues for resolution of grievances with the Registrar and Share Transfer Agent ("RTA") or the Company and through the SCORES platform, investors may initiate the dispute resolution process through SEBI's ODR mechanism, as applicable. The ODR platform, SMART ODR, can be accessed at https://smartodr.in/login.

8. GENERAL SHAREHOLDER INFORMATION:

20th Annual General Meeting through video conferencing (VC)		
Date	:	Wednesday, 30th September, 2026
Time	:	3.00 pm
Deemed Venue	:	Registered office: Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad – 500096
Financial Year	:	1St April, 2025 to 31st March 2026
Date of book closure	:	Not Applicable
Dividend payment date	:	Within 30 days of AGM (i.e. 30th October, 2026)
The equity shares of ₹ 10/-each of the Company are listed on	:	❑ **National Stock Exchange of India Limited (NSE)** Regd. Office : "Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India ❑ **BSE Limited (BSE)** New Trading Ring, Rotunda Building, P.J Towers, Dalal Street, Fort, Mumbai - 400 001, Maharashtra, India
Listing fee	:	Annual listing fees payable to the Stock Exchanges for the year 2025–26 have been duly paid by the Company. There are no outstanding dues payable to the Stock Exchanges as on the date of this Report.
Payment of Depository Fees	:	Annual Custody and Issuer Fees for the year 2025–26 have been duly paid by the Company to the National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL").
Equity shares' stock code / symbol	:	BSE Code : 540679 NSE Symbol : SMSLIFE
ISIN of Company's equity shares	:	INE320X01016
Corporate Identification Number (CIN)	:	L74930TG2006PLC050223
Registrar and Transfer Agents and contact person thereat	:	M/s. Aarthi Consultants Private Limited 1-2-285, Domalguda, Hyderabad-500 029, Telangana Phone : + 91 - 40 - 27638111, 27642217, 27634445 Fax : +91 - 40 - 27632184 Email : info@aarthiconsultants.com

Address for correspondence at the Company / Registered Office	:	Haleos Labs Limited Plot No.19-III, Road No.71, Jubilee Hills, Opp. Bharatiya Vidya Bhavan Public School, Hyderabad – 500096
Compliance Officer and contact person at the Company	:	Mr. Trupti Ranjan Mohanty, Company Secretary Email: cs@haleoslabs.com | Website: www.haleolabs.com Contact: 040 - 6628 8888

9. SHARE TRANSFER SYSTEM:

- 99.73% of the equity shares of the Company are held in dematerialised form as on 31st March, 2026.
- Requests received from shareholders relating to transmission, transposition, issue of duplicate securities certificates and other service requests are processed within the timelines prescribed under the applicable laws and regulations, subject to the submission of valid and complete documents. The Stakeholders' Relationship Committee oversees and monitors matters relating to the transfer and transmission of securities and other investor service requests.
- In terms of Regulation 40(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, requests for transfer of securities are processed only in dematerialised form, except as otherwise permitted under applicable SEBI regulations and circulars. Transfers of securities held in dematerialised form are effected through the depositories without the involvement of the Company.
- Members holding securities in physical form are encouraged to dematerialise their holdings to facilitate ease of dealing and to avail themselves of the various investor service facilities available in respect of dematerialised securities.
- Pursuant to the special window provided by SEBI, shareholders were permitted to re-lodge certain transfer deeds that had been lodged prior to 1st April, 2019 and were rejected, returned or remained unprocessed due to deficiencies in documentation or other procedural requirements. The initial special window was available from 7th July, 2025 to 6th January, 2026. Subsequently, the special window for re-lodgement of eligible transfer requests in physical mode was reopened for a further period of 1 (one) year from 5th February, 2026 to 4th February, 2027, as per applicable SEBI circulars and regulatory requirements. The reopening of the special window was communicated to the shareholders through an intimation to the Stock Exchanges and a newspaper advertisement published on 28th February, 2026.

Saksham Niveshak – 100 Days Campaign

In addition to the various initiatives undertaken by the Company to reduce the quantum of unclaimed dividends, and in accordance with the Ministry of Corporate Affairs' circular dated 16th July, 2025, aligned with the Investor Education and Protection Fund Authority's ("IEPFA") initiative to empower investors, the Company participated in the "Saksham Niveshak – 100 Days Campaign", conducted from 28th July, 2025 to 6th November, 2025.

The campaign was aimed at proactively engaging with shareholders and facilitating:

a) Updation of KYC details, including bank mandates, nomination details and contact information;

b) Claiming of unpaid or unclaimed dividends pertaining to the years 2018–19 to 2023–24; and

c) Prevention of the transfer of shares and dividends to the Investor Education and Protection Fund ("IEPF") by facilitating timely updation of records and enabling rightful shareholders to claim their entitlements directly from the Company.

This initiative formed part of the Company's commitment towards investor facilitation, transparency and compliance with the applicable provisions of the Companies Act, 2013 and SEBI Regulations. Eligible shareholders were encouraged to take timely action to update their records and claim their entitlements to avoid the transfer of eligible shares and dividends to the IEPF.

As part of its ongoing efforts towards investor facilitation and compliance with the applicable regulatory requirements, the Company, through its Registrar and Share Transfer Agent, M/s. Aarthi Consultants Private Limited, sent the 6th reminder on 25th May, 2026 to those shareholders whose KYC details are yet to be updated.

The communication also informed the shareholders about the launch of the second 100 Days Campaign, "Saksham Niveshak", being conducted from 1st April, 2026 to 9th July, 2026.

The concerned shareholders were requested to update and submit their KYC details, bank account details and nomination details, as applicable, to ensure that their records remain updated and to facilitate seamless processing of their investor-related transactions and entitlements.

10. DISTRIBUTION OF SHAREHOLDING:

a) Class-wise distribution of equity shares as on 31st March, 2026:

Category (Amount)	Shareholders	Shareholders %	Total shares	Total Amount	Total %
0-5000	6,753	97.32	2,02,676	20,26,760	6.70
5001-10000	56	0.81	42,320	4,23,200	1.40
10001-20000	45	0.65	64,072	6,40,720	2.12
20001-30000	21	0.30	55,343	5,53,430	1.83
30001-40000	12	0.17	41,037	4,10,370	1.36
40001-50000	8	0.12	35,972	3,59,720	1.19
50001-100000	26	0.37	1,92,786	19,27,860	6.38
100001 & Above	18	0.26	23,89,081	2,38,90,810	79.02
Total:	**6,939**	**100.00**	**30,23,287**	**3,02,32,870**	**100.00**

b) Shareholding Pattern as on 31st March, 2026:

Category	No of shareholders	No of share	% to equity
Promoters / Promoter Group	15	21,79,976	72.11
Alternate Investment Funds	1	8,932	0.30
Body Corporates	52	91,391	3.02
Individual / HUF's	6736	7,35,660	24.33
Non-Resident Indians	128	7,054	0.23
Clearing Members	5	194	0.01
Trust / unclaimed Suspense Ac	2	80	-
Total	**6,939**	**30,23,287**	**100.00**

11. DEMATERIALISATION OF SHARES AND LIQUIDITY:

The equity shares of the Company are available for holding and trading in electronic form. In accordance with the applicable SEBI regulations, transfer of securities of listed companies is permitted only in dematerialised form, except in cases specifically permitted under the applicable regulatory framework.

The entire shareholding of the Promoters is held in dematerialised form, in compliance with the applicable requirements and directions issued by SEBI.

The equity shares of the Company have been admitted for dematerialisation with the following depositories:

- National Securities Depository Limited ("NSDL"); and
- Central Depository Services (India) Limited ("CDSL").

The International Securities Identification Number (ISIN) of the Company's equity shares is INE320X01016.

Shareholders holding equity shares in physical form are encouraged to dematerialise their holdings and avail the benefits associated with holding securities in electronic form. The status of the equity shares held in dematerialised and physical form as on 31st March, 2026 is provided below:

Particulars	**No. of shares**	**%age**
NSDL	5,78,598	19.14
CDSL	24,36,644	80.59
Physical	8,045	0.27
Total	**30,23,287**	**100.00**

Liquidity

The equity shares of the Company are actively traded on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). There was no instance of suspension of trading in the equity shares of the Company during the year 2025–26.

12. OUTSTANDING GLOBAL DEPOSITORY RECEIPTS/AMERICAN DEPOSITORY RECEIPTS OR WARRANTS:

The Company has not issued any Global Depository Receipts ("GDRs"), American Depository Receipts ("ADRs"), warrants or any convertible instruments in the past. Accordingly, as on 31st March, 2026, the Company does not have any outstanding GDRs, ADRs, warrants or convertible instruments.

13. DISCLOSURE OF COMMODITY PRICE / FOREIGN EXCHANGE RISKS AND HEDGING ACTIVITIES:

The Company operates in the pharmaceutical sector and, considering the nature of its manufacturing operations, does not have any material exposure to commodity price risks. Accordingly, the Company does not undertake commodity hedging activities.

Further, the Company is a net exporter and has natural foreign exchange exposure arising from its export operations. Considering the overall nature and level of its foreign currency exposure, the Company has not considered it necessary to undertake any material foreign currency hedging during the year. The foreign exchange exposures of the Company are, however, periodically reviewed and monitored by the management.

14. **PLANT LOCATION:**

Unit 1:	**Unit 2:**
Sy. No. 180/2, Kazipally (V) Jinnaram Mandal, Sanga Reddy Dist. 502 319, - Telangana, India Phone : 08458277067 / 68	Phase-1, Plot No.66/B-2 IDA Jeedimetla, Medchal Malkajgiri District Hyderabad-500 090, Telangana, India Phone : 040-23095233 Fax : 040-23735639

In house R&D: No. C-23, Industrial Estate, Sanathnagar,Hyderabad-500 018

15. **DISCLOSURES IN RELATION TO THE CREDIT RATINGS:**

The Company has obtained the Credit ratings from Infomerics Valuation and Rating Limited and it has assigned "IVR BBB; Positive" for long term facilities and "IVR A3+" for short term facilities of the Company. Detailed report can be accessed from www.haleoslabs.com/wp-content/uploads/2026/05/Credit-Rating.pdf

16. **OTHER DISCLOSURES:**

a) **Material Related Party Transactions:**

All Related Party Transactions entered into by the Company during the year 2025–26, as defined under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, were undertaken in the ordinary course of business and on an arm's length basis, and were in furtherance of the business interests of the Company. There were no materially significant Related Party Transactions during the year that had a potential conflict with the interests of the Company.

Except for remuneration paid to the Executive Directors and sitting fees paid to the Independent and other Non-Executive Directors, as applicable, none of the Directors had any other material pecuniary or business relationship with the Company.

The Register of Contracts and Arrangements in which the Directors are interested or concerned is placed before the Board of Directors and the Audit Committee for their review, approval and noting, as applicable.

The Company has also obtained the necessary disclosures from Directors and Senior Management Personnel confirming that they have not entered into any material financial or commercial transactions in which they have a personal interest that may conflict with the interests of the Company at large.

In accordance with the applicable Indian Accounting Standards ("Ind AS"), the Related Party Transactions entered into by the Company are appropriately disclosed in the Notes forming part of the Financial Statements included in this Annual Report. The Company has adopted a Policy on Related Party Transactions, which is available on its website at www.haleoslabs.com/policies/

b) **Details of Non-Compliance on Matters related to Capital Markets:**

There has been no instance of non-compliance by the Company during the preceding 3 years for which any penalty or stricture has been imposed by the Stock Exchange(s), the Securities and Exchange Board of India ("SEBI") or any other statutory authority on any matter relating to the capital markets.

c) **Establishment of vigil mechanism / Whistle Blower Policy:**

In accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Company has established a Vigil Mechanism / Whistle Blower Policy to provide a mechanism for Directors and employees to report genuine concerns, including instances of unethical behaviour, actual or suspected fraud, violation of the Company's Code of Conduct or other instances of misconduct or mismanagement.

The mechanism provides adequate safeguards against victimisation of persons who avail of the Vigil Mechanism and also provides for direct access to the Chairperson of the Audit Committee, in appropriate or exceptional cases. The Audit Committee periodically reviews the functioning and effectiveness of the Vigil Mechanism / Whistle Blower mechanism.

During the year 2025–26, no allegations, disclosures or concerns were received under the Vigil Mechanism established by the Company. Further, no employee was denied access to the Chairperson of the Audit Committee. The details of the Vigil Mechanism and the Whistle Blower Policy are available on the Company's website at www.haleoslabs.com/policies/

d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

During the year, your Company has complied with the mandatory requirements of the Corporate Governance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

- **RECONCILIATION OF SHARE CAPITAL AUDIT:**

  The Company conducts a Reconciliation of Share Capital Audit ("RSCA") on a quarterly basis in accordance with the applicable provisions of the SEBI (Depositories and Participants) Regulations, 2018, and other applicable regulatory requirements. M/s. CSB Associates, Practising Company Secretaries, have been appointed to conduct the RSCA. The RSCA Reports are submitted to the Stock Exchange(s) within the prescribed timelines.

  The audit, inter alia, confirms that the total issued and paid-up equity share capital of the Company is in agreement with the aggregate of the equity shares held in dematerialised form with the depositories and those held in physical form.

- **SECRETARIAL COMPLIANCE CERTIFICATE:**

  The aforesaid compliance has been repealed w.e.f. 13th December, 2024 pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024.

- **COMPLIANCES REGARDING INSIDER TRADING**

  The Company has adopted a Code of Conduct for Prevention of Insider Trading ("Insider Trading Code") in accordance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations"), as amended from time to time. The Code lays down the procedures and guidelines governing trading in the securities of the Company by its Directors, Designated Persons and other persons covered under the Code, including their immediate relatives, as applicable.

  The Company periodically communicates the provisions of the Insider Trading Code and the applicable requirements under the PIT Regulations to the designated persons. Further, regular awareness communications are circulated to Designated Persons and other relevant employees to sensitise them regarding their obligations relating to the handling of Unpublished Price Sensitive Information ("UPSI") and trading in the securities of the Company.

  The closure of the trading window, including the applicable trading restrictions or blackout periods, is communicated in advance to the concerned Directors, Designated Persons and other persons covered under the Code. During such periods, trading in the securities of the Company is restricted in accordance with the applicable provisions of the PIT Regulations and the Insider Trading Code.

  The Company has established appropriate procedures for dealing with violations of the Insider Trading Code. Any violation, if identified, is dealt with in accordance with the applicable provisions of law and, wherever required, is reported to the Securities and Exchange Board of India ("SEBI") and the Stock Exchange(s).

The Company also maintains a Structured Digital Database in accordance with the requirements of the PIT Regulations and has implemented a system for obtaining pre-clearance from the Compliance Officer for trades proposed to be undertaken by Designated Persons, wherever applicable.

The Company Secretary has been designated as the Compliance Officer by the Board of Directors and is responsible for monitoring compliance with and ensuring the effective implementation of the Insider Trading Code and the applicable provisions of the PIT Regulations.

Reports relating to trading by Designated Persons and other matters concerning compliance with the Insider Trading Code are placed before the Board of Directors on a quarterly basis, in accordance with the applicable provisions of the PIT Regulations and the Company's Insider Trading Code.

The Code of Conduct and other policies framed pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 are available on the website of the Company at www.haleoslabs.com/policies/

- **CODE OF CONDUCT:**

The Board of Directors adopted the Code of Conduct as per the provisions under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. The same can be accessed from the Company's website at www.haleoslabs.com/policies/

- **RISK MANAGEMENT:**

The Company has established a framework and procedures for identifying, assessing, monitoring and mitigating various risks associated with its business and operations. The framework enables the management to periodically identify potential risks and implement appropriate measures for their mitigation and minimisation.

The Audit Committee and the Board of Directors periodically review the Company's risk management framework, key risks and the measures undertaken for their mitigation, in accordance with the Company's Risk Management Policy and the applicable statutory and regulatory requirements.

The Risk Management Policy was approved by the Board of Directors at its meeting held on 1 1th November, 2023, and is available on the website of the Company at www.haleoslabs.com/policies/

- **PRESERVATION OF DOCUMENTS**:

The Company has adopted a Policy on Preservation of Documents in accordance with the requirements of Regulation 9 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, as amended from time to time. The Policy provides a framework for the preservation, retention and disposal of documents and records in accordance with the applicable statutory and regulatory requirements.

The Policy on Preservation of Documents is available on the website of the Company at www.haleoslabs.com/policies/

- **POLICY ON DISSEMINATION OF INFORMATION ON THE MATERIAL EVENTS TO STOCK EXCHANGES:**

The Company has adopted a Policy on Determination and Disclosure of Material Events and Information in accordance with the requirements of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

The Policy provides the framework for identification, determination and timely disclosure of material events and information to the Stock Exchanges, ensuring compliance with the applicable disclosure requirements and promoting transparency and timely dissemination of information to investors and other stakeholders.

The said Policy is available on the website of the Company at www.haleoslabs.com/policies/

- **INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS:**

  The Company has in place adequate internal control systems commensurate with the size, scale and nature of its operations. The internal control framework comprises well-defined policies, procedures and processes designed to ensure the orderly and efficient conduct of business, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, reliability of financial information and compliance with applicable laws and regulations.

  The systems, processes and procedures are reviewed periodically and, wherever considered necessary, are strengthened or revised to address emerging risks and the increasing scale and complexity of the Company's operations.

- **MD and CFO Certification:**

  Mr. TVVSN Murthy, Managing Director and Mr. N Rajendra Prasad, Chief Financial Officer, have issued the Certificate in accordance with Regulation 17(8) of the Listing Regulations with regard to Quarterly and Annual Financial Statements for the Financial Year ended 31st March, 2026 as provided in **Annexure 7**.

- **MANAGEMENT DISCUSSION AND ANALYSIS:**

  The Management Discussion & Analysis Report for the year 2025-26 forms a part of the Annual Report in **Annexure 2**.

- **DISCLOSURE OF ACCOUNTING TREATMENT IN THE PREPARATION OF FINANCIAL STATEMENTS:**

  The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in India and complies with the Indian Accounting Standards (Ind-AS) specified under Section 133 of the Companies Act, 2013.

- **UNCLAIMED DIVIDEND AND FRACTIONAL SHARE AMOUNT:**

  Details provided in Board report.

e) **Web link where policy for determining 'material' subsidiaries:**

www.haleoslabs.com/wp-content/uploads/2026/03/5.-Policy-for-determining-Material-Subsidiaries.pdf

f) **Web link where policy on dealing with Related Party Transactions:**

https://haleoslabs.com/wp-content/uploads/2026/03/11.-Policy-on-dealing-with-Related-Party-Transactions.pdf

g) **Disclosure of commodity price risks and hedging activities:**

As the Company is not engaged in a commodity-intensive business, it does not have any material exposure to commodity price risks. Accordingly, commodity risk management and hedging are not considered applicable to the Company. The foreign exchange risk is being managed/hedged to the extent considered necessary.

h) **Utilization of funds:**

During the year 2025-26, the Company has not raised any funds through preferential allotment or qualified institutions placement.

i) **Certificate from a Company Secretary in Practice with regard to disqualification of Directors:**

A certificate from M/s. CSB Associates, Hyderabad, Company Secretary in Practice certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority and certificate is annexed to this report as **Annexure 10**.

j) Recommendation of Sub-committee:

During the year 2025–26, the Board of Directors accepted and acted upon all the recommendations and submissions made by its Committees that were mandatorily required to be placed before the Board for its consideration and approval.

k) Consolidated Fees to Statutory Auditors:

Company has paid the following fees to M/s Rambabu & Co. during the year 2025-26:

Haleos Labs Limited	₹ 15.05 lakhs
Mahi Drugs Private Limited	₹ 4.05 lakhs
Consolidated fees paid	**₹ 19.10 lakhs**

l) Disclosures in relation to the Sexual Harassment:

During the year there were nil complaints received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

m) Loans and advances:

The Company and its subsidiaries have not granted any loans or advances in the nature of loans to any firm or company in which any of the Directors is interested, in contravention of the provisions of the Companies Act, 2013. However, during the year, the Company extended Corporate Guarantee of ₹20 Crores in favour of RBL Bank for securing the External Commercial Borrowing ("ECB") availed by Mahi Drugs Private Limited, a material subsidiary of the Company.

The requisite approval of the shareholders for the said transaction was obtained through a Postal Ballot, the results of which were declared on 1st May, 2026. Further, Business advances were recurring in nature and in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and other applicable laws.

The requisite details of loans, advances and transactions with related parties, wherever applicable, are disclosed in the Notes forming part of the Financial Statements in accordance with the applicable Indian Accounting Standards and statutory requirements.

n) Material Non-Listed Subsidiary Company:

Mahi Drugs Private Limited qualifies as a Material Subsidiary of the Company for the year 2025–26, based on the criteria and definition prescribed under Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Details of material subsidiary:

<table>
<tr><td>Name of the subsidiary</td><td>Mahi Drugs Private Limited ("MDPL")
[CIN: U24233AP2012PTC084875]</td></tr>
<tr><td>Place of incorporation</td><td>Anakapalli Dist. Andhra Pradesh</td></tr>
<tr><td>Date of incorporation</td><td>17th December, 2012</td></tr>
<tr><td>Acquisition details</td><td>Company has acquired 100% stake MDPL in 3 (three) trenches:
<table>
<tr><th>Date</th><th>No. of Shares</th><th>%age</th></tr>
<tr><td>15.03.2018</td><td>9,00,000</td><td>19.09</td></tr>
<tr><td>08.08.2018</td><td>28,15,100</td><td>59.70</td></tr>
<tr><td>17.09.2018</td><td>10,00,000</td><td>21.21</td></tr>
<tr><td>Total</td><td>47,15,100</td><td>100.00</td></tr>
</table></td></tr>
</table>

<table>
<tr><td>Disinvestment details</td><td>Pursuant to the Investment Agreement executed on 13th December, 2021 with ChemWerth Inc., USA, a strategic investor, the Company diluted its shareholding in MDPL. Consequently, "MDPL" became a subsidiary of the Company with effect from 7th February, 2022.

As on the date of this Report, the Company holds 60% of the equity share capital of "MDPL" and continues to exercise control over its operations and decision-making. Accordingly, "MDPL" continues to be a subsidiary of the Company and qualifies as a Material Subsidiary, in accordance with the applicable provisions of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.</td></tr>
<tr><td>Material Subsidiary</td><td>Based on following workings, "MDPL" was considered as material subsidiary of the Company for the year 2026-27:

(₹ in lakhs)
<table><tr><th>Particulars</th><th>Net Worth as on 31.03.2026</th><th>Income during the year 2025-26</th></tr><tr><td>Standalone (MDPL)</td><td>4,202.07</td><td>5,902.01</td></tr><tr><td>Consolidated (HLL)</td><td>21,354.78</td><td>33,379.45</td></tr><tr><td>%age</td><td>19.68%</td><td>17.68%</td></tr></table></td></tr>
<tr><td>Details of Statutory Auditors</td><td>M/s Rambabu & Co., Chartered Accountants, Hyderabad (Firm Registration No.: 0029765) has been reappointed as Statutory Auditor of Mahi Drugs for a further period of 5 (five) years commencing from 2023-24 to 2027-28.</td></tr>
</table>

Audited Annual Financial Statements of the MDPL was tabled at the Board Meeting held on 29th May, 2026 and the same is uploaded on the website of the Company at www.haleoslabs.com/financials/ . Further, copies of the Minutes of the Board Meetings of MDPL were tabled at the subsequent Board Meetings.

17. Non-Compliance of any Requirement of Corporate Governance Report of sub-paras (2) to (10) of Para C to Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

The Company has complied with all the requirements in this regard, to the extent applicable.

18. Discretionary Requirements:

Details of discretionary requirements as listed out in Part E of Schedule II of the SEBI Listing Obligations and Disclosure Requirement Regulations, 2015 which are elaborated as under:

- Optimum combination of Independent and Executive Directors on the Board, wherein Board in its all meeting elects Chairman of the meeting (i.e. Company has no fulltime chairperson).
- The Audit Report of the Company's Financial Statements for the year 2025-26 is unmodified.
- The Internal Auditor of the Company directly reports to the Audit Committee of the Board.
- The Company follows a robust process of communicating with the members which have been elaborated in this Report under the heading "Means of Communication".

19. Compliance of Corporate Governance requirements:

The Company is in compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and the same has been regularly submitting to the Stock Exchange(s) as required under Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

Disclosure as per Part D of Schedule V to the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015:

Declaration signed by the Managing Director stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of Board of Directors and Senior management of the Company forms part of this Annual Report in **Annexure 3.**

Disclosure as per Part E of Schedule V to the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015:

Certificate from the Statutory Auditors of the Company on compliance of Corporate Governance forms part of this Annual Report in **Annexure 9A.**

Disclosure as per Part F of Schedule V to the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015:

Shares in suspense account as on 01.04.2025	:	19
Request for transfer from suspense account	:	-
Shares transferred from suspense account	:	-
Transferred to IEPF	:	-
Shares in suspense account as on 31.03.2026	:	19

Disclosure as per Part G of Schedule V to the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015:

No such agreement which has binding effect on the Company.

By Order of the Board
For Haleos Labs Limited
(Formerly known as "SMS Lifesciences India Limited")

	TV Praveen	**TVVSN Murthy**
Date: 05.08.2026	DIN: 08772030	DIN: 00465198
Place: Hyderabad	Executive Director	Managing Director

[Your Company is in compliance with Corporate Governance requirements specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; any disclosure not given in this report but disclosed in the Board of Directors Report or its annexures shall be deemed to be reported in this report.]

Annexure 9A

CERTIFICATE ON COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

To
The Members
Haleos Labs Limited
Hyderabad.

We have examined the compliance of conditions of Corporate Governance by Haleos Labs Limited (Formerly known as SMS Lifesciences India Limited ('the Company') for the year ended 31st March 2026, as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred to in Regulation 15 of the Listing Regulations for the period 1st April, 2025 to 31st March, 2026.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company had complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Hyderabad
Date: 05.08.2026

For Rambabu & Co.,
Chartered Accountants
Reg. No.002976S

GVL Prasad
Partner
M. No.026548

UDIN: **26026548RECCTM5859**

Annexure 10

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C Clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members,
Haleos Labs Limited
Plot No. 19-III, Road No. 71,
Opp. Bharatiya Vidya Bhavan Public School,
Jubilee Hills, Hyderabad – 500096.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Haleos Labs Limited** ("Formerly known as SMS Lifesciences India Limited") having **CIN: L74930TG2006PLC050223** and having Registered Office at Plot No. 19-III, Road No. 71, Opp. Bharatiya Vidya Bhavan Public School, Jubilee Hills, Hyderabad, (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub Clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the year ended on 31st March, 2026, have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA) or any such other Statutory Authority:

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	Veeravenkata Satyanarayana Murthy Talluri	00465198	01-04-2016
2.	Sarath Kumar Pakalapati	01456746	25-05-2017
3.	Venkata Praveen Talluri	08772030	21-08-2020
4.	Sudeepthi Gopineedi	09102540	02-09-2021
5.	Srinivas Samavedam	02488555	13-11-2021
6.	Mannam Malakondaiah	01431923	13-11-2021
7.	Sundaramma Patibandla*	02366355	12-02-2025

* Resigned with effect from 29-05-2026 as Non-executive/ Independent Director

Ensuring the eligibility of for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Signature:

Place: Hyderabad
Date: 05-08-2026

Name: **C. Sudhir Babu,**
Membership No.: 2724, C.P. No.: 7666,
UDIN: F002724H001026868

Annexure 11

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 transaction under third proviso thereto.

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

There were no contracts or arrangements or transactions not at Arm's length basis entered into during the year ended 31st March, 2026.

2. Details of material contracts or arrangements or transactions at Arm's length basis.

<table>
<tr><th>SL.No.</th><th>Particulars</th><th>Details</th></tr>
<tr><td>a)</td><td>Name (s) of the related party and nature of relationship</td><td>Mahi Drugs Private Limited
[Material unlisted Subsidiary]</td></tr>
<tr><td>b)</td><td>Nature of contracts/ arrangements/ transactions</td><td>Sale, purchase and Renting
in the Ordinary Course of Business</td></tr>
<tr><td>c)</td><td>Duration of the contracts/ arrangements/ transactions</td><td>Transactions done during the year 2025-26</td></tr>
<tr><td>d)</td><td>Salient terms of the contracts or arrangements or transaction including the value, if any</td><td>₹ in lakhs
<table>
<tr><th>Sl no.</th><th>Particulars</th><th>Amount</th></tr>
<tr><td>i.</td><td>Purchase of Goods</td><td>2,623.61</td></tr>
<tr><td>ii.</td><td>Sale of Goods</td><td>483.06</td></tr>
<tr><td>iii.</td><td>Lease rent</td><td>6.37</td></tr>
<tr><td colspan="2">Total</td><td>3,113.04</td></tr>
</table></td></tr>
<tr><td>e)</td><td>Date of approval by the Board</td><td>12th February, 2025</td></tr>
<tr><td>f)</td><td>Amount paid as advance, if any</td><td>₹3,959.37 lakhs</td></tr>
</table>

<table>
<tr><th>SL.No.</th><th>Particulars</th><th>Details</th></tr>
<tr><td>a)</td><td>Name (s) of the related party and nature of relationship</td><td>Purogene Labs Private Limited</td></tr>
<tr><td>b)</td><td>Nature of contracts/ arrangements/ transactions</td><td>Sale, purchase and lease rent
in Ordinary Course of Business</td></tr>
<tr><td>c)</td><td>Duration of the contracts/ arrangements/ transactions</td><td>Transactions done during the year 2025-26</td></tr>
<tr><td>d)</td><td>Salient terms of the contracts or arrangements or transaction including the value, if any</td><td>₹ in lakhs
<table>
<tr><th>Sl no.</th><th>Particulars</th><th>Amount</th></tr>
<tr><td>i.</td><td>Purchase of Goods</td><td>382.82</td></tr>
<tr><td>ii.</td><td>Sale of Goods</td><td>1,693.42</td></tr>
<tr><td>iii.</td><td>Sale of Services</td><td>321.61</td></tr>
<tr><td>iv.</td><td>Lease rent</td><td>4.25</td></tr>
<tr><td colspan="2">Total</td><td>2,402.10</td></tr>
</table></td></tr>
<tr><td>e)</td><td>Date of approval by the Board</td><td>12th February, 2025</td></tr>
</table>

SL.No.	Particulars	Details
f)	Amount paid as advance, if any	-

SL.No.	Particulars	Details
a)	Name (s) of the related party and nature of relationship	ChemWerth Inc. [Other related party]
b)	Nature of contracts/arrangements/transactions	Sale in Ordinary Course of Business
c)	Duration of the contracts/ arrangements/ transactions	Transactions done during the year 2025-26
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	**₹ in lakhs** **Sl no.** | **Particulars** | **Amount** **i.** | Sale of Goods | 80.65 **Total** | 80.65
e)	Date of approval by the Board	12th February, 2025
f)	Amount paid as advance, if any	-

SL.No.	Particulars	Details
a)	Name (s) of the related party and nature of relationship	SMS Pharmaceuticals Limited [Other related party]
b)	Nature of contracts/arrangements/transactions	Sale and Purchase in Ordinary Course of Business
c)	Duration of the contracts/ arrangements/ transactions	Transactions done during the year 2025-26
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	**₹ in lakhs** **Sl no.** | **Particulars** | **Amount** **i.** | Sale of Goods | 42.01 **ii.** | Sale of Goods | 1,823.40 **Total** | **1,823.94**
e)	Date of approval by the Board	12th February, 2025
f)	Amount paid as advance, if any	₹437.76 lakhs

Material Related Party Transaction Limit

Threshold for determining Material Related Party Transactions for the year 2025–26 was ₹34.47 Crore, being 10% of the consolidated turnover of ₹344.72 Crore of the Company for the year 2024–25, in accordance with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Shareholders' Approval

The aforesaid transactions were proposed as Material Related Party Transactions in terms of Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Accordingly, the requisite approval of the shareholders was obtained through Postal Ballot, conducted from 1st July, 2025 to 30th July, 2025. The results of the Postal Ballot were declared on 1st August, 2025.

However, No individual Related Party Transaction, either individually or taken together with previous transactions during the year, exceeded the applicable materiality threshold.

By Order of the Board
For Haleos Labs Limited

Date: 05.08.2026
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

Annexure 12

DISCLOSURE OF MANAGERIAL REMUNERATION

[Pursuant to Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

i. **Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the year 2025-26 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary.**

Sl No.	Name of Director / KMP	Designation	Remuneration [₹ in lakhs]		Change %	Ratio to the median remuneration of the employees**
			2025-26	2024-25		
Executive Director						
1)	Mr. TVVSN Murthy	Managing Director	199.36	199.63	(00.14%)	42:1
2)	Mr. TV Praveen	Executive Director	95.91	120.00	(20.08%)	20:1
3)	Mrs. Sudeepthi Gopineedi	Whole-time Director	26.77	40.00	(33.08%)	06:1
Non-Executive Director						
4)	Mr. P. Sarath Kumar	Independent Director	-	-	-	-
5)	Dr. (Mr.) Mannam Malakondaiah	Independent Director	-	-	-	-
6)	Dr. (Mr.) Srinivas Samavedam	Independent Director	-	-	-	-
7)	Mrs. Sundaramma Patibandla	Women Independent Director	-	-	-	-
KMPs						
7)	Mr. N Rajendra Prasad	Chief Financial Officer	21.27	20.05	6.08%	NA
8)	Mr. Trupti Ranjan Mohanty	Company Secretary	14.90	14.18	5.08%	NA

****computed based on the remuneration for the month of March 2026.**

Independent Directors of the Company are entitled for sitting fee within the limits prescribed under Companies Act, 2013.

ii. The remuneration paid during the year was in accordance with the Remuneration Policy of the Company.

iii. The percentage increase in the median remuneration of employees during the financial year was 8.51%.

iv. The Company had 611 permanent employees on its rolls as on 31st March, 2026.

v. The average percentage increase in the monthly remuneration of employees, other than managerial personnel, during the year was 10.97%, whereas the average percentage decrease in the remuneration of managerial personnel was 10.45%. The remuneration was determined based on the recommendations of the Nomination and Remuneration Committee and approved by the Board of Directors and the shareholders, wherever applicable.

By Order of the Board
For Haleos Labs Limited
(Formerly known as "SMS Lifesciences India Limited")

Date: 05.08.2026
Place: Hyderabad

TV Praveen
DIN: 08772030
Executive Director

TVVSN Murthy
DIN: 00465198
Managing Director

Annexure 13

Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022]

1. A brief outline of the CSR policy of the Company

The Company remains committed to creating sustainable value for society and the communities in which it operates.

Through responsible business practices, community engagement and focused Corporate Social Responsibility ("CSR") initiatives, the Company endeavours to contribute towards sustainable and inclusive development. The Company's CSR initiatives are focused primarily on Education, Healthcare, Environmental Sustainability and Rural Development, in accordance with its CSR Policy and the applicable provisions of the Companies Act, 2013 and the rules made thereunder.

2. Composition of the CSR Committee:

S. No.	Name of the 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.	Mr. TVVSN Murthy	Chairman of CSR Committee Executive Director	02	02
2.	Mr. TV Praveen	Member of CSR Committee Executive Director	02	02
3.	Dr. (Mr.) Mannam Malakondaiah	Member of CSR Committee Independent Director	02	02
4.	Dr. (Mr.) Srinivas Samavedam	Member of CSR Committee Independent Director	02	01

3. The web-link(s) where composition of CSR committee, CSR policy and CSR projects approved by the board are disclosed on the website of the company:

- **Composition of CSR Committee:** www.haleoslabs.com/composition-of-committees/
- **CSR Policy:** www.haleoslabs.com/wp-content/uploads/2026/03/7.-CSR-policy.pdf
- **CSR Projects:** www.haleoslabs.com/csr-initiatives/

4. Executive summary 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 during the year under review**.**

5. Details of CSR Obligations:

Sl no.	Particulars	Details
a)	Average net profit of the Company for last three financial years	**₹2,171.54 lakhs.**
b)	2% of the average net profit of the company as per sub-section (5) of section 135.	**₹43.43 lakhs**
c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years	-
d)	Amount required to be set-off for the financial year, if any	**₹0.20 lakhs**
e)	**Total CSR obligation for the financial year [(b)+(c)-(d)]**	**₹43.23 lakhs**

6. **Details of CSR spent during the year:**

Sl no.	Particulars	Details
a)	Amount spent on CSR Projects (both Ongoing Projects and other than Ongoing Projects).	**₹44.25 lakhs**
b)	Amount spent in Administrative Overheads.	-
c)	Amount spent on Impact Assessment, if applicable	-
d)	**Total amount spent for the Financial Year [(a)+(b)+(c)]**	**₹44.25 lakhs**

e) **CSR amount spent or unspent for the financial year:**

Total amount spent for the financial year 2024-25	Amount unspent (₹)				
	Total amount transferred to unspent CSR account as per Section 135(6) of the Act		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135 (5) of the Act		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹44.25 lakhs	-	-	NA	Nil	NA

f) **Excess amount for set-off, if any:****amount after setting off the excess amount spent in the previous year

Sl no.	Particulars	Details
i.	2% of average net profit of the company as per sub-section (5) of section 135**	**₹43.23 lakhs**
ii.	Total amount spent for the Financial Year	**₹44.25 lakhs**
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	**₹1.02 lakhs**
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	**₹1.02 lakhs**

****amount after setting off the excess amount spent in the previous year**

7. **Details of Unspent CSR amount for the preceding three financial years:**

Sl no.	Preceding Financial Year(s).	Amount transferred to Unspent CSR Account under section 135 (6)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135	Amount spent in the reporting Financial Year	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.
					Amount	Date of transfer	
1.	2022-23	₹6.03 lakhs	-	-	-	-	-
2.	2023-24	-	-	-	-	-	-
3.	2024-25	-	-	-	-	-	-

All CSR projects undertaken in the aforesaid years have been duly completed and there has been no unspent CSR amount during the last three financial years.

8. **Whether any capital assets have been created or acquired through corporate social Responsibility amount spent in the year**:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR Amount spent	Details of entity / authority / beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
1)	Construction of Road in Kazipally area	502319	14.05.2025	₹ 09.00 lakhs	NA	Khazipally Gram panchayat	H.NO : 1-2-31/13, GPR Krishna Apartments, Nizampet Cross Roads, Hyderabad - 500085
2)	Construction of Urban Primary Health Center (UPHC) building in Patancheru town.	502319	27.09.2025	₹30.00 lakhs	NA	Greater Hyderabad Municipal Corporation (GHMC)	H. NO : 2-78/10, Old Bowenpally, Secunderabad – 500011.

Details of the CSR initiatives are available on the Company's website at www.haleoslabs.com/csr-initiatives/

9. **Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5) of the Act**: Not Applicable.

For Haleos Labs Limited
(Formerly known as "SMS Lifesciences India Limited")

Date: 05.08.2026
Place: Hyderabad

TV Praveen
Executive Director

TVVSN Murthy
Managing Director and
Chairman of CSR Committee

Annexure 14

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

[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

Your Company embraces sustainability as a fundamental business value and remains committed to integrating sustainable practices across its operations. The Company continues to build a foundation for a more sustainable future through responsible business practices, efficient utilisation of resources and continuous improvement in its processes and systems.

Your Company continuously upgrades its processes, technologies and operational systems to enhance efficiency and sustainability, while ensuring compliance with applicable regulatory requirements and meeting the evolving expectations and sustainability objectives of its customers and other stakeholders.

A. CONSERVATION OF ENERGY:

The Company continues to make sustained efforts towards conservation of energy through optimum utilisation of energy resources, adoption of energy-efficient technologies and equipment and implementation of various process and operational improvements. A dedicated team continuously monitors energy consumption and reviews the effectiveness of various energy conservation initiatives implemented across the manufacturing facilities.

Some of the key initiatives undertaken during the year under review include:

a) Engineering & Maintenance Initiatives:

(i) Optimisation of process cooling tower fans and installation of RT water pumps and cooling tower fans with automation in PB-VII and PB-II blocks.

(ii) Installation of Variable Frequency Drives ("VFDs") across various production blocks, including reactors, centrifuges, multi-millers and RCVDs in PB-II, PB-I, PB-V and PB-VII blocks.

(iii) Installation of steam auto cut-off valves for various equipment, including tray dryers, RCVDs, ANFDs, vacuum tray dryers and HCL columns.

(iv) Replacement and installation of energy-efficient IE3 motors in the PB-II block.

(v) Installation of automatic cut-off electrical switches for RT and brine water pumps in the PB-II block.

(vi) Installation of a power factor panel and a 150 KVAR capacitor panel in the PB-II block for maintaining and improving the power factor.

(vii) Segregation of lighting controls with stabilisers for individual floors and other areas in PB-II, PB-VIII and PB-IV Intermediate Blocks.

(viii) Replacement of reciprocating brine compressors with screw brine compressors equipped with VFDs in the Service Block.

(ix) Installation of water-level indicators in cooling tower sumps and automatic temperature controllers for brine compressors.

(x) Replacement of the existing 320 KVA diesel generator with a new 750 KVA diesel generator equipped with an automation system and improved operating efficiency.

(xi) Installation of a new vacuum pump with booster, VFD and automation system in PB-VII for ANFD operations, resulting in reduced drying time.

(xii) Installation of steam condensate motor automation in PB-II and recovery of steam condensate water across production blocks for reuse in the boiler system.

(xiii) Installation of hot water tubs with reboiler systems for recovery and reuse of condensate water from PB-I and PB-II.

(xiv) Installation of additional secondary condensers across production blocks to improve solvent recovery and reduce solvent losses.

b) <u>Environmental and Water Conservation Initiatives:</u>

The Company has also undertaken initiatives towards water conservation and sustainable waste management. Industrial effluent is purified and recycled for reuse in cooling towers. The Zero Liquid Discharge ("ZLD") system supports the recycling of treated water, reduction of waste and minimisation of off-site liquid waste disposal requirements. These initiatives also support environmental compliance and efficient management of industrial waste.

The Company continues to explore and implement suitable measures for improving energy efficiency, optimising resource utilisation and promoting sustainable manufacturing practices.

During the year, your Company has not invested on energy conservation equipment.

B. TECHNOLOGY ABSORPTION:

i. The Efforts made towards technology absorption:

Your Company continues to be technology-driven and has developed core competencies in vital areas of process research, process development, analytical development and process engineering.

Most of the technologies adopted by the Company are developed by its in-house Research and Development ("R&D") team. Over the years, the Company has developed complex chemistries at the laboratory level and successfully transferred the same to commercial manufacturing through its dedicated, highly qualified and experienced team of chemists and engineers.

Products developed at the laboratory stage are subsequently scaled up at the pilot plant, where the learnings and process parameters are evaluated and captured before their introduction into commercial manufacturing. The Company also collaborates with global customers for the development of newer technologies and the introduction and supply of new products within optimal timelines.

ii. The Benefits derived are:

The technology absorption and in-house R&D efforts have, inter alia, resulted in the following benefits:

(i) Maintenance and enhancement of quality standards.

(ii) Commercialisation of new products.

(iii) Improved efficiency and time savings through automation of repetitive R&D activities.

(iv) Development of new markets, adaptation to meet export requirements, quality upgradation and cost reduction.

(v) Reduced dependence on external sources for technology adaptation.

(vi) Receipt of regulatory approvals for new products.

iii. Details of technology imported during the past 3 years:

The Company has not imported any technology.

iv. The expenditure incurred on Research and Development:

(₹ in lakhs)

Particulars	FY 2025-26	FY 2024-25
Capital	88.50	93.64
Recurring	582.55	538.98
Total	**671.05**	**632.62**
Total R&D Expenditure as a %age to revenue from operations	**2.23%**	**1.90%**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in lakhs)

Particulars	FY 2024-25	FY 2023-24
Earnings:		
FOB value of Exports	10,140.84	12,602.63
Outgo:		
Sales Commission	5,058.19	4,768.50
Travelling Expenses	25.72	27.00
CIF value of Imports	1.28	0.79

By Order of the Board
For Haleos Labs Limited
(Formerly known as “SMS Lifesciences India Limited”)

Date: 05.08.2026
Place: Hyderabad

TV Praveen
Executive Director
DIN: 08772030

TVVSN Murthy
Managing Director
DIN: 00465198

INDEPENDENT AUDITOR'S REPORT

To the members of

HALEOS LABS LIMITED (Formerly known as SMS Lifesciences India Limited)

Report on the Audit of the Ind AS Standalone Financial Statements

Opinion

We have audited the accompanying Ind AS standalone financial statements of **HALEOS LABS LIMITED (Formerly known as SMS Lifesciences India Limited)**

("the Company"), which comprise the Balance Sheet as at March 31, 2026, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of material accounting policies and other explanatory information (hereinafter referred to as the "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 Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026 and its profit, total comprehensive income, changes in equity and its cash flows 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 ("SA"s) 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 made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Recognition, measurement, presentation and disclosures of revenues from Contracts with Customers" as per Ind AS 115	Principal Audit Procedures We assessed the Company's process to recognize the revenue as per accounting standard, Ind AS 115 Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design of internal controls relating to implementation of the revenue accounting standard.

Sr. No.	Key Audit Matter	Auditor's Response
		• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls. • Selected a sample of continuing and new contracts and performed the following procedures: 1. Read, analysed and identified the distinct performance obligations in these contracts. 2. Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.

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 Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements, 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 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.

Management's Responsibilities for the Standalone 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, changes in equity and cash flows of the Company in accordance with the Ind AS specified u/s 133 of the Act and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The management is responsible for ensuring that the accounting software used has the feature of Audit Trail that captures the changes to each and every transaction of Books of accounts. Also ensure that the Audit Trail Feature is always enabled at the database level and protected from any modification through implementing controls. Ensure that Audit Trail is retained as per statutory requirements for record retention through periodic backups.

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

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

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "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, based on our audit 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 Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act read with Companies Ind AS rules 2015 as amended.

    e) On the basis of the written representations received from the directors as on March 31, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    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 by the Company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V of 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 on its financial position in its standalone financial statements – Refer Note 45 on contingent liabilities to the Ind AS financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. During the year ended March 31, 2026, the company has transferred unclaimed dividend to Investor Education and Protection Fund.

iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 50(vi) to the standalone financial statements, 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 entity ("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, as disclosed in the note 50(vii) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on 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 sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(d) Based on our examination which includes test checks, the Company, in respect of financial year commencing on 1st April 2025, has 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 been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, in respect of the accounting software where such feature is enabled and the audit trail has been preserved by the company as per the statutory requirements for record retention.

v. The dividend paid by the company during the year is in respect of the same declared for the previous year is in accordance with Sec 123 of Companies Act, 2013 to the extent it applies to payment of dividend.

for **Rambabu & Co.,**
Chartered Accountants
Reg. No.002976S

Place: Hyderabad
Date: 29.05.2026

GVL Prasad
Partner
M.No.026548

UDIN: **26026548QLGZZR1072**

Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **HALEOS LABS LIMITED (Formerly known as SMS Lifesciences India Limited)** of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so as to cover all the assets once in every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.

(d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.

(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 as amended and rules made thereunder.

ii. (a) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year and no discrepancies of 10% or more in aggregate for each class of inventory were noticed on such physical verification.

In our opinion and based on the information and explanations given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories.

(b) According to the information and explanations given to us and on the basis of examination of the records of the Company, the Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate during the year, from banks or financial institutions on the basis of security of current assets. The returns or statements filed by the Company with such banks or financial institutions are in agreement with the unaudited/audited books of account of the Company of the respective quarters and no material discrepancies have been observed.

iii) According to the information and explanations furnished to us and based on our audit procedures, except for the guarantees provided to its subsidiary during the year, the Company has not granted any loans, secured or unsecured, or advances in the nature of loans, or provided any guarantees or security to companies,firms Limited Liability Partnerships or any other parties during the year.

a) The aggregate amount of guarantee provided during the year and the balance outstanding as at the balance sheet date are as follows:

Aggregate amount of Guarantee provided during the year to the Subsidiary, Mahi Drugs Private Limited Rs. 20.00 Crores. Balance outstanding as at the Balance Sheet date of the above Guarantee Rs. 20.00 crores.

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the Guarantees provided by the Company during the year are not prejudicial to the interests of the Company.

Since the Company has not granted any loans, secured or unsecured, or advances in the nature of loans, or provided any guarantees or security to any company, firm, Limited Liability Partnership or other party during the year, the reporting requirements under Clauses 3(iii)(c), 3(iii)(d), 3(iii)(e) and 3(iii)(f) of the Order are not applicable.

iv. According to the information and explanations given to us and on the basis of our examination of records of the Company, during the year, the Company has provided guarantee or security to its subsidiary and the relevant provisions of Sections 185 and 186 of the Act ("the Act") are complied with.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.

vi. We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government of India under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. In respect of statutory dues:

(a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2026 for a period of more than six months from the date they became payable.

(b) There were no statutory dues which have not been deposited as on March 31, 2026 on account of disputes except the following:

S. No	Name of the Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. Lakhs)	Amount Unpaid (Rs. Lakhs)
1	AP Non Agricultural Land (Conversion for Non Agriculture Purpose) Act, 2006	Nala Tax	High Court of Telangana	Demand Raised in the year 2012-13	22.50	22.50
2	Employees Provident Fund and Miscellaneous Provisions Act, 1952	Interest on Provident Fund	NCLT Hyderabad	December,1999 to December, 2007	7.52	7.52

S. No	Name of the Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. Lakhs)	Amount Unpaid (Rs. Lakhs)
3	Income Tax Act, 1961	Income Tax	Erstwhile BIFR	1988-89 to 2004-05	75.07	75.07
4	Income Tax Act, 1961	Interest on above	Erstwhile BIFR	1988-89 to 2024-25	102.63	98.13
5	IGST Act, 2017	IGST	Honourable High Court of Telangana	2017-18	1,003.00	1,003.00

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. (a) In our opinion, the Company has not defaulted in repayment of any loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanation given to us by the management, the Company has availed term loan during the year and the said loan is utilized for the same purpose for which it was obtained.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) According to the information and explanations given to us by the management and examination of the records of the Company, the Company is having investment in subsidiary company. However, the Company has not raised any funds from any entity or person of or to meet the obligations of its subsidiary.

Accordingly, provisions of the clause 3(ix)(e) of the Order is not applicable to the Company.

(f) According to the information and explanations given to us by the management and examination of the records of the Company, the Company is having investment in subsidiary company. However, the Company has not raised any loan on pledge of securities held in subsidiary Company. Accordingly, provisions of the clause 3(ix)(f) of the Order are not applicable to the Company.

x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or pr private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the management, there are no whistle blower complaints received by the company during the year.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

xv. In our opinion, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors, and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii. The Company has not incurred cash loss during the financial year covered by our audit and the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and 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 indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, further state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. According to the information and explanations given to us and based on our examination of the records of the Company, there is no unspent amount under sub-section (5) of section 135 of the Act pursuant to any project. Accordingly, paragraph 3(xx)(a) and (xx)(b) of the Order are not applicable to the Company.

xxi. According to the information and explanations given to us, and based on the Audit report of the subsidiary Company there are no qualifications / adverse remarks in the Companies (Auditor's Report) Order (CARO) report of the subsidiary Company included in the Consolidated financial statements.

for **Rambabu & Co.,**
Chartered Accountants
Reg. No.002976S

Place: Hyderabad
Date: 29.05.2026

GVL Prasad
Partner
M.No.026548

UDIN: **26026548QLGZZR1072**

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **HALEOS LABS LIMITED (Formerly known as SMS Lifesciences India Limited)** of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls with reference to financial statements of **HALEOS LABS LIMITED (Formerly known as SMS Lifesciences India Limited)**

(the "Company") as of March 31, 2026 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal controls 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 issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standardsand the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2026, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

for **Rambabu & Co.,**
Chartered Accountants
Reg. No.002976S

Place: Hyderabad
Date: 29.05.2026

GVL Prasad
Partner
M.No.026548

UDIN: **26026548QLGZZR1072**

Standalone Balance Sheet as at 31st March, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Sl. No.	Particulars	Note	As at 31st March, 2026	As at 31st March, 2025
I	**ASSETS**			
1	**Non-Current Assets**			
	(a) Property, Plant and Equipment	4	18,861.20	14,841.33
	(b) Right-of-use Assets	5A	114.91	177.59
	(c) Capital Work-in-Progress	4	130.07	39.60
	(d) Intangible Assets	6	2.24	4.43
	(e) Financial Assets			
	(i) Investments	7	2,323.17	2,323.17
	(ii) Other Financial Assets	8	281.50	278.32
	(f) Other Non-Current Assets	9	450.20	387.73
	Total		**22,163.29**	**18,052.17**
2	**Current Assets**			
	(a) Inventories	10	6,981.30	6,058.39
	(b) Financial Assets			
	(i) Trade Receivables	11	5,426.43	6,452.63
	(ii) Cash and Cash Equivalents	12	39.89	40.13
	(iii) Bank Balances other than (ii) above	13	116.09	100.52
	(c) Other Current Assets	14	5,454.18	5,110.49
	(d) Current Tax Assets	15	152.93	16.79
	Total		**18,170.82**	**17,778.95**
	Total Assets		**40,334.11**	**35,831.12**
II	**EQUITY AND LIABILITIES**			
1	**Equity:**			
	(a) Equity Share Capital	16	302.33	302.33
	(b) Other Equity	17	21,155.36	19,415.22
	Total		**21,457.69**	**19,717.55**

(Contd.)

Standalone Balance Sheet (Contd.)

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Sl. No.	Particulars	Note	As at 31st March, 2026	As at 31st March, 2025
2	**LIABILITIES**			
A	**Non-Current Liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	18	3,518.19	1,731.06
	(ii) Lease Liabilities	5B	80.97	173.92
	(b) Provisions	19	403.28	419.68
	(c) Deferred Tax Liabilities (Net)	20	1,571.85	1,359.39
	Total		**5,574.29**	**3,684.05**
B	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	21	5,792.61	6,186.19
	(ii) Lease Liabilities	5B	87.59	65.47
	(iii) Trade Payables			
	a. Dues to Micro and Small Enterprises	22	81.85	79.32
	b. Dues to other than Micro and Small Enterprises	22	5,297.47	4,519.18
	(iv) Other Financial Liabilities	23	1,243.38	1,100.90
	(b) Provisions	19	184.70	159.40
	(c) Other Current Liabilities	24	614.53	319.06
	Total		**13,302.13**	**12,429.52**
	Total Liabilities		**18,876.42**	**16,113.57**
	Total Equity and Liabilities		**40,334.11**	**35,831.12**
	Material Accounting Policies	3		

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

as per our report of even date
for RAMBABU & CO

Chartered Accountants
FRN 002976S

GVL PRASAD
Partner
M No. 026548

Place : Hyderabad
Date : 29-05-2026

for and on behalf of the Board of Directors of
Haleos Labs Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

T V PRAVEEN
Executive Director
DIN: 08772030

TRUPTI R MOHANTY
Company Secretary
M No. F13407

N. RAJENDRA PRASAD
Chief Financial Officer
M.No.026567

Standalone Statement of Profit and Loss for the Year Ended 31st March, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Sl. No.	Particulars	Note	Current Year 2025-26	Previous Year 2024-25
1	**Income**			
	Revenue from Operations	25	**30,098.96**	33,337.10
	Other Income	26	**142.11**	394.56
	Total Income		**30,241.07**	**33,731.66**
2	**Expenses**			
	Cost of Materials Consumed	27	**14,557.49**	16,156.07
	Changes in Inventories	28	**(650.99)**	468.60
	Manufacturing Expenses.	29	**5,571.54**	5,554.59
	Employee Benefits Expense	30	**4,939.27**	4,577.67
	Finance Costs	31	**603.42**	788.07
	Depreciation and Amortization Expense	32	**1,066.40**	1,025.55
	Other Expenses	33	**1,634.83**	2,157.00
	Total Expenses		**27,721.96**	**30,727.55**
3	**Profit Before Tax (1-2)**		**2,519.11**	**3,004.11**
4	**Tax Expense**			
	(a) Current Tax			
	(i) relating to Current Year	34	**550.00**	900.00
	(ii) relating to Earlier Year		**(17.82)**	(18.87)
	(b) Deferred Tax		**209.25**	(14.10)
	Total Taxes		**741.43**	**867.03**
5	**Profit for the Year (3-4)**		**1,777.68**	**2,137.08**

(Contd.)

Standalone Statement of Profit and Loss (Contd.)

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Sl. No.	Particulars	Note	Current Year 2025-26	Previous Year 2024-25
	Other Comprehensive Income/(Loss)			
	Items that will not be reclassified to Profit or (Loss)			
6	Remeasurement Gain/(Loss) of the defined benefit plans	35	**11.02**	4.25
7	Income Tax effect on the above		**3.21**	1.24
8	**Other Comprehensive Income After Tax for the Year (6-7)**		**7.81**	**3.01**
9	**Total Comprehensive Income for the Year (5+8)**		**1,785.49**	**2,140.09**
10	**Earnings Per Share (Face Value of Rs.10/- each) -Basic / Diluted**	36		
	(i) Including Exceptional Income		**58.80**	70.69
	Material Accounting Policies	3		

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

as per our report of even date
for RAMBABU & CO

Chartered Accountants
FRN 002976S

GVL PRASAD
Partner
M No. 026548

Place : Hyderabad
Date : 29-05-2026

for and on behalf of the Board of Directors of
Haleos Labs Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

T V PRAVEEN
Executive Director
DIN: 08772030

TRUPTI R MOHANTY
Company Secretary
M No. F13407

N. RAJENDRA PRASAD
Chief Financial Officer
M.No.026567

Haleos

Standalone Statement of Changes in Equity for the Year Ended 31st March, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

a. Equity Share Capital

Particulars	As at 31st March, 2026		As at 31st March, 2025	
	Number of Shares	Amount	Number of Shares	Amount
At the Beginning of the Year	**30,23,287**	**302.33**	30,23,287	302.33
Changes in Equity Share Capital	-	-	-	-
At the End of the Year	**30,23,287**	**302.33**	**30,23,287**	**302.33**

b. Other Equity

Particulars	Capital Redemption Reserve	General Reserve	Retained Earnings	Total Other Equity
Balance as at 01st April, 2024	**1.00**	**7,216.02**	**10,103.46**	**17,320.48**
Profit for the Year			2,137.08	2,137.08
Other Comprehensive Income for the Year, net of Income Tax			3.01	3.01
Transfer from Retained Earings		200.00		200.00
Transferred to General Reserve		-	(200.00)	(200.00)
Total Comprehensive Income for the Year	-	**200.00**	**1,940.09**	**2,140.09**
Payment of Dividend			(45.35)	(45.35)
Balance as at 31st March, 2025	**1.00**	**7,416.02**	**11,998.20**	**19,415.22**
Balance as at 01st April, 2025	**1.00**	**7,416.02**	**11,998.20**	**19,415.22**
Profit for the Year			1,777.68	1,777.68
Other Comprehensive Income for the Year, net of Income Tax			7.81	7.81
Transfer from Retained Earings		200.00		200.00
Transferred to General Reserve		-	(200.00)	(200.00)
Total Comprehensive Income for the Year		**200.00**	**1,585.49**	**1,785.49**
Payment of Dividend			(45.35)	(45.35)
Balance as at 31st March, 2026	**1.00**	**7,616.02**	**13,538.34**	**21,155.36**

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

as per our report of even date
for RAMBABU & CO

Chartered Accountants
FRN 002976S

GVL PRASAD
Partner
M No. 026548

Place : Hyderabad
Date : 29-05-2026

for and on behalf of the Board of Directors of
Haleos Labs Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

T V PRAVEEN
Executive Director
DIN: 08772030

TRUPTI R MOHANTY
Company Secretary
M No. F13407

N. RAJENDRA PRASAD
Chief Financial Officer
M.No.026567

Standalone Statement of Cash Flow for the Year Ended 31st March, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31st March, 2026	For the Year ended 31st March, 2025
A. Cash Flow from Operating Activities		
Profit Before Tax	**2,519.11**	3,004.11
Adjustments for:		
Depreciation and amortisation expense	**1,066.40**	1,025.55
Interest Income classified as Investing Cash Flows	**(7.30)**	(6.53)
Allowance for Doubtful Debts	**(39.63)**	505.99
Interest on Non Current Borrowings	**181.94**	310.17
Provision for Employee Benefits	**19.92**	18.07
Term Loan Processing Fee	**(4.51)**	3.54
Loss on Sale of Assets	**0.12**	2.84
Profit on Sale of Assets	**-**	(5.94)
Interest on Leased Premises	**23.71**	31.14
	3,759.76	**4,888.94**
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Trade Receivables	**1,065.83**	(2,023.93)
(Increase)/Decrease in Inventories	**(922.92)**	1,400.48
Increase/(Decrease) in Trade Payables	**780.82**	(355.27)
(Increase)/Decrease in Other Non Current Financial Assets	**(3.17)**	(7.52)
(Increase)/Decrease in Other Non Current Asset	**(62.48)**	(116.18)
(Increase)/Decrease in Other Current Financial Assets	**(0.31)**	(0.10)
(Increase)/Decrease in Other Current Assets	**(343.69)**	(94.56)
(Increase) Decrease in Prepaid Taxes	**(18.33)**	(140.03)
Increase/(Decrease) in Other Current Financial Liabilities	**(57.95)**	128.04
Increase/(Decrease) in Other Current Liabilities	**295.47**	(26.64)
	733.28	**(1,235.69)**
Cash generated from Operations	**4,493.04**	**3,653.25**
Income Taxes Paid	**(650.00)**	(850.00)
Net Cash Inflow/(Outflow) from Operating Activities "A"	**3,843.04**	**2,803.25**

(Contd.)

Standalone Statement of Cash Flow (Contd.)

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31st March, 2026	For the Year ended 31st March, 2025
B. Cash flows from Investing Activities		
Purchase of Property, Plant and Equipment	**(4,924.47)**	(1,408.65)
Proceeds from sale of Property, Plant and Equipment	**4.52**	33.63
Margin Money Deposits	**(15.20)**	(7.87)
Interest Received on Margin Money Deposit	**7.25**	6.28
Net Cash Inflow/(Outflow) from Investing Activities "B"	**(4,927.90)**	**(1,376.61)**
C. Cash flows from Financing Activities		
Proceeds from Long Term Borrowings	**3,114.20**	35.42
Repayment of Long Term Borrowings	**(1,140.35)**	(1,364.86)
Proceeds from Short Term Borrowings	**(575.78)**	370.25
Repayment of Lease Liability	**(70.84)**	(61.86)
Interest paid	**(197.26)**	(353.60)
Dividends paid to company's shareholders	**(45.35)**	(45.35)
Net Cash Inflow / (Outflow) from Financing Activities "C"	**1,084.62**	**(1,420.00)**
Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C)	**(0.24)**	**6.64**
Cash and Cash Equivalents at the beginning of the Year	**40.13**	33.49
Cash and Cash Equivalents at the End of the Year (Refer Note: 12)	**39.89**	**40.13**

The Cash Flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash Flows.

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

as per our report of even date
for RAMBABU & CO

Chartered Accountants
FRN 002976S

GVL PRASAD
Partner
M No. 026548

Place : Hyderabad
Date : 29-05-2026

for and on behalf of the Board of Directors of
Haleos Labs Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

T V PRAVEEN
Executive Director
DIN: 08772030

TRUPTI R MOHANTY
Company Secretary
M No. F13407

N. RAJENDRA PRASAD
Chief Financial Officer
M.No.026567

Notes to the Standalone Financial Statements

1. Corporate Information:

Haleos Labs Limited (formerly known as SMS Lifesciences India Limited) (Haleoslabs), (the 'Company') is a Company limited by Shares domiciled in India incorporated under the Companies Act, 1956. The registered office of the Company is at Plot No.19-III, Road No. 71, Jubilee Hills, Hyderabad-500 096, Telangana, India. The Equity Shares of the Company are listed in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is engaged in the business of manufacturing of Active Pharma Ingredients and their intermediates. The Company is having manufacturing facilities at Kazipally and Jeedimetla and its Research and Development center at Sanatnagar in Hyderabad.

The Standalone Financial Statements for the year ended 31st March, 2026 were approved by the Board of Directors for issue on 29th May, 2026.

2. Basis of preparation of Standalone Financial Statements

2.1 Statement of Compliance

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the "Ind AS") as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

These standalone financial statements comprise the Balance Sheet as at 31st March, 2026, the Statement of Profit and Loss, Statement of Changes in Equity and the Statement of Cash Flows for the year ended 31st March, 2026, and a summary of the significant accounting policies, notes and other explanatory information (together hereinafter referred to as "Standalone Financial Statements")

These standalone financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in these standalone financial statements.

2.2 Basis of Measurement:

The standalone financial statements have been prepared on a historical cost and on accrual basis, except for the following items in the balance sheet:

- Certain financial assets are measured either at fair value or at amortised cost depending on the classification.
- Employee defined benefit assets/(liability) are recognized 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.
- Right-of use the assets are recognized at the present value of lease payments that are not paid at that date.
- Assets held for sale are measured at fair value less cost to sell.

2.3 Current and Non-Current Classification:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

(a) An asset is treated as current when it satisfies the below mentioned criteria:

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

(b) All Other Assets are classified as non-current.

(c) A liability is classified as current when it satisfies the below mentioned criteria:

- Expected to settle the liability in normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

(d) All Other liabilities are classified as non-current.

(e) Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.

(f) The Operating Cycle is the time between the acquisition of assets for processing and their realization in Cash and Cash Equivalents. The Company has identified Twelve months as its Operating Cycle.

3. Summary of Significant Accounting Policies:

The standalone financial statements have been prepared using the accounting policies and measurement basis summarized below:

3.1 Revenue Recognition:

Revenue is recognized upon transfer of control of promised products or services to customers for an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, the Company applies the following five step approach:

(1) identify the contract with a customer,

(2) identify the performance obligations in the contract,

(3) determine the transaction price,

(4) allocate the transaction price to the performance obligations in the contract, and

(5) recognize revenues when a performance obligation is satisfied.

The specific recognition criteria described below must also be met before revenue is recognised.

The Company's revenue is derived from sale of goods, sale of services. Most of such revenue is generated from the sale of goods. The Company has generally concluded that it is the principal in its revenue arrangements.

(i) Revenue from Sale of Goods:

Revenue from sale of goods is recognized when a promise in a customer contract (performance obligation) has been satisfied by transferring the control over the promised goods to the customer. Control is usually transferred upon shipment, delivery to, upon receipt of the goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized is based on the consideration expected to be received in exchange of goods, excluding applicable discounts sales returns and any taxes or duties collected on behalf of the government such as GST where ever applicable.

Any additional amounts based on terms of agreement entered into with customers is recognized in the period when the collectability becomes probable and reliable and measure of the same is available.

(ii) Revenue from Sale of Services:

Revenue from Sale of services is recognised as per the terms of the contracts with customers when the related services are performed or the agreed milestones are achieved.

(iii) Export incentives:

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

(iv) Dividend Income:

Dividends are received from financial assets at fair value through profit or loss and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of the investment.

(v) Interest Income:

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income, on financial assets at amortised cost and financial assets at FVOCI, is calculated using the effective interest method and the same is recognized in the statement of profit and loss as part of other income. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.2 Foreign Currency Transactions:

i. Functional and Presentation Currency:

The standalone financial statements are presented in Indian Rupee ('INR' or '`') which is also the functional and presentation currency of the Company.

ii. Initial Recognition:

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

iii. Conversion on Reporting Date:

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

iv. Exchange Differences:

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

3.3 Property, Plant and Equipment:

(a) Recognition and Initial Measurement

Property, Plant and Equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Cost includes non-refundable taxes, duties, freight, borrowing costs and other incidental expenses related to the acquisition and installation of the respective assets.

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress. Advances paid towards acquisition of assets are shown as Capital Advances.

Borrowing Cost relating to acquisition of Property, Plant and Equipment which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

Subsequent Costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

(b) Subsequent Measurement (Depreciation and Useful Lives)

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

Depreciation on addition to/deletion from fixed assets made during the year is provided on pro-rata basis from/up to the date of such addition/ deletion as the case may be. In case of assets costing less than Rs.5,000/- purchased during the year also depreciation has been provided at normal rates on pro-rata basis from the date of purchase.

Cost of the leasehold land is amortized on a straight-line basis over the term of the lease. Depreciation on landscape is being provided @10% under straight line method.

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

(c) De-recognition

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

(d) Capital advances

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

(e) Capital work-in-progress

Capital work-in-progress includes cost of property, plant and equipment under installation/development as at the balance sheet date.

3.4. Intangible Assets:

Intangible assets consists of goodwill, other intangibles, and product development costs.

3.4. A. Goodwill:

Goodwill represents the excess of purchase consideration over the net book value of assets acquired of the subsidiary companies as on the date of investment. Goodwill is not amortised but is tested for impairment on a periodic basis and impairment losses are recognised wherever applicable.

3.4 B. Other Intangible Assets:

(a) Recognition and Initial Measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

(b) Subsequent measurement (amortization):

The cost incurred on Intangible Assets is amortized over a period of 6 years in case of Computer Software and 4 years for Patents on Straight Line Method.

3.5 Leases:

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

- The contract involves use of an identified asset, whether specified explicitly or implicitly;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

- The Company has right to direct the use of the asset by either having right to operate the asset or the Company having designed the asset in a way that predetermines how and for what purpose it will be used.

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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

i) Right-of-use assets

The Company recognizes 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 measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognizes 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 the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because 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 premeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of asset (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 that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

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

3.6 Inventories:

Raw materials, packaging materials, are carried at cost. Stores and spares are being charged to revenue as and when purchased. Cost includes purchase price excluding taxes those are subsequently recoverable by the company from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost of Raw Materials, packaging materials is determined using the weighted average cost method.

Finished goods and work in progress are valued at the lower of cost and net realizable value. Cost of work in progress and manufactured finished goods is determined on weighted average basis and comprises cost of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Spare Parts, Stand-by Equipment and Servicing Equipment are recognized in accordance with this Ind AS-16 when they meet the definition of property, plant and Equipment. Otherwise, such items are classified as inventory and are valued at Cost.

The carrying cost of raw materials, packing materials are appropriately written down when there is a decline in replacement cost of such materials and finished products in which they will be incorporated are expected to be sold below cost.

3.7 Cash and Cash Equivalents:

Cash and Cash equivalents include cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments.

For the Statement of Cash Flows, cash and cash equivalents consists of short term deposits, as defined above, net of outstanding bank overdraft as they are being considered as integral part of the Company cash management.

3.8 Trade Receivables:

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

3.9 Financial Instruments

(a) Financial Assets

(i) Initial recognition and measurement:

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

(ii) Subsequent measurement

a) Debt instruments –

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

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

b) Equity investments –

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

Investment in Associates, Subsidiaries and Joint Venture:

Investments in Subsidiaries, Associates and Joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

(iii) De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(b) Financial liabilities

(i) Initial Recognition and Measurement:

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified at amortized cost.

(ii) Subsequent Measurement

These liabilities include borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

(iii) De-recognition of Financial Liabilities:

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(c) Financial Guarantee Contracts

Financial Guarantee Contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortization.

(d) Offsetting of Financial Instruments

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

(e) Impairment of Financial Assets

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider –

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

(f) Other Financial Assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

3.10 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 cash-generating unit's (CGU) fair value less cost of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When 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.

3.11 Income Taxes:

Current Income Tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the respective laws of the state. Current tax includes taxes to be paid on the profit earned during the year and for the prior periods, if any.

Deferred Income Tax

Deferred income taxes are provided based on the balance sheet approach considering the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where a component has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The Carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Minimum alternate tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

3.12 Non-current assets held for sale

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented separately in the Balance Sheet as "Assets Classified as held for Sale". Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated

3.13 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman and managing director has been identified as being the Chief Operating Decision Maker (CODM). The Company is engaged in manufacturing and sale of Active Pharma Ingredients and their Intermediates and operates in a single operating segment. Revenues are attributed to geographical areas based on the location of the customers.

3.14 Government Grants:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Government grants relating to loans or similar assistance with an interest rate below the current applicable market rate are initially recognized and measured at fair value. The effect of this favorable interest is regarded as a government grant and is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

3.15 Borrowings:

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of financial statements for issue, not to demand payment as consequence of the breach.

3.16 Borrowing Cost

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

3.17 Provisions

Provisions are recognized when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provisions.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognized as a finance cost.

Provision for litigation related obligation represents liabilities that are expected to materialize in respect of matters in appeal.

3.18 Trade Payables:

These amounts represent liabilities for goods supplied to the Company prior to the end of financial year which are unpaid. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

3.19 Dividends

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company is required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

3.20 Equity:

Ordinary Shares are classified as Equity share Capital. Incremental costs directly attributable to the issue of new ordinary shares or share options and buy back are recognized as a deduction from equity, net of tax effects, if any.

3.21 Research and Development:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Development expenditure on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliability the expenditure during development.

The expenditure to be capitalized includes the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in the statement of profit and loss as and when incurred. As at 31st March, 2026, none of the development expenditure amounts has met the aforesaid recognition criteria.

3.22 Post Employee Benefits:

(a) Defined Contribution Plans:

The Company's contribution to provident fund and employee state insurance schemes is charged to the statement of profit and loss. The Company's contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan.

(b) Defined Benefit Plans:

The Company has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognized in the balance sheet for defined benefit plans as the present value of the Defined Benefit Obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries as per the requirements of IND AS 19 "Employee Benefits". Actuarial gains and losses resulting from re-measurement of the liability are included in other comprehensive income.

The Company has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement or in the event of death in lump sum after deduction of necessary taxes upto a maximum limit as per the Gratuity Act, 1972. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund.

(C) Compensated Absence Policy:

The employees of Company are entitled to compensated absences the employees can carry forward a portion of the un utilised accumulated compensated absences and utilize in future periods or encash the leaves at the time of retirement or termination of employment. The Company records an obligation in the period in which the employee render the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method as on the reporting date as per the requirements of IND AS "Employee Benefits". Non accumulating compensated absences are recognised in the period in which the absences occur. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise.

(d) Short-Term Employee Benefits

Short –term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

3.23 Earnings per Share:

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

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

3.24 Contingent Liabilities and Commitments:

Where it is not probable that an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of balance sheet and is disclosed as a contingent liability.

Possible outcomes on obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities.

Contingent Assets are neither recognized nor disclosed. However, when realization of Income is virtually certain, related asset is recognized.

3.25 Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. These are material items of income or expense that have to be shown separately due to the significance of their nature or amount.

3.26 Fair Value Measurement

The Company measures Financial Instruments at fair value at each Balance Sheet Date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for such asset or liability, or in the absence of a principal market, in the most advantageous market which is accessible to the Company.

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

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

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

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

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

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

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

3.27 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 standalone 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) Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

(ii) Recognition of Deferred Tax Liability on Undistributed Profits:

The extent to which the Company can control the timing of reversal of deferred tax calculation on undistributed profits of its subsidiaries requires judgment.

(iii) Evaluation of Indicators for Impairment of Assets:

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

(iv) Recoverability of Advances/ Receivables:

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

(v) Useful lives of Depreciable/Amortizable Assets:

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

(vi) Defined Benefit Obligation (DBO):

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(vii) Fair Value Measurements:

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(viii) Provisions:

At each balance sheet date the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from this judgment.

3.28 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.

During the year under review the following amendments mentioned below took place which are effective from annual reporting periods beginning on or after 1st April, 2025:

- Ind AS 21 – The effects of changes in Foreign Exchange Rates.
- Ind AS 1, Presentation of Financial Statements

  Classification of Liabilities as Current or Noncurrent and Non-current Liabilities with Covenants.
- Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments disclosures

  Disclosure about Supplier Finance Arrangements.
- Ind AS 12 - International Tax Reform

  Pillar Two Model Rules applicablility

The Company has reviewed the new pronouncements and its evaluation has determined that it does not have any significant impact on its Standalone financial Statements.

3.29 Rounding of Amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs, as per the requirement of Schedule III of the Companies Act, 2013 unless otherwise stated.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No. 4: Property, Plant and Equipment

Particulars	Land	Buildings	Plant & Machinery	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
I. Year ended 31st March, 2025									
Gross Carrying Amount									
1 Opening Gross Carrying Amount	267.06	4,327.12	13,699.88	130.77	159.46	43.25	202.95	18,830.49	600.11
2 Additions	-	730.50	1,436.36	7.92	17.70	5.02	54.93	2,252.43	1,691.92
3 Disposals / Transfers			(39.26)				(9.64)	(48.90)	(2,252.43)
4 **Closing Gross Carrying Amount as at 31st March, 2025 (1+2+3)**	**267.06**	**5,057.62**	**15,096.98**	**138.69**	**177.16**	**48.27**	**248.24**	**21,034.02**	**39.60**
Accumulated Depreciation and Impairment									
5 Opening Accumulated Depreciation	-	701.26	4,231.32	100.55	66.68	29.73	122.56	5,252.10	-
6 Depreciation Charge during the Year	-	157.01	746.81	16.92	13.50	3.48	21.24	958.96	-
7 Disposals / Transfers	-	-	(12.47)	-	-	-	(5.90)	(18.37)	-
8 Closing Accumulated Depreciation and Impairment as at 31st March, 2025 (5+6+7)	-	858.27	4,965.66	117.47	80.18	33.21	137.90	6,192.69	-
9 Net Carrying Amount as at 31st March, 2025 (4-8)	**267.06**	**4,199.35**	**10,131.32**	**21.22**	**96.98**	**15.06**	**110.34**	**14,841.33**	**39.60**

(Contd.)

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No. 4: Property, Plant and Equipment (Contd.)

	Particulars	Land	Buildings	Plant & Machinery	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Total	Capital Work-in-Progress
II.	**Year ended 31st March, 2026**									
	Gross Carrying Amount									
1	Opening Gross Carrying Amount	267.06	5,057.62	15,096.98	138.69	177.16	48.27	248.24	21,034.02	39.60
2	Additions	1,420.34	1,116.97	2,510.80	14.61	13.78	0.96	33.36	5,110.82	5,201.29
3	Disposals/Transfers		(128.93)	(25.51)	(0.93)				(155.37)	(5,110.82)
4	**Closing Gross Carrying Amount as at 31st March, 2026 (1+2+3)**	**1,687.40**	**6,045.66**	**17,582.27**	**152.37**	**190.94**	**49.23**	**281.60**	**25,989.47**	**130.07**
	Accumulated Depreciation or Impairment									
5	Opening Accumulated Depreciation	-	858.27	4,965.66	117.47	80.18	33.21	137.90	6,192.69	-
6	Depreciation Charge during the Year	-	175.55	777.84	11.04	13.72	3.76	19.61	1,001.52	-
7	Disposals / Transfers	-	(44.15)	(21.05)	(0.74)	-	-	-	(65.94)	-
8	**Closing Accumulated Depreciation and Impairment as at 31st March, 2026 (5+6+7)**	**-**	**989.67**	**5,722.45**	**127.77**	**93.90**	**36.97**	**157.51**	**7,128.27**	**-**
9.	**Net Carrying Amount as at 31st March, 2026 (4-8)**	**1,687.40**	**5,055.99**	**11,859.82**	**24.60**	**97.04**	**12.26**	**124.09**	**18,861.20**	**130.07**

4.1 Title deeds of all Immovable properties were held in the name of the company.

4.2 Property, Plant and Equipment includes assets relating to Research and Development activities Refer Note 39.2

4.3 Refer Note 38 for information on Property, Plant and Equipment pledged as security by the Company

4.4 Refer Note 46.1 for disclosure of contractual commitments for the acquisition of property, plant and equipment

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

4.5 Capital Work -in-Progress (CWIP) ageing Schedule

For the year ended 31st March, 2026

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in Progress	130.07	-	-	-	130.07
Projects temporarily suspended	-	-	-	-	-

For the year ended 31st March, 2025

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in Progress	39.60	-	-	-	39.60
Projects temporarily suspended	-	-	-	-	-

5 Right of Use Assets and Lease Liabilities

5A Right of Use Assets

Following are the changes in the carrying value of Right of Use Assets for the year ended 31st March, 2026 and 31st March, 2025.

Particulars	31st March, 2026	31st March, 2025
Opening Balance	177.59	240.28
Additions	-	-
Depreciation	(62.68)	(62.69)
Closing Balance	**114.91**	**177.59**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

5.B Lease Liabilities

The following is the movement in lease liabilities during the year ended 31st March, 2026 and 31st March, 2025

Particulars	31st March, 2026	31st March, 2025
Opening Balance	239.39	301.25
Additions	-	-
Finance cost accrued during the year	23.71	31.14
Payment of lease liabilities	(94.54)	(93.00)
Closing Balance	**168.56**	**239.39**
Closing balance of Liability		
Current Liability	87.59	65.47
Non Current Liability	80.97	173.92
Total	**168.56**	**239.39**

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2026 and 31st March, 2025 on discounted basis

Particulars	31st March, 2026	31st March, 2025
Less than one year	87.59	65.47
One to five years	80.97	173.92
More than five years	-	-
Total	**168.56**	**239.39**

The following are the amounts recognised in the statement of Profit and Loss.

Particulars	31st March, 2026	31st March, 2025
Depreciation expenses on Right -of- use assets	62.68	62.69
Interest expenses on lease Liabilities	23.71	31.14
Total	**86.39**	**93.83**

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

Lease agreement of office premises initially entered for three years in 2019, extended for Four years and further extended for another two years with revised terms and conditions, it expires by 31st January, 2028.

5.1 Operating Lease Commitments - Company as Lessor: The Company has given part of its office for sublease and rental income is very meger and the same was included in other income.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No. 6: Intangible Assets

	Particulars	Computer Software
	(1)	(2)
	Year ended 31st March, 2025	
	Gross Carrying Amount	
1	Opening Gross Carrying Amount	22.96
2	Additions	4.25
3	Disposals	-
4	**Closing Gross Carrying Amount as at 31st March, 2025 (1+2+3)**	**27.21**
	Accumulated Amortisation and Impairment	
5	Opening Accumulated Amortisation	18.87
6	Amortisation Charge during the year	3.90
7	Disposals	-
8	**Closing Accumulated Amortisation and Impairment as at 31st March, 2025 (5+6+7)**	**22.77**
9.	**Closing Net Carrying Amount as at 31st March, 2025 (4-8)**	**4.43**
	Year ended 31st March, 2026	
1.	Opening Gross Carrying Amount	27.21
2	Additions	-
3	Disposals	-
4	**Closing Gross Carrying Amount as at 31st March, 2026 (1+2+3)**	**27.21**
	Accumulated Amortisation and Impairment	
5	Opening Accumulated Amortisation	22.77
6	Amortisation Charge during the year	2.20
7	Disposals	-
8	**Closing Accumulated Amortisation and Impairment as at 31st March, 2026 (5+6+7)**	**24.97**
9.	**Closing Net Carrying Amount as at 31st March, 2026 (4-8)**	**2.24**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Non Current Financial Assets - Unsecured, Considered Good

Note No	Particulars	As at 31st March, 2026		As at 31st March, 2025	
		Shares	Amount	Shares	Amount
7.	**Non-Current Investments**				
	(Un quoted, fully paid up carried at cost)				
	(a) Investment in Subsidaries				
	M/s Mahi Drugs Private Ltd	42,43,590	2,319.56	42,43,590	2,319.56
	(b) Investment in other Companies				
	Equity Shares of Rs.100/- each in				
	M/s. Jeedimetla Effluent Treatment Ltd	1,753	1.75	1,753	1.75
	Equity Shares of Rs.10/- each in				
	M/s. Patancheru Envirotech Ltd	17,538	1.76	17,538	1.76
	M/s Sireen Drugs Private Ltd	1,000	0.10	1,000	0.10
	Total		**2,323.17**		**2,323.17**
	Aggregate amount of unquoted investments		2,323.17		2,323.17
	Aggregate amount of quoted investments and market value thereof		-		-
	Aggregate amount of impairment in the value of investment		-		-

7.1 All the investments are carried at cost as at 31.03.2026 and as at 31.03.2025

7.2 The Equity Share Holding in subisidiary company, Mahi drugs Private limited, is 60% of its equity

Note No	Particulars	As at 31st March, 2026	As at 31st March, 2025
8	**Other Non-Current Financial Assets**		
	Security Deposits	281.50	278.32
	Total	**281.50**	**278.32**
9	**Other Non-Current Assets**		
	Capital Advances	450.20	387.73
	Total	**450.20**	**387.73**

9.1 An amount of Rs.261.88 Lakhs (Previous Year Rs. 261.88 Llakhs,) was included in the Capital Advance paid on account of land admeasuring AC 19.00 in JNPC, Parwada, Visakhapatnam District, consisting of 100% land cost paid to APIIC and about 80% of development cost to Ramky Pharmacity, the developer. Due to disputes arose between the parties, the developer has cancelled the said allotment and proposed to allot to a third party. The company has filed a writ petition before the Hon'ble High Court of Telangana,and the Court has granted stay and the case is pending.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No	Particulars	As at 31st March, 2026	As at 31st March, 2025
10	**Inventories**		
	(Cost or Net Realisable Value, whichever is lower and as valued and certified by the Management)		
	(a) Raw Materials (including packing materials)	2,656.68	2,455.30
	(b) Stock in Process	1,575.64	1,461.78
	(c) Finished Goods	2,633.66	2,096.53
	(d) Coal & Fuel	115.32	44.78
	Total	**6,981.30**	**6,058.39**

10.1 Rawmaterials includes stock in transit of Rs. 252.12 Lakhs (Previous year Rs. 202.26 Lakhs)

10.2 Finished Goods includes stock in transit of Rs.781.99 Lakhs (Previous year Rs.752.73 Lakhs).

11 Trade Receivables

Particulars	As at 31st March, 2026	As at 31st March, 2025
Unsecured		
Considered good	4,988.67	5,828.22
Receivable from related parties (Refer Note: 45)	437.76	624.41
Credit impaired	628.10	667.73
	6,054.53	7,120.36
Allowance for Doubtful Debts	(628.10)	(667.73)
Total	**5,426.43**	**6,452.63**

a) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.

b) Trade receivables are non-interest bearing

c) Of the trade receivables Rs. 3,193.95 Lakhs in aggregate (Previous Year Rs.4,124.21 Lakhs) is due from the Company's customers individually representing more than 5% of the total trade receivables

d) The Company has used practical expedient for computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience in calculating expected credit loss. In addition to this provision was made at 100% for a specific party for an amount of Rs. 432.49 Lakhs (Previous year Rs.432.49 Lakhs).

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Movement in the expected credit loss allowance

Particulars	As at 31st March, 2026	As at 31st March, 2025
Balance at the beginning of the year	667.73	161.74
Movement in expected credit loss allowance on trade receivables	(39.63)	505.99
Balance at the end of the year	**628.10**	**667.73**

Trade Receivables ageing schedule for the year ended 31st March, 2026

	Particulars	Outstanding from due date of payment					Total
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
i)	Undisputed Trade Receivables - Considered good	4,831.07	259.93	238.58	-	96.85	5,426.43
ii)	Undisputed Trade Receivables - Which have significant increase in Credit Risk	-	-	-	-	-	-
iii)	Undisputed Trade Receivables - Credit impaired	173.79	9.35	8.58	-	436.38	628.10
iv)	Disputed Trade receivables						
	Total	**5,004.86**	**269.28**	**247.16**	**-**	**533.23**	**6,054.53**

Trade Receivables ageing schedule for the year ended 31st March, 2025

	Particulars	Outstanding from due date of payment					Total
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
i)	Undisputed Trade Receivables - Considered good	5,525.53	823.22	9.73	16.66	77.49	6,452.63
ii)	Undisputed Trade Receivables - Which have significant increase in Credit Risk	-	-	-	-	-	-
iii)	Undisputed Trade Receivables - Credit impaired	188.45	28.08	0.33	0.57	450.30	667.73
iv)	Disputed Trade receivables						
	Total	**5,713.98**	**851.30**	**10.06**	**17.23**	**527.79**	**7,120.36**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No	Particulars	As at 31st March, 2026	As at 31st March, 2025
12	**Cash and Cash Equivalents**		
	(a) Balances with Banks		
	- in Current Accounts	2.32	30.67
	- in EEFC account	32.96	1.32
	(b) Cash in Hand	4.61	8.14
	Total	**39.89**	**40.13**
13	**Other Bank Balances**		
	Margin Money Deposits	114.63	99.37
	Unclaimed Dividend	1.46	1.15
	Total	**116.09**	**100.52**

13.1 Margin Money deposits are having maturity less than 12 months are subject to the first charge against Bank Guarantee and / or letter of credits.

Note No	Particulars	As at 31st March, 2026	As at 31st March, 2025
14	**Other Current Assets**		
	(Unsecured Considered Good)		
	GST Credit Receivable	1,089.89	666.36
	Advance to Suppliers (Note 14.1)	4,263.61	4,292.67
	Prepaid Expenses	31.52	23.08
	Income Tax Refund Receivable	28.75	87.96
	Interest Receivable	12.14	13.69
	Other Advances and Receivables	28.27	26.73
	Total	**5,454.18**	**5,110.49**

14.1 Advance to Suppliers includes an amount of Rs.3,959.37 Lakhs (Previous year Rs.4,121.17 Lakhs) advance paid to related parties. Refer Note 44

Note No	Particulars	As at 31st March, 2026	As at 31st March, 2025
15	**Current Tax Assets**	**152.93**	**16.79**
15.1	Movement in Current Tax Asset/(Liability)		
	Advance Tax	650.00	850.00
	TDS & TCS Receivable	52.93	66.79
	Less: Provision for Income Tax	(550.00)	(900.00)
	Total	**152.93**	**16.79**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	As at 31st March, 2026		As at 31st March, 2025	
		Number of shares	Amount	Number of shares	Amount
16	**Equity Share Capital**				
	Authorised Share Capital				
	Equity Shares of Rs. 10/- each	**35,00,000**	**350.00**	35,00,000	350.00
	Issued, Subscribed and Fully Paid Up				
	Equity Shares of Rs. 10/- each	**30,23,287**	**302.33**	30,23,287	302.33
	TOTAL	**30,23,287**	**302.33**	**30,23,287**	**302.33**

16.1 Reconciliation of Number of Equity Shares outstanding at the beginning and at the end of the Year

Particulars	As at 31st March, 2026		As at 31st March, 2025	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
At the beginning of the Year	30,23,287	302.33	30,23,287	302.33
Issued/(Reduced) during the Year	-	-	-	-
At the end of the Year	**30,23,287**	**302.33**	**30,23,287**	**302.33**

16.2 Rights attached to Equity Shares

The Company has only one class of equity shares having face 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. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

16.3 Details of shareholders holding more than 5% shares in the company

Particulars	As at 31st March, 2026		As at 31st March, 2025	
	Number of shares	% holding	Number of shares	% holding
Talluri Annapurna	7,42,436	24.56	7,42,436	24.56
TVVSN Murthy	4,80,034	15.88	4,80,034	15.88
Venkata Praveen Talluri	2,73,939	9.06	2,52,752	8.36
Ramesh Babu Potluri	2,40,190	7.94	2,40,190	7.94
Sudeepthi Gopineedi	1,99,494	6.60	1,99,494	6.60

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

16.4 Details of shares held by the promoters of the Company

Equity shares held by the promoters as at 31st March, 2026 and 31st March, 2025

Particulars	As at 31st March, 2026			As at 31st March, 2025		
	Number of shares	% holding	% Changes during the year	Number of shares	% holding	% Changes during the year
TVVSN Murthy	4,80,034	15.88%	-	4,80,034	15.88%	-
Ramesh Babu Potluri	2,40,190	7.94%	-	2,40,190	7.94%	-
Hima Bindu Potluri	83,333	2.76%	-	83,333	2.76%	-
Annapurna Talluri	7,42,436	24.56%	-	7,42,436	24.56%	-
Rajeswara Rao Gopineedi	100	0.00%	-	100	0.00%	-
Venkata Praveen Talluri	2,73,939	9.06%	0.70%	2,52,752	8.36%	4.20%
Sudeepthi Gopineedi	1,99,494	6.60%	-	1,99,494	6.60%	3.99%
Venkata Chaitanya Gopineedi	361	0.01%	-	361	0.01%	-
Sukumari Koneru	714	0.02%	-	714	0.02%	-
Vamsi Krishna Potluri	73,234	2.42%	-	73,234	2.42%	-
Trilok Potluri	78,141	2.58%	-	78,141	2.58%	-
Potluri Infra Projects LLP	8,000	0.26%	-	8,000	0.26%	-
Total	**21,79,976**	**72.10%**	**0.70%**	**21,58,789**	**71.40%**	**8.19%**

17 Other Equity

Particulars	As at 31st March, 2026	As at 31st March, 2025
Reserves and Surplus		
Capital Redemption Reserve	1.00	1.00
General Reserve	7,616.02	7,416.02
Retained Earnings	13,538.34	11,998.20
Total	**21,155.36**	**19,415.22**

17.1 Capital Redemption Reserve

Opening balance	1.00	1.00
Adjustments-	-	-
Closing Balance	**1.00**	**1.00**

17.2 General Reserve

Opening balance	7,416.02	7,216.02
Adjustments	-	-
Transfer from Retained Earnings	200.00	200.00
Closing Balance	**7,616.02**	**7,416.02**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	As at 31st March, 2026	As at 31st March, 2025
17.3	**Retained Earnings**		
	Opening balance	11,998.20	10,103.46
	Net profit for the Year	1,777.68	2,137.08
	Dividend Paid (Refer Note 17.4 (iv))	(45.35)	(45.35)
	Transferred to General Reserve	(200.00)	(200.00)
	Items of Other Comprehensive Income		
	Remeasurement Gain/(Loss) of the Defined Benefit Plans, net of tax	7.81	3.01
	Closing balance	**13,538.34**	**11,998.20**

17.4 Nature and Purpose of Reserves

(i) Capital Redemption Reserve:

Capital Redemption Reserve was created during the year 2017-18 on cancellation of share capital existing as on the date of issue of share capital in pursuance of Demerger Scheme. The Company can use this reserve for transactions in accordance with the provisions of the Companies Act, 2013.

(ii) General Reserve:

Though mandatory transfer to General Reserve is not required under the Companies Act, 2013 the Company generally appropriates a portion of its earnings to the general reserve to be used for contingencies. This reserve is freely available for use by the Company

(iii) Retained Earnings:

These are the accummulated earnings after appropriation of total comprehensive income and related transfers. The company uses retained earnings in accordance with the provisions of the Companies Act.

(iv) Dividend:

The company has paid dividend during the year and previous year as mentioned below

Particulars	2025-26	2024-25
Rs 1.50 per equity share for the Year 2024-25	45.35	-
Rs 1.50 per equity share for the Year 2023-24	-	45.35

After the reporting date the following dividends were proposed by the directors subject to the approval by the share holders at the annual general meeting; which have not been recognised as liability

Particulars	2025-26	2024-25
Rs 1.50 per equity share for the Year 2025-26	45.35	-
Rs 1.50 per equity share for the Year 2024-25	-	45.35

(v) Analysis of items of OCI, net of tax

Re-measurements of defined plan comprises cumulative net gains / losses on actuarial valuation of post employee benefit obligations. Refer Note 35.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Financial Liabilities

Note No.	Particulars	as at 31st March, 2026	as at 31st March, 2025
18	**Non Current Liabilities**		
18.1	**Financial liabilities**		
	(i) Borrowings		
	Secured (Refer Note 18.1.1)		
	Term Loans from Banks		
	(a) Export Import Bank of India Term Loan	-	97.42
	(b) Export Import Bank of India GECL	-	114.67
	(c) HDFC Bank Term Loan -I	**895.35**	1,490.65
	(d) HDFC Bank Term Loan -II	**2,576.46**	-
	Sub Total	**3,471.81**	**1,702.74**
	(ii) Hire Purchase Loans from Banks		
	(a) Kotak Mahendra Bank	**46.38**	28.32
	Sub Total	**46.38**	28.32
	Total	**3,518.19**	**1,731.06**
18.2	**Current Maturities of Non Current Borrowings**		
	Secured		
	(a) Term Loans from Banks		
	(i) Export Import Bank of India TL	**97.42**	400.00
	(ii) Export Import Bank of India GECL	**114.67**	114.67
	(iii) HDFC Bank Term Loan -I	**598.32**	598.32
	(iv) HDFC Bank Term Loan -II	**500.00**	-
	(v) RBL Bank GECL Loan	-	20.89
	(b) Hire Purchase Loans	**11.59**	5.92
	Total	**1,322.00**	1,139.80
	Amount disclosed under the head "Current Borrowings"	**(1,322.00)**	(1,139.80)
	Total	-	-

18.1.1 Security Terms

Term Loans

(a) New term loan amounting to Rs 4,000.00 lakhs availed from HDFC bank to reconstruct a old corrosive production block apart from increase in capacity. The Company has availed disbursement of Rs.3,076.46 Lakhs during the year under review.

(b) Term Loans availed from Export-Import Bank of India and HDFC Bank are secured by first charge of all movable and immovable fixed assets both present and future on pari-passu basis. They are further secured by second charge of all current assets both present and future on pari-passu basis. These facilities are guaranteed by Sri TVVSN Murthy, Managing Director and T.V.Praveen, Executive Director of the Company in their personal capacity.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(c) Term Loan GECL (Guaranteed Emergency Credit Line) availed from Export-Import Bank of India and RBL Bank are Guaranteed by National Credit Guarantee Trustee, secured by second charge of all movable and immovable fixed assets and current assets both present and future on pari-passsu basis. These facilities are also guaranteed by Sri TVVSN Murthy, Managing Director and T.V.Praveen, Executive Director of the Company in their personal capacity.

Hire Purchase Loan

(d) New Hire Purchase Loans availed from Kotak Mahindra Bank Ltd, for purchase of vehicle.

(e) Hire Purchase Loans availed from Kotak Mahindra Bank Ltd, are secured by the respective vehicles.

(f) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 38.

18.1.2 Details of loans availed from banks

Name of the Bank	Out-standing March 31, 2026	Out-standing March 31, 2025	Sanc-tioned Amount	No. of Instalments	Commence-ment of instal-ments	Effective interest rate
HDFC Bank Limited -I (HDFC)	1,493.67	2,088.97	3,000.00	20 quarterly instalments of ₹ 149.58 Lakhs	November, 2023	8.25%
HDFC Bank Limited -II (HDFC)	3,076.46	-	4,000.00	20 quarterly instalments of ₹ 200.00 Lakhs	December, 2026	8.25%
Export Import Bank of India (EXIM)	97.42	497.42	2,000.00	24 quarterly instalments ranging from ₹ 25 Lakhs to ₹ 100 Lakhs	February, 2020	9.50%
Export Import Bank of India (EXIM)	114.67	229.34	344.00	36 Monthly instalments of ₹ 9.56 Lakhs	April, 2024	8.55%
RBL Bank Limited (RBL)	-	20.89	752.00	36 Monthly instalments of ₹ 20.89 Lakhs	April, 2022	7.85%
Kotak Mahindra Bank Limited (Kotak)	57.97	34.24	65.40	60 quarterly instalments ranging from ₹ 0.88 Lakhs to ₹ 1.32 Lakhs	February, 2025 March, 2026	8.00%

18.3 Debt Reconciliation as required by Ind AS -7, Statement of Cash Flows

Particulars	As at 31st March, 2026	As at 31st March, 2025
Opening Borrowings	**1,731.06**	2,831.41
Add: Opening Current Maturities	**1,139.80**	1,365.35
Add: Amortisation of Transaction Cost	**(4.52)**	3.54
Add: Received during the year	**3,114.20**	35.42
Less: Paid during the year	**(1,140.35)**	(1,364.86)
Closing Borrowings	**4,840.19**	2,870.86
Less: Closing Current Maturities	**1,322.00**	1,139.80
Non Current Borrowings as per Balance Sheet	**3,518.19**	1,731.06

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	As at 31st March, 2026	As at 31st March, 2025
19	**Provisions**		
	Employee Benefit Obligations		
	Non Current		
	Gratuity	**307.58**	331.87
	Leave Encashment	**95.70**	87.81
	Sub Total	**403.28**	**419.68**
	Current		
	Gratuity	**139.03**	117.12
	Leave Encashment	**45.67**	42.28
	Sub Total	**184.70**	**159.40**
	Total		
	Gratuity	**446.61**	448.98
	Leave Encashment	**141.37**	130.10
	Grand Total	**587.98**	**579.08**

19.1 For details of Post Employment Obligations. Refer Note 37.

Note No.	Particulars	As at 31st March, 2026	As at 31st March, 2025
20	**Deferred Tax Liabilities (net)**		
	The balance comprises Temporary Differences attributable to:		
	(a) Deferred Tax Liability		
	(i) Accelerated depreciation for tax purpose	**2,050.35**	1,842.69
	(ii) Other items giving raise to temporary differences	**52.62**	72.04
	Total	**2,102.97**	**1,914.73**
	(b) Deferred Tax Asset		
	(i) Expenses allowable on Payment basis	**174.03**	180.26
	(ii) Other items giving raise to temporary differences	**357.09**	375.08
	Total	**531.12**	**555.34**
	Net Deferred Tax Liabilities (a)-(b)	**1,571.85**	**1,359.39**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(c) Movement in Deferred Tax Liabilities

Particulars	Accelerated depreciation for tax purpose	Other items giving raise to temporary differences	Total
As at 31st March, 2024	**1,702.27**	**91.20**	**1,793.47**
Charged/(Credited)	140.42	(19.16)	121.26
As at 31st March, 2025	**1,842.69**	**72.04**	**1,914.73**
Charged/(Credited)	207.66	(19.42)	188.24
As at 31st March, 2026	**2,050.35**	**52.62**	**2,102.97**

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on Payment basis	Other items giving raise to temporary differences	Total
As at 31st March, 2024	**179.85**	**241.36**	**421.21**
Charged/(Credited)	0.41	133.72	134.13
As at 31st March, 2025	**180.26**	**375.08**	**555.34**
Charged/(Credited)	(6.23)	(17.99)	(24.22)
As at 31st March, 2026	**174.03**	**357.09**	**531.12**

Note No.	Particulars	As at 31st March, 2026	As at 31st March, 2025
21	**Current Borrowings**		
	Secured		
	Working Capital Loans from Banks		
	--- RBL Bank Ltd	**2,826.79**	3,358.14
	--- HDFC Bank Ltd	**1,643.82**	1,688.25
	Current Maturities of Long term Debt	**1,322.00**	1,139.80
	Total	**5,792.61**	**6,186.19**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

21.1.1 Security Terms

(a) Working capital facility sanctioned by RBL Bank Limited for an amount of Rs 3,000.00 Lakhs and Rs 3,000.00 lakhs sanctioned by HDFC Bank are secured by first charge on all current assets both present and future on pari-passu basis. These facilities are further secured by way of second charge on pari-passu basis of all movable and immovable fixed assets of the company both present and future and also guaranteed by Sri TVVSN Murthy, Managing Director and Sri T.V.Praveen, Executive Director of the Company in their personal capacity.

(b) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 39

21.1.2 Rate of Interest:

(a) RBL Bank Limited working capital loan carries an interest rate of 9.50% p.a

(b) HDFC Bank Limited working capital loan carries an interest rate of 8.50% p.a

21.1.3 Repayment Terms: The above working capital facilities are repayable on demand and subject to renewal every year

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

21.2 Debt Reconciliation as required by Ind AS -7, Statement of Cash Flows

Particulars	As at 31st March, 2026	As at 31st March, 2025
Opening Balance	**5,046.39**	4,676.14
Increase / (Decrease) in funding	**(575.78)**	370.25
Current Borrowings as per Balance Sheet	**4,470.61**	**5,046.39**

21.3 Maximum Utilisation of Working Capital facilities during the year ended 31st March, 2026 is Rs 4,356.16 Lakhs(Previous Year Rs. 4,661.00 Lakhs)

21.4 Average Utilisation of Working Capital facilities during the year ended 31st March, 2026 is Rs 3,901.07 Lakhs (Previous Year Rs.4,285.00 Lakhs)

22 Trade Payables

(a) Creditors for Supply of Materials		
(i) Due to Micro and Small Enterprises	**81.85**	79.32
(ii) Other than Micro and Small Enterprises	**5,297.47**	4,519.18
Total	**5,379.32**	**4,598.50**
Trade Payables Valued at amortised cost		
Total Outstanding dues to creditors other than micro and small enterprises	**5,200.59**	4,519.18
Outstanding dues to related parties	**96.88**	-
Total	**5,297.47**	**4,519.18**
Total outstanding dues to micro and small enterprises	**81.85**	79.32
Total	**5,379.32**	**4,598.50**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Terms and conditions of the above financial liabilities:

Trade Payables are non-interest bearing, Refer Note 48 for Interest payable to Micro and Small Enterprises

For explanations on the company's credit risk management processes, Refer Note 42

Trade payables ageing schedule for the year ended 31st March, 2026

	Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i)	Micro and Small Enterprises	81.85	-	-	-	**81.85**
ii)	Others	5,296.87	0.60			**5,297.47**
iii)	Disputed dues-MSME & others	-	-	-	-	**-**
	Total	**5,378.72**	**0.60**	**-**	**-**	**5,379.32**

Trade payables ageing schedule for the year ended 31st March, 2025

	Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i)	Micro and Small Enterprises	79.32	-	-	-	79.32
ii)	Others	4,511.41	7.63	0.08	0.06	4,519.18
iii)	Disputed dues-MSME & others	-	-	-	-	-
	Total	**4,590.73**	**7.63**	**0.08**	**0.06**	**4,598.50**

	Particulars	As at 31st March, 2026	As at 31st March, 2025
23	**Other Financial Liabilities**		
	Current		
	Creditors for Expenses	**612.83**	671.09
	Capital Creditors	**598.06**	406.02
	Interest Accrued but not due	**31.03**	22.64
	Unclaimed Dividend	**1.46**	1.15
	Total	**1,243.38**	**1,100.90**
24	**Other Current Liabilities**		
	Statutory dues Payable	**74.64**	89.81
	Advance from Customers	**530.31**	218.41
	Employee Benefits Payable	**9.58**	10.84
	Total	**614.53**	**319.06**

24.1 Advance from customers includes an amount of Rs 99.12 Lakhs (Previous year Rs. 100.00 Lakhs) received from related party Refer Note 44.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2025-26	Previous Year 2024-25
25	**Revenue from Operations**		
	(a) Sale of Goods	**31,720.41**	34,886.53
	Less: Goods and Service Tax	**(3,215.94)**	(3,263.56)
	Net Revenue from Sales	**28,504.47**	**31,622.97**
	(b) Sale of Services		
	(i) Conversion Charges	**889.11**	1,610.68
	Less: Goods and Service Tax	**(135.63)**	(234.80)
	Net Revenue from Services	**753.48**	1,375.88
	(c) Other Operating Income		
	Other Operating Revenue	**755.35**	280.00
	Export Incentives	**85.66**	58.25
		841.01	**338.25**
	Total Net Revenue from Operations (a+b+c)	**30,098.96**	**33,337.10**

25.1 Revenue from operations includes an amount of Rs. 2,296.24 Lakhs, (Previous year Rs. 2,569.21 Lakhs) sale of goods and services to related parties. Refer Note 44

25.2 Reconciliation of revenue recognised with contract price

Particulars	Current Year 2025-26	Previous Year 2024-25
Revenue as per the contracted price	**30,681.12**	33,432.57
Adjusted for:		
Less: Sales returns, rebates, fees and discounts	**(582.16)**	(95.47)
Total revenue from operations	**30,098.96**	**33,337.10**

25.3 Disaggregation of Revenue

The following table shows the distribution of the Company's revenue based on the geographical location of the customers:

Region	Current Year 2025-26	Previous Year 2024-25
Within India	**19,110.70**	20,234.75
Outside India	**10,988.26**	13,102.35
Total revenue from operations	**30,098.96**	**33,337.10**

25.4

Timing of Revenue Recognition	Current Year 2025-26	Previous Year 2024-25
Goods transferred at a point in time	**29,259.82**	31,681.22
Services transferred at a over the time	**839.14**	1,655.88
Total	**30,098.96**	**33,337.10**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

25.5 Details of Contract Liabilities

Particulars	Current Year 2025-26	Previous Year 2024-25
Contract liabilities (refer note 24)	**530.31**	218.41
Total	**530.31**	**218.41**

The Contract liabilities are primarily relate to advance consideration received from customers for sale of products/servces, for which revenue is recorded at a point in time/over the time. The amount of Rs. 117.61 Lakhs (Previous year Rs. 172.14 Lakhs) included in contract liabilities as at 31st March, 2025 has been recognised as revenue in the current year.

26 Other Income

		Current Year 2025-26	Previous Year 2024-25
(a)	Interest Income	**31.90**	26.85
(b)	Profit on Sale of Assets	**-**	5.94
(c)	Net Gain on Foreign Exchange Fluctuations	**20.71**	154.62
(d)	Miscellaneous Income (Net of GST)	**89.50**	207.15
	Total	**142.11**	**394.56**

26.1 Miscellanious income includes an amount of Rs 39.63 Lakhs, (Previous yeae Nil) represents reversal of provision for doubtful debts.

26.2 Miscellanious income includes an amount of Rs 9.00 Lakhs, (Previous year Rs 9.00 Lakhs) rent received from related parties. Refer Note 44

27 Cost of Materials Consumed

Raw Materials

	Current Year 2025-26	Previous Year 2024-25
Stock at the Beginning of the Year	**2,434.61**	3,363.76
Add: Purchases	**14,749.71**	15,226.92
Less: Stock at the End of the Year	**2,626.83**	2,434.61
Total Materials Consumed	**14,557.49**	**16,156.07**

27.1 Purchases includes an amount of Rs 2,541.82 lakhs, (Previous year Rs 2,740.46 Lakhs) from related parties. Refer Note 44

28 Changes in Inventories

		Current Year 2025-26	Previous Year 2024-25
(a)	**Opening Stock of Inventory:**		
	Finished Goods	**2,096.53**	2,334.51
	Stock in Process	**1,461.78**	1,692.40
	Sub Total (a)	**3,558.31**	4,026.91
(b)	**Closing Stock of Inventory**		
	Finished Goods	**2,633.65**	2,096.53
	Stock in Process	**1,575.65**	1,461.78
	Sub Total (b)	**4,209.30**	3,558.31
	(Increase)/Decrease in Stocks (a) - (b)	**(650.99)**	468.60

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2025-26	Previous Year 2024-25
29	**Manufacturing Expenses**		
	Power and Fuel	**2,621.97**	2,546.63
	Consumable Stores	**283.59**	257.21
	Testing Charges	**120.05**	96.67
	Water Charges	**148.30**	170.13
	Conversion Charges	**1,493.01**	1,403.90
	Effluent Treatment Charges	**204.19**	296.58
	Repairs and Maintenance		
	to Plant & Machinery	**503.32**	595.04
	to Buildings	**87.77**	98.73
	Factory Maintenance	**109.34**	89.70
	Total	**5,571.54**	**5,554.59**
29.1	Conversion charges includes an amount of Rs 1,464.47 Lakhs, (Previous year Rs 1,376.38 Lakhs) services availed from related parties. Refer Note 44		
30	**Employee Benefits Expense**		
	Salaries, Wages and Bonus	**4,079.10**	3,723.32
	Managerial Remunaration	**322.04**	359.63
	Contribution to Provident Fund	**255.17**	240.96
	Contribution to ESI	**7.97**	7.78
	Staff Welfare Expenses	**274.99**	245.98
	Total	**4,939.27**	**4,577.67**
31	**Finance Cost**		
	Interest on Non Current Borrowings	**181.94**	310.17
	Interest on Current Borrowings	**354.72**	410.98
	Interest on Others	**28.42**	37.80
	Bank Charges	**38.34**	29.12
	Total	**603.42**	**788.07**

Notes to the Standalone Financial Statements
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2025-26	Previous Year 2024-25
32	**Depreciation and Amortisation Expense**		
	Depreciation on Property, Plant and Equipment	**1,001.52**	958.96
	Depreciation on Investment Property		-
	Right of use of Assets	**62.68**	62.69
	Amortisation of Intangible Assets	**2.20**	3.90
	Total	**1,066.40**	**1,025.55**
33	**Other Expenses**		
	Rent	**4.67**	3.82
	Rates and Taxes	**42.27**	37.47
	Repairs & Maintenance to other Assets	**17.91**	13.55
	Insurance	**89.93**	86.37
	Travelling and Conveyance	**45.00**	68.44
	Communication Expenses	**12.07**	10.36
	Printing and Stationery	**71.32**	53.92
	Auditors Remunaration (note 33.1)	**15.05**	15.05
	Vehicle Maintenance	**87.58**	83.35
	Interest on Indirect Taxes	**8.87**	5.73
	Loss on Sale of Assets	**0.12**	2.84
	Carriage Outward	**355.22**	361.50
	Packing Material	**257.35**	287.41
	General Expenses	**170.56**	173.08
	Business Promotion Expenses	**115.33**	82.35
	Sales Commission	**106.89**	177.05
	Regulatory Filing Fee	**102.32**	151.72
	Bad Debts written off	**9.91**	-
	Fixed Assets Written off	**78.21**	-
	Provision for Doubtful Debts	-	505.99
	Corporate Social Responsbility	**44.25**	37.00
	Total	**1,634.83**	**2,157.00**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2025-26	Previous Year 2024-25
33.1	**Details of payment to Auditors**		
	Statutory Audit Fee	**12.00**	12.00
	Tax Audit Fee	**3.00**	3.00
	Others	**0.05**	0.05
	Total	**15.05**	**15.05**

33.2 Corporate Social Responsibility Expenditure

Note No.	Particulars	Current Year 2025-26	Previous Year 2024-25
	As per provisions of the Companies Act, 2013, gross amount required to be spent by the Company during the year is Rs.43.43 Lakhs (Previous Year Rs.36.89 Lakhs)		
	(i) Construction / acquisition of Assets.	**39.00**	28.64
	(ii) Others	**5.25**	8.36
	Total Amount spent during the year	**44.25**	**37.00**
	Amount spent against previous years obligations	**-**	-
	Setoff from Previous Years	**0.20**	0.09
	Total	**44.45**	**37.09**
	Amount required to be spent as per section 135 of the Companies Act, 2013	**43.43**	36.89
	Amount Carried forward to subsequent years	**1.02**	**0.20**
34	**Income Tax Expense**		
	Current Tax		
	Current Tax on Profits for the Year	**550.00**	900.00
	Adjustments for Current Tax of Prior Years	**(17.82)**	(18.87)
	Total Current Tax	**532.18**	**881.13**
	Deferred Tax		
	Increase(Decrease) in Deferred Tax Liabilities	**188.24**	121.26
	Decrease(Increase) in Deferred Tax Assets	**24.22**	(134.13)
	Acturial (Gain)/Loss	**(3.21)**	(1.24)
	Total Deferred Tax Expense/(Benefits)	**209.25**	**(14.10)**
	Total Tax Expenses	**741.43**	**867.03**

There are no unrecognised Defered Tax Assets or Defered Tax Liabilites as at 31st March, 2026 and 31st March, 2025

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2025-26	Previous Year 2024-25
34.1	**Income Tax Recognised in Statement of Profit and Loss**		
	(a) Profit Before Income Tax Expenses	**2,519.11**	3,004.11
	(b) Enacted Tax Rate in India	**29.12%**	29.12%
	(c) **Expected Tax Expenses (a)x(b)**	**733.56**	**874.80**
	(d) **Tax Effect of :**		
	Expenses not allowable under Tax Laws	**36.33**	19.23
	Adjustment for allowable Expenses under Tax Laws	**(6.66)**	(5.02)
	Tax expenses of Earlier Years	**(17.82)**	(18.87)
	Others	**(3.99)**	(3.11)
	Total Adjustments	**7.86**	**(7.77)**
	Curent Tax Expenses as per Profit & Loss	**741.43**	867.03
	Effective Tax Rate	**29.43%**	28.86%
35	**Other Comprehensive Income**		
	Actuarial Gain/(Loss) on Post Employment Benefit Expenses	**12.71**	6.20
	Return on Plan Assets excluding net interest	**(1.69)**	(1.95)
		11.02	**4.25**
	Deferred Taxes on above	**(3.21)**	(1.24)
	Net Comprehensive Income	**7.81**	**3.01**
36	**Earnings Per Share**		
	(a) Net Profit	**1,777.68**	2,137.08
	(b) No. of Equity Shares	**30,23,287**	30,23,287
	(c) Earnings Per Share	**58.80**	70.69

37 Post Employment Benefits

37.1 Defined Contribution Plans

37.1.1 Employer’s Contribution to Provident Fund:

Contributions are made to a provident fund in India for employees in accordance with the requirements of Employees’ Provident funds and Miscellaneous Provisions Act, 1952 and applicable provisions of Code on Social Security, 2020 and rules thereunder. The contributions are made to registered provident fund administered by the government. This obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards this defined contribution plan is Rs.255.17 Lakhs (Previous Year Rs.240.96 Lakhs).

Notes to the Standalone Financial Statements
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

37.1.2 Employer's Contribution to State Insurance Scheme:

Contributions are made to State Insurance Scheme in India for employees in accordance with the requirements of Employees' State Insurance Act, 1948 and applicable provisions of Code on Social Security, 2020 and rules thereunder. The contributions are made to Employees State Insurance Corporation(ESIC) of the government. This obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards this defined contribution plan is Rs.7.97 Lakhs (Previous Year Rs.7.78 Lakhs).

37.2 Defined Benefit Plans

The Company has a defined benefit gratuity plan governed by Payment of Gratuity Act, 1972 and applicable provisions of Code on Social Security, 2020 and rules thereunder. Every Employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of Service. The Scheme is funded through a policy with Life Insurance Corporation of India (LIC).

The Company has a defined benefit Compensated Absence Plan governed by the Factories Act, 1948 and applicable provisions of Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code). Every Employee who has worked for a period of 240 days or more during a calendar year shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated as per Act.

The following table summarise net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance Sheet for both the plans:

Particulars	31st March, 2026		31st March, 2025	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
37.2.1 Net Employee Benefit Expense				
(recognised in Employee Benefit Expenses)				
Current Service Cost	52.56	31.32	49.33	32.71
Interest Cost	25.75	7.37	25.49	6.63
Contribution Paid	(69.66)	(1.80)	(70.62)	(5.19)
Acturial Gain/(Loss) other than OCI	-	(25.62)	-	(20.28)
Net Employee Benefit Expenses	**8.65**	**11.27**	**4.20**	**13.87**
37.2.2 Other Comprehensive Income				
Acturial (Gain)/Loss	(12.71)	-	(6.20)	-
Actual return on plan asset	1.69	-	1.95	-
Total Acturial (Gain)/Loss recognized in (OCI)	**(11.02)**	**-**	**(4.25)**	**-**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars		31st March, 2026		31st March, 2025	
		Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
37.2.3	**Amount recognised in the Balance Sheet**				
	Defined Benefit Obligation	663.83	141.37	634.39	130.10
	Fair Value of Plan Assets	(217.22)	-	(185.41)	-
		446.61	**141.37**	**448.98**	**130.10**
37.2.4	**Change in the Present Value of the Defined Benefit Obligation**				
	Opening Defined Benefit Obligation	634.39	130.10	580.50	116.23
	Current Service Cost	52.56	31.32	49.33	32.71
	Interest Cost	38.98	7.37	36.23	6.63
	Benefits Paid	(49.40)	(1.80)	(25.47)	(5.19)
	Net Acturial (gain)/losses on Obligation for the year recognised under OCI	(12.71)	(25.62)	(6.20)	(20.28)
	Closing Defined Benefit Obligation	**663.83**	**141.37**	**634.39**	**130.10**
37.2.5	**Change in the Fair Value of Plan Assets**				
	Opening Fair Value of Plan Assets	185.41	-	131.48	-
	Return on Plan Assets Excluding Intererst Income	(1.69)	-	(1.96)	-
	Interest Income	13.24	-	10.74	-
	Contributions	69.66	-	70.62	-
	Benefits Paid	(49.40)	-	(25.47)	-
	Closing Fair Value of Plan Assets	**217.22**	**-**	**185.41**	**-**

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	31st March, 2026		31st March, 2025	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
37.2.6 Acturial (Gain)/Loss on Obligation				
Due to Demographic Assumption	-		-	
Due to Financial Assumption	(36.73)		8.42	
Due to Experience	24.02		(14.62)	-
Total Acturial (Gain)/Loss	(12.71)	-	(6.20)	-

37.2.7 The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	31st March, 2026	31st March, 2025
*Fund managed by Life Insurance Corporation of India (Unquoted)	**100%**	100%

*Fund is managed by LIC as per IRDA guidelines, category-wise composition of the plan assets is not available. Expected Return on Assets is based on rate of return declared by fund managers.

37.2.8 Acturial Assumptions for estimating Company's Defined Benefit Obligation:

Particulars	31st March, 2026	31st March, 2025
Discount rate	**7.60%**	6.77%
Attrition Rate	**2.00%**	2.00%
Expected rate of increase in Salary	**2.00%**	2.00%
Mortality Table	**IALM (2012-14) Ult.**	IALM (2012-14) Ult.
Expected average remaining Service (Yrs)	**16.51**	16.77

(a) Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

(b) Plan assets does not comprise any of the Company's own financial instruments or any assets used by the Company. The Company has the plan covered under a policy with the Life Insurance Corporation of India.

(c) The Significant acturial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. However, the impact of these changes is not ascertained to be material by the management.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

37.2.9 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	31st March, 2026	31st March, 2025
Defined Benefit Obligation	**446.61**	**448.98**
Effect of 1% change in assumed discount rate on defined benefit obligation		
Increase : +1%	**624.46**	594.42
Decrease: -1%	**708.59**	680.02
Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
Increase : +1%	**708.95**	679.97
Decrease: -1%	**623.63**	593.92

"The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant acturial assumptions, the same method (Projected Unit Credit Method) has been applied while calculating the defined benefit liability recognised within the Balance Sheet.

37.2.10 Other Information

(i) Expected rate of return basis

EROA is the discount rate as at previous valuation date as per the accounting standard

(ii) Description of Plan Assets and Reimbursement Conditions

100% of the Plan Asset is entrusted to LIC of India under their Group Gratuity Scheme. The reimbursement is subject to LIC's Surrender Policy

(iii) Discount Rate

The discount rate has increased from 6.77% to 7.60% and hence there is an increase in liability leading to actuarial loss due to change in discount rate.

(iv) Present Value of Defined Benefit Obligation:

Present value of the defined benefit obligation is calculated by using Projected Unit Credit Method (PUC Method). Under the PUC Method, a "projected accrued benefit" is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the Plan. The "Projected accrued benefit" is based on the Plan's accrual formula and upon service as of the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the acturial present value of the " Projected accrued benefits" as of the begining of the year for active members.

Notes to the Standalone Financial Statements
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(v) Expected Average remaining service vs. Average remaining future service:

The average remaining service can be arithmetically arrived by deducting current age from normal retirement age whereas the expected average remaining service is arrived acturially by applying multiple decrements to the average remaining future service namely mortality and withdrawals. Thus, the expected average remaining service is always less than the average remaining future service.

(vi) Current and Non Current Liability:

The total of current and non-current liability must be equal with the total of PVO (Present Value Obligation) at the end of the period plus short term compensated liability if any. It has been classified in terms of " Schedule III" of the Companies Act, 2013.

(vii) Defined Benefit Liability and Employer Contributions

The Company has purchased insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company. The company considers that the contribution rate set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs will not increase significantly.

The Weighted Average duration of the defined benefit obligation is 7.45 years (Previous year 7.72 years). The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	**31st March, 2026**	31st March, 2025
1st Year	**139.03**	117.12
2nd Year	**37.45**	37.28
3rd Year	**44.92**	46.05
4th Year	**78.08**	42.10
5th Year	**43.50**	66.57
beyond 5th Year	**288.65**	275.75

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

37.2.11 Risk exposure

Though it is defined benefit plan, the company is exposed to a number of risks, the most significant of which are detailed below:

(a) Investment / Interest Risk:

The Company is exposed to Investment / Interest risk if the return on the invested fund falls below the discount rate used to arrive at present value of the benefit.

(b) Longevity Risk:

The Company is not exposed to risk of the employees living longer as the benefit under the scheme ceases on the employee separating from the employer for any reason.

(c) Risk of Salary Increase

The present value of the defined benefit plan is calculated with reference to the future salaries of participants under the plan. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

37.2.12 New Labour Codes and implications

On November 21, 2025, the Government of India notified four Labour Codes, effective immediately, replacing the existing 29 labour laws. In accordance with Ind AS 19 - Employee benefits, changes to employee benefit plans arising from legislative amendments are treated as plan amendments, requiring immediate recognition of past service cost in the Statement of Profit and Loss. This approach is consistent with the guidance issued by the Institute of Chartered Accountants of India.

The Company is in compliance with the basic wages criteria as prescribed under New Labour Codes for its employees and also for contract workforce. In view of this and based on the best information available the management is of the view, that no further provision is required.

38 Assets Pledged as Security

For Non Current Borrowings

Term Loans are Secured by First Charge on all Property, Plant and Equipment and Second Charge on Current Assets

For Current Borroiwngs

Secured by First Charge on Current Assets and Second Charge on Property, Plant and Equipment.

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings of an amount of Rs. 9341.83 Lakhs (Previous year Rs.7,939.89 Lakhs) are as follows:

Particulars	31st March, 2026	31st March, 2025
Property, Plant and Equipment	**18,861.20**	14,841.33
Current Assets	**18,170.82**	17,778.95
Total Assets Pledged as Security	**37,032.02**	32,620.28

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

39 Research and Development

39.1 Details of Revenue Expenditure:

Particulars	31st March, 2026	31st March, 2025
Salaries & Wages	**387.05**	366.85
Materials Consumed	**49.58**	55.95
Repairs and Maintenance	**49.96**	46.56
Utilities	**24.01**	23.69
Testing and analysis charges	**49.54**	15.12
Rates and Taxes	**3.28**	4.64
General Expenses	**19.13**	26.17
Total	**582.55**	**538.98**

39.1.1 The above expenditure were included in the respective heads of the total expenditure of the company.

39.2 Details of Property, Plant and Equipment:

	Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Gross Carrying Value						
1	As at 31st March, 2024	117.76	361.79	26.50	24.26	0.71	531.02
2	Additions	7.33	80.38	4.26	1.67		93.64
3	As at 31st March, 2025 (1+2)	125.09	442.17	30.76	25.93	0.71	624.66
4	Additions		86.00	0.52	1.98		88.50
5	**As at 31st March, 2026 (3+4)**	**125.09**	**528.17**	**31.28**	**27.91**	**0.71**	**713.16**
	Depreciation						
6	As at 31st March, 2024 (6+7)	7.58	90.63	3.53	16.68	0.30	118.72
7	Charge for the Year	4.29	37.90	2.72	3.41	0.08	48.40
8	As at 31st March, 2025 (6+7)	11.87	128.53	6.25	20.09	0.38	167.12
9	Charge for the Year	4.35	44.88	2.95	3.62	0.09	55.89
10	**As at 31st March, 2026 (8+9)**	**16.22**	**173.41**	**9.20**	**23.71**	**0.47**	**223.01**
	Net Carrying Value						
11	As at 31st March, 2024 (1-6)	110.18	271.16	22.97	7.58	0.41	412.30
12	As at 31 March, 2025 (3-8)	113.22	313.64	24.51	5.84	0.33	457.54
13	**As at 31st March, 2026 (5-10)**	**108.87**	**354.76**	**22.08**	**4.20**	**0.24**	**490.15**

39.2.1 The above amounts were included in the respective heads of the Property Plant & Equipment of the company.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Financial Instruments and Risk Management

40 Categories of Financial Instruments

Particulars	Notes	Level	as at 31st March, 2026		as at 31st March, 2025	
			Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial Assets						
a) Measured at fair value						
(i) Non Current						
(a) Investment in Equity Instruments	7	3	2,323.17	2,323.17	2,323.17	2,323.17
(b) Other Financial Assets	8	3	281.50	281.50	278.32	278.32
Sub - Total			**2,604.67**	**2,604.67**	**2,601.49**	**2,601.49**
(ii) Current						
(a) Trade Receivables	11	Refer Note 40.2	5,426.43	5,426.43	6,452.63	6,452.63
(b) Cash and Cash Equivalents	12		39.89	39.89	40.13	40.13
(c) Other Bank Balances	13		116.09	116.09	100.52	100.52
Sub - Total			**5,582.41**	**5,582.41**	**6,593.28**	**6,593.28**
Total Financial Assets			**8,187.08**	**8,187.08**	**9,194.77**	**9,194.77**
B. Financial Liabilities						
a) Measured at fair value						
(i) Non Current						
(a) Borrowings	18	3	3,518.19	3,518.19	1,731.06	1,731.06
(b) Lease Liabilities	5B	3	80.97	80.97	65.47	65.47
			3,599.16	3,599.16	1,796.53	1,796.53
(ii) Current						
(a) Borrowings	21	Refer Note 40.2	5,792.61	5,792.61	6,186.19	6,186.19
(b) Trade Payables	22		5,379.32	5,379.32	4,598.50	4,598.50
(c) Other Financial Liabilities	23		1,243.38	1,243.38	1,100.90	1,100.90
(d) Lease Liabilities	5B		87.59	87.59	173.92	173.92
Sub - Total			**12,502.90**	**12,502.90**	**12,059.51**	**12,059.51**
Total Financial Liabilities			**16,102.06**	**16,102.06**	**13,856.04**	**13,856.04**

40.1 The Company's Principal Financial liabilities comprise Loans and Borrowings, Trade Payables and other Liabilities. The main purpose of these financial Liabilities is to Finance the Company's Operations. The Company's Principal Financial Assets include Advances, Trade and Other Receivables, Cash and Cah Equivalents, Bank balances that derive directly from its Operations.

40.2 The Carrying Amounts of Trade Payables, Other Financial Liabilities, Cash and Cash equivalents, Other Bank Balances, Trade Receivables and Other Financial Assets are considered to be the same at their fair values due to their short term nature.

40.3 The management has assessed that fair value of borrowings approximate largely to their carrying amounts since they are carried at floating rate of interest.

40.4 Other Non Current Financial Assets consists of certain non current portion relating to deposits with Government authorities where the fair value is considered to be the carrying value.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

41 Fair Value Measurements

41.1 Fair Value Hierarchy

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

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observables market data rely as little as possible on entry specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation technique used to determine fair value:

Specific Valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.

- The fair value of remaining financial instruments is determined using discounted cashflow analysis.

Valuation Process:

The Finance and accounts department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes, and report to the Board of Directors. The main Level 3 inputs are derived using the discounted cash flow analysis, Market Approach, Net Assets Value Method as applicable.

42 Financial Risk Management Objectives and Policies

Financial Risk Management Framework

The Company is exposed primarily to credit risk, liquidity risk and market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversley impact the fair value of its financial instruments. The Company assess the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

42.1 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 concentration of credit risk principally consist of trade receivables, 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.

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 is adjusted for forward looking information. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

The Company's maximum exposure to credit risk as at 31st March, 2026 and 31st March, 2025 is the carrying value of each class of financial assets.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(i) Financial Instruments and Cash Deposits

For banks and financial institutions, only high rated banks/ institutions are accepted. Other Financial assets (excluding Bank deposits) majorily constitute deposits given to State electricity department for supply of power, which the company considers to have negligible credit exposure. Counterparty credit limits are reviewed by the Management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(ii) Expected Credit Loss for Trade Receivables under simplified approach

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Following are the Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	31st March, 2026	31st March, 2025
Gross Carrying Amount	6,054.53	7,120.36
Expected Credit Losses (Loss allowance Provision)	(628.10)	(667.73)
Net Carrying Amount of Trade Receivables	**5,426.43**	**6,452.63**

Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	Outstanding					Total
	< 6 months	6 months to 1 year	1-2 years	2-3 years	> 3 years	
Gross Carrying Amount of Trade Receivables	5,004.86	269.28	247.16	-	533.23	6,054.53
Expected Loss Rate	3.47%	3.47%	3.47%		81.84%	10.37%
Expected Credit Losses (Loss Allowance Provision)	173.79	9.35	8.58	-	436.38	628.10
Net Carrying Amount	**4,831.07**	**259.93**	**238.58**	**-**	**96.85**	**5,426.43**

Provision made for debtors outstanding morethan 3 years includes 100% provision made for a specific party for Rs.432.89 Lakhs (Previous year Rs.432.89 Lakhs)

42.2 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 continously 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:

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
31st March, 2026					
Non Current Borrowings (including Current Maturities)	1,322.00	2,923.95	594.24	-	4,840.19
Current Borrowings	4,470.61				4,470.61
Trade Payables	5,379.32				5,379.32
Lease Liabilities	87.59	80.97			168.56
Other Financial Liabilities	1,243.38				1,243.38
Total	**12,502.90**	**3,004.91**	**594.24**	**-**	**16,102.05**
31st March, 2025					
Non Current Borrowings (including Current Maturities)	1,139.80	1,419.88	311.18		2,870.86
Current Borrowings	5,046.39				5,046.39
Trade Payables	4,598.50				4,598.50
Lease Liabilities	65.47	173.92			239.39
Other Financial Liabilities	1,100.90				1,100.90
Total	**11,951.06**	**1,593.80**	**311.18**	**-**	**13,856.04**

42.3 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 price. Market price comprises three types of risk, currency rate risk, interest rate risk and other price risks such as equity risk. Financial instruments affected by market risk include loans and advances deposits investments in debt securities mutual funds and other equity funds.

(i) Interest Rate Risk

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

Particulars	Change in basis points		Effect on Profit before Tax	
	Increase	Decrease	Decrease	Increase
31st March, 2026	0.50%	0.50%	(46.55)	46.55
31st March, 2025	0.50%	0.50%	(39.59)	39.59

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

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

(ii) Foreign Currency Exchange Rate Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Company has transactional currency exposures arising from services provided or availed that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars ($). The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

(a) Details of Unhedged Foreign Currency Exposure:

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

Particulars	Currency	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
31st March, 2026				
Trade Receivables	USD	5.02	464.62	92.55
Trade Receivables	EURO	1.03	108.01	105.30
Trade Advances Received	USD	6.03	558.45	92.55
Trade Payables	USD	21.84	2,058.15	94.25
31st March, 2025				
Trade Receivables	USD	31.74	2,717.23	85.60
Trade Receivables	EURO	5.16	477.94	92.60
Trade Advances Received	USD	1.45	124.06	85.60
Trade Payables	USD	21.29	1,858.27	87.30

(b) Foreign Currency Sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The change in the fair value of monetary assets and liabilites including foreign currency derivatives may impact on the company's profit before tax and equity by the amounts shown below.The Company's exposure to foreign currency changes for all other currencies is not material

Particulars	Effect on Profit befor Tax	
	31st March, 2026	31st March, 2025
USD Sensitivity		
Rs/USD - Increases by 1%	**(20.07)**	12.49
Rs/USD - Decreases by 1%	**20.07**	(12.49)

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(iii) Other Price Risk:

Other price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

43 Capital Management

For the purpose of the Company's Capital Management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholders 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 less than 1.

Particulars	31st March, 2026	31st March, 2025
Borrowings including Interest Accrued	**9,341.83**	7,939.89
Less: Cash and Short Term Deposits	**(39.89)**	(40.13)
Net Debt	**9,301.94**	**7,899.76**
Equity	**302.33**	302.33
Other Equity	**21,155.36**	19,415.22
Total Equity	**21,457.69**	**19,717.55**
Total Capital Employed	**30,759.63**	**27,617.31**
Gearing Ratio (Net Debt/Total Equity)	**0.43**	0.40

44 Related Party Transactions

(a) Key Management Personnel(KMP)

	Name	Relationship
(i)	**Executive Directors**	
	Sri TVVSN Murthy	Managing Director
	Sri. T V Praveen	Executive Director
	Smt .G.Sudeepthi	Whole-time Director
(ii)	**Non Executive Directors**	
	Sri.P Sarath Kumar	Independent Director
	Sri.Mannam Malakondaiah	Independent Director
	Sri.Srinivas Samavedam	Independent Director
	Smt. Sundaramma Patibandla	Independent Director
(iii)	**Others**	
	Sri N Rajendra Prasad	Chief Financial Officer
	Mr. Trupti Ranjan Mohanty	Company Secretary

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(b) Subsidary Company:

Mahi Drugs Private Limited

(c) Enterprises overwhich KMP are able to Exercise Significant Influence:

Purogene labs Private Limited (erstwhile R Chem (Somanahalli) Private Limited)

(d) Other Related parties with whom transactions have taken place during the current year and / or previous year:

SMS Pharmaceuticals Limited
Chemwerth INC

(e) Transactions with Related Parties:

Name of the Company	31st March, 2026	31st March, 2025
	Amount	Amount
Key Management Personnel		
Remuneration *(Short Term Employee Benefits)*	**358.21**	393.86
Directors Sitting Fees	**13.30**	11.80
Subsidiary Company		
Mahi Drugs Private Limited		
Purchase of Goods	**2,623.61**	3,094.34
Purchase of Capital Goods	-	3.57
Sale of Goods	**469.79**	552.14
Sale of Capital Goods	**13.27**	4.65
Rent received	**6.37**	6.37
Enterprise with Significant Influence		
Purogene Labs Private limited		
Purchase of Goods	**375.74**	125.28
Purchase of Capital Goods	**7.08**	-
Purchase of Services	**1,693.42**	1,561.85
Sale of Goods	**321.37**	505.91
Sale of Capital Goods	**0.24**	23.33
Rent received	**4.25**	4.25

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Name of the Company	31st March, 2026	31st March, 2025
	Amount	Amount
Other Related Party		
SMS Pharmaceuticals Limited		
Sale of Goods	**1,823.40**	1,924.05
Purchase of Goods	**0.54**	1.86
Purchase of Capital Goods	**-**	3.54
Chemwerth INC		
Sale of Goods	**80.65**	42.01
Balance (Payable)/Receivable at the year end		
Key Management Personnel		
Remuneration Payable	**17.20**	59.00
Subsidary Company		
Mahi Drugs Private Limited	**3,959.37**	4,001.80
Corporate Gurantee Given	**1,574.45**	484.21
(to the extent of Loan Outstanding)		
Enterprise with Significant Influence		
Purogene labs Private Limited	**(96.88)**	119.37
Other Related party		
SMS Pharmaceuticals Limited	**437.76**	624.41
Chemwerth INC	**(99.12)**	(100.00)

Note:

i) The above transactions are in the ordinary course of business and are at arm's length price. Outstanding balances at the year-end are unsecured. Assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

ii) The above transactions are including GST wherever applicable.

iii) 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 Managerial Personnel and their relatives is not ascertainable and, therefore, not included above. Contribution to Provident Fund was also not included.

45 Contingent Liabilities

Particulars	As at 31st March, 2026	As at 31st March, 2025
Guarantees issued by the Banks	**66.70**	66.70
Letter of credit opened in favor of suppliers for which goods are yet to be received	**112.69**	47.12
Disputed Income Tax Demands	**22.62**	22.62

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	As at 31st March, 2026	As at 31st March, 2025
Interest dues in respect of disputed demands of Income Tax	**107.13**	102.63
* Disputed Customs duty	-	81.60
* Interest dues in respect of disputed demand of Customs duty	-	509.98
# # IGST on Imports	**1,003.00**	1,003.00
Non Agricultural land Tax	**22.50**	22.50
Claims not acknowledged as debt	-	10.40
Penal Interest on Provident Fund	**7.52**	7.52
# Corporate Gurantee given to Subsidary	**1,574.45**	484.21

Represents Loan outstanding as on the date of Balance Sheet out of total Corporate Gurantee given of Rs 2,000 Lakhs.

Corporate guarantee given by the Parent company to its subsidiary Company to avail term loan for its expansion project . The Company has the right to indemnify by the said subsidiary if any, claim comes.

***Customs Duty Issue for imports against advance authorisations**

Customs Department has raised demand for an amount of Rs 81.60 lakhs in the year 2000 for non fulfillment of export obligations by erstwhile Plant Organics Limited which was merged with SMS Phamaceuticals limited, demerged company vide BIFR order dated 28-08-2008 and vested with the company, vide NCLT, Hyderabad, demerger order dated 15-5-2017. Madras High Court has granted stay in 2011. During the year under reporting the Hon'ble High court has passed the order in favour of the company directed concerned department to waive the demand.

 # # IGST Exemption availed on Imports

The Company has received a Show Cause Notice from DRI, Kolkata for an amount of Rs.10.03 Crores IGST payable on imports saying that the company has violated the pre import condition while availing the IGST exemption on imports made against advance authorisations. The company has filed writ petition with Honourable High Court of Telangana and the said High Count has granted stay. Considering the facts of the case and based on the legal advise, liability has not been recognised in this regard.

46 Commitments

	Particulars	As at 31st March, 2026	As at 31st March, 2025
46.1	Capital Commitments	**529.17**	260.70
46.2	Export Obligations	**4,536.64**	4,239.28

47 Segment Information

A Basis for segmentation

The operations of the Company are limited to one segment viz. Pharmaceutical products including ingredients and intermediaries. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only. The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on aggregation of financial information of the Company on a periodic basis, for the purpose of allocation of resources and evaluation of performance. Accordingly, management has identified pharmaceutical segment as the only operating segment for the Company.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

B Segment information for secondary segment reporting (by geographical segment)

The Company is engaged in the manufacture of Pharmaceuticals, which in the context of Ind AS 108 is considered only business segment.

The Company has reportable geographical segments based on location of its customers:

(i) Revenue from customers outside India – Exports

(ii) Revenue from customers (EOU) - Deemed Exports

(iii) Revenue from customers within India – Domestic

(iv) Revenue from Export Incentives

a) Revenues are attributed to geographical areas based on the location of the customers as detailed below:

Particulars	Current Year 2025-26		Previous Year 2024-25	
	Revenue	%	Revenue	%
Exports	**10,988.26**	**36.51%**	13,102.35	39.30%
Deemed Exports	**162.22**	**0.54%**	664.08	1.99%
Domestic	**18,862.82**	**62.67%**	19,512.42	58.53%
Export Incentive	**85.66**	**0.28%**	58.25	0.18%
Total	**30,098.96**	**100.00%**	**33,337.10**	**100.00%**

48 Payables to Micro and Small Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	As at 31st March, 2026	As at 31st March, 2025
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	**81.85**	79.32
(ii) Interest on payments beyond the appointed day paid to the suppliers during the year	**-**	-
(iii) Interest due and payable for the delay in making payment to suppliers during the year	**4.11**	6.66
(iv) Amount of interest accrued and remaining unpaid to suppliers at the end of the year		
(v) Amount of further interest remaining due and payable to suppliers in succeeding years	**-**	-

The above 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. This has been relied upon by the auditors.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

49 Ratios

The following are analytical ratios for the year ended March 31, 2026 and March 31, 2025

Particulars	Numerator	Denominator	31st March, 2026	31st March, 2025	Vari-ance	Reasons for Variance
Current Ratio	Current Assets	Current Liabilities	1.37	1.43	-4%	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.44	0.40	8%	
Debt Service Coverage Ratio	Earnings available for debt service	Debt service	2.01	2.40	-16%	
Return on Equity (ROE)	Net profit after tax	Average Shareholder's Equity	8.63%	11.45%	-25%	The Variation is due to decrease in profit
Inventory Turnover Ratio	Revenue from Operations	Average Inventory	4.62	4.93	-6%	
Trade Receivables Turnover Ratio	Revenue from Operations	Average Receivables.	5.07	5.86	-14%	
Trade Payables Turnover Ratio	Purchases	Average Trade Payables	2.96	3.19	-7%	
Net Capital Turnover Ratio	Revenue from Operations	Working Capital	6.18	6.23	-1%	
Net Profit Ratio	Net Profit	Revenue from Operations	5.91%	6.41%	-8%	
Return on Capital Employed (ROCE)	Earnings Before Interest and Taxes (EBIT)	Capital Employed	9.65%	13.07%	-26%	The Variation is due to decrease in profit
Return on Investment	Income generated from investments	Investment	N.A	N.A		No Income was generated on investments during the year.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

50 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 does not have any transactions with companies struck off as per Section 248 of the companies Act, 2013 and Section 560 of the Companies Act, 1956

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

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

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

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

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

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

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

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

ix) The Company has not entered into any scheme of arrangements which has an accounting impact on current and previous financial year

x) The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMP's and the related parties as defined under the Companies Act, 2013.

xi) The Company has Complied with the relavant provisions of the Foreign Exchange Management Act 1999 and the companies act, for the above transactions and the transactions are not violative of the Prevention of Money Laundering Act 2002.

xii) The loan have been utilised for the purpose for which it was obtained and no short term funds have been used for long term purpose.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

51 Subsequent Event

No significant subsequent events have been observed till 29th May, 2026 which may require any additional disclosure or an adjustment to the standalone financial statements.

52 Figures have been rounded off to the nearest rupees in Lakhs.

53 Previous year figures have been regrouped and reclassified wherever considered necessary to confirm to this year's classifications.

as per our report of even date
for RAMBABU & CO

Chartered Accountants
FRN 002976S

GVL PRASAD
Partner
M No. 026548

Place : Hyderabad
Date : 29-05-2026

for and on behalf of the Board of Directors of
Haleos Labs Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

T V PRAVEEN
Executive Director
DIN: 08772030

TRUPTI R MOHANTY
Company Secretary
M No. F13407

N. RAJENDRA PRASAD
Chief Financial Officer
M.No.026567

INDEPENDENT AUDITOR'S REPORT

To the Members of

Haleos Labs Limited (formerly known as SMS Lifesciences India Limited)

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the Consolidated Financial statements of **HALEOS LABS LIMITED (Formerly known as SMS Lifesciences India Limited)** (herein after referred to as "the holding Company") and its Subsidiary **Mahi Drugs Private Limited** (Holding Company and its Subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March, 2026 and the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at 31st March, 2026, of its Consolidated Profit includes other comprehensive income, Consolidated changes in equity and Consolidated Cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section143(10) of the Act. Our responsibilities under those SAs 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 in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial statements.

Key Audit Matters

Key audit matters ('KAM') are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Recognition, measurement, presentation and disclosures of revenues from Contracts with Customers" as per Ind AS 115	Principal Audit Procedures We assessed the Company's process to recognize the revenue as per accounting standard, Ind AS 115. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design of internal controls relating to implementation of the revenue accounting standard.

Sr. No.	Key Audit Matter	Auditor's Response
		• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls. • Selected a sample of continuing and new contracts and performed the following procedures: 1. Read, analysed and identified the distinct performance obligations in these contracts. 2. Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.

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

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information, 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.

Management's Responsibilities for the Consolidated 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 and presentation 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 changes in equity and Consolidated Cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate Internal Financial Controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Board of Holding Company's Directors, as aforesaid.

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

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

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 Controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its Subsidiary company which are companies incorporated in India, 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 the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the Consolidated Financial Statements.

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

We communicate with those charged with governance of the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) The accompanying Consolidated Financial Statements include the Financial Statements and other Financial information in respect of one subsidiary which reflect total assets of Rs.11,854.74 lakhs as at March 31, 2026, and total revenue of Rs.6,019.89 lakhs and net cash inflows of Rs.70.79 lakhs for the year ended on that date it has been audited by us.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial statements.

    d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under section 133 of the Act.

    e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2026 taken on record by the Board of Directors of the Holding Company and based on audit of the subsidiary company incorporated in India which is audited by us, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2026 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 A" which is based on the audit of the Company and its Subsidiary Company incorporated in India which is audited by us. Our report expresses an unmodified 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 by the Company to its directors during the year is in accordance with the provisions of section 197 read the Schedule V of 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 Consolidated Financial Statements disclose the impact of pending litigations on the Consolidated Financial position of the Group – Refer Note 45 to the consolidated financial statements.

ii) Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii) During the year ended March 31, 2026, the company has transferred to Investor Education and Protection Fund, relating to the unclaimed amounts of fractional shares allotted at the time of Demerger.

iv) (a) The respective Managements of the Holding Company and its Subsidiary which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds as disclosed in the note 50(vi) to the consolidated financial statements (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 or any of such Subsidiary to or in any other person or entity, including foreign entity ("Intermediaries"),with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such Subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Company and its Subsidiary which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief as disclosed in the note 50(vii) to the consolidated financial statements, no funds, (which are material either individually or in the aggregate) have been received by the Company or any of such Subsidiary from any person or entity, including foreign entity ("Funding Parties"),with the understanding, whether recorded in writing or otherwise, that the Company or any of such Subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

(d) Based on our examination which includes test checks, the Company, in respect of financial year commencing on 1st April 2025, has 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 been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, in respect of the accounting software where such feature is enabled and the audit trail has been preserved by the company as per the statutory requirements for record retention.

v) The dividend paid by the holding company during the year is in respect of the same declared for the previous year is in accordance with Sec 123 of Companies Act, 2013 to the extent it applies to payment of dividend.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its Subsidiary included in the Consolidated Financial Statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For Rambabu & Co.,
Chartered Accountants
Reg. No.002976S

Place: Hyderabad
Date: 29.05.2026

GVL Prasad
Partner
M.No.026548

UDIN: **26026548YEGWBL6187**

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **HALEOS LABS LIMITED (Formerly known as SMS Lifesciences India Limited)** of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2026, we have audited the Internal Financial Controls with reference to financial statements of **HALEOS LABS LIMITED (Formerly known as SMS Lifesciences India Limited)** (hereinafter referred to as the "Company") and its Subsidiary company **Mahi Drugs Private Limited**, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Boards of Directors of the Company and its Subsidiary company, 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 respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI").These responsibilities include the design, implementation and maintenance of adequate internal Financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Internal Financial Controls with reference to financial statements of the Company and its Subsidiary Company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal Financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls 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 internal financial controls system with reference to financial statements of the Company and its Subsidiary Company, which are companies incorporated in India.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its Subsidiary company, which are companies incorporated in India, have in all material respects, an adequate Internal Financial Controls system over Financial reporting and such Internal Financial Controls with reference to financial statements were operating effectively as at March 31, 2026 based on the criteria for internal Financial control over Financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements issued by the ICAI.

For Rambabu & Co.,
Chartered Accountants
Reg. No.002976S

Place: Hyderabad
Date: 29.05.2026

GVL Prasad
Partner
M.No.026548

UDIN: **26026548YEGWBL6187**

Consolidated Balance Sheet as at 31st March, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Sl. No.	Particulars	Note	As at 31st March, 2026	As at 31st March, 2025
I	**ASSETS**			
1	**Non-Current Assets**			
	(a) Property, Plant and Equipment	4	**26,654.18**	23,002.41
	(b) Right-of-use Assets	5A	**114.91**	177.59
	(c) Capital Work-in-Progress	4	**1,042.21**	39.60
	(d) Other Intangible Assets	6	**2.82**	5.15
	(e) Financial Assets			
	(i) Investments	7	**3.61**	3.61
	(ii) Other Financial Assets	8	**340.62**	325.65
	(f) Other Non-Current Assets	9	**971.94**	387.73
	Total		**29,130.29**	**23,941.74**
2	**Current Assets**			
	(a) Inventories	10	**7,982.42**	6,739.79
	(b) Financial Assets			
	(i) Trade Receivables	11	**6,133.93**	6,878.71
	(ii) Cash and Cash Equivalents	12	**120.84**	50.29
	(iii) Bank Balances other than (ii) above	13	**116.09**	100.52
	(c) Other Current Assets	14	**1,777.38**	1,265.31
	(d) Current Tax Assets	15	**179.89**	22.75
	Total		**16,310.55**	**15,057.37**
	Total Assets		**45,440.84**	**38,999.11**
II	**EQUITY AND LIABILITIES**			
1	**EQUITY:**			
	(a) Equity Share Capital	16	**302.33**	302.33
	(b) Other Equity	17	**21,052.45**	19,353.70
	Total Equity Attributable to Equity Share Holders of the Parent company		**21,354.78**	19,656.03
	Non Controlling Interest	17	**1,600.83**	1,548.61
	Total		**22,955.61**	**21,204.64**

(Contd.)

Consolidated Balance Sheet as at 31st March, 2026 (Contd.)

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Sl. No.	Particulars	Note	As at 31st March, 2026	As at 31st March, 2025
2	**LIABILITIES**			
A	**Non-Current Liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	18	**4,995.79**	1,826.79
	(ii) Lease Liabilities	5B	**80.97**	173.92
	(b) Provisions	19	**493.35**	513.25
	(c) Deferred Tax Liabilities (Net)	20	**1,287.37**	1,073.76
	Total		**6,857.48**	**3,587.72**
B	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	21	**5,889.46**	6,574.67
	(ii) Lease Liabilities	5B	**87.59**	65.47
	(iii) Trade Payables			
	a. Dues to Micro and Small Enterprises	22	**104.59**	120.36
	b. Dues to other than Micro and Small Enterprises	22	**6,036.02**	5,206.62
	(iv) Other Financial Liabilities	23	**1,707.38**	1,301.08
	(b) Provisions	19	**188.89**	162.05
	(c) Other Current Liabilities	24	**1,613.82**	776.50
	Total		**15,627.75**	**14,206.75**
	Total Liabilities		**22,485.23**	**17,794.47**
	Total Equity and Liabilities		**45,440.84**	**38,999.11**
	Material Accounting Policies	3		

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

as per our report of even date
for RAMBABU & CO
Chartered Accountants
FRN 002976S

GVL PRASAD
Partner
M No. 026548

Place : Hyderabad
Date : 29-05-2026

for and on behalf of the Board of Directors of
Haleos Labs Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

T V PRAVEEN
Executive Director
DIN: 08772030

TRUPTI R MOHANTY
Company Secretary
M No. F13407

N. RAJENDRA PRASAD
Chief Financial Officer
M.No.026567

Consolidated Statement of Profit and Loss for the Year Ended 31st March, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Sl. No.	Particulars	Note	Current Year 2025-26	Previous Year 2024-25
1	**Income**			
	Revenue from Operations	25	**33,379.45**	34,472.35
	Other Income	26	**243.34**	486.01
	Total Income		**33,622.79**	**34,958.36**
2	**Expenses**			
	Cost of Materials Consumed	27	**14,669.42**	14,690.76
	Changes in Inventories	28	**(818.45)**	415.21
	Manufacturing Expenses	29	**6,642.58**	6,555.05
	Employee Benefits Expense	30	**6,538.25**	5,953.78
	Finance Costs	31	**644.52**	871.26
	Depreciation and Amortization Expense	32	**1,546.88**	1,499.67
	Other Expenses	33	**1,879.95**	2,353.64
	Total Expenses		**31,103.15**	**32,339.37**
3	**Profit Before Tax (1-2)**		**2,519.64**	**2,618.99**
4	**Tax Expense**			
	(a) Current Tax			
	(i) relating to Current Year		**570.00**	900.00
	(ii) Mat Credit entitlement	34	**(20.00)**	(18.86)
	(iii) relating to Earlier Year		**(17.81)**	-
	(b) Deferred Tax		**207.42**	(135.39)
	Total Tax Expense		**739.61**	**745.75**
5	**Profit for the Year (3-4)**		**1,780.03**	**1,873.24**

(Contd.)

Consolidated Statement of Profit and Loss (Contd.)

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Sl. No.	Particulars	Note	Current Year 2025-26	Previous Year 2024-25
	Other Comprehensive Income/(Loss)			
	Items that will not be reclassified to Profit/(Loss)			
6	Remeasurement Gain/(Loss) of the defined benefit plans	35	**15.52**	17.87
7	Income Tax effect on the above		**4.38**	4.78
8	**Other Comprehensive Income after tax for the Year (6-7)**		**11.14**	13.09
9	**Total Comprehensive Income for the Year (5+8)**		**1,791.17**	1,886.33
	Profit for the year attributable to:			
	Equity holders of the parent		**1,731.20**	2,010.90
	Non-controlling interest		**48.83**	(137.66)
	Total comprehensive income for the year attributable to:			
	Equity holders of the parent		**1,738.95**	2,019.96
	Non-controlling interest		**52.22**	(133.63)
10	**Earnings per Share (Face Value of Rs.10/- each)**	36	**57.26**	66.51
	Basic / Diluted			
	Material Accounting Policies	3		

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

as per our report of even date
for RAMBABU & CO
Chartered Accountants
FRN 002976S

GVL PRASAD
Partner
M No. 026548

Place : Hyderabad
Date : 29-05-2026

for and on behalf of the Board of Directors of
Haleos Labs Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

T V PRAVEEN
Executive Director
DIN: 08772030

TRUPTI R MOHANTY
Company Secretary
M No. F13407

N. RAJENDRA PRASAD
Chief Financial Officer
M.No.026567

Consolidated Statement of Changes in Equity for the Year Ended 31st March, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

a. Equity Share Capital

Particulars	As at 31st March, 2026		As at 31st March, 2025	
	Number of Shares	Amount	Number of Shares	Amount
At the Beginning of the Year	**30,23,287**	**302.33**	30,23,287	302.33
Changes in Equity Share Capital	-	-	-	-
At the End of the Year	**30,23,287**	**302.33**	**30,23,287**	**302.33**

b. Other Equity

Particulars	Capital Redemption Reserve	Capital Reserve	General Reserve	Retained Earnings	Non Controlling Interests	Total Other Equity
Balance as at 01st April, 2024	**1.00**	**621.09**	**7,216.02**	**9,540.98**	**1,682.24**	**19,061.33**
Profit for the Year				2,010.90	(137.66)	1,873.24
Other Comprehensive Income for the Year, net of Income Tax				9.06	4.03	13.09
Transferred to General Reserve			200.00			200.00
Transfer from Retained Earnings				(200.00)		(200.00)
Total Comprehensive Income for the Year	-	-	**200.00**	**1,819.96**	**(133.63)**	**1,886.33**
Dividend Paid				(45.35)		(45.35)
Balance as at 31st March, 2025	**1.00**	**621.09**	**7,416.02**	**11,315.59**	**1,548.61**	**20,902.31**
Balance as at 01st April, 2025	1.00	621.09	7,416.02	11,315.59	1,548.61	20,902.31
Profit for the Year				1,731.20	48.83	1,780.03
Other Comprehensive Income for the Year, net of Income Tax				12.90	3.39	16.28
Transferred to General Reserve			200.00			200.00
Transfer from Retained Earnings				(200.00)		(200.00)
Total Comprehensive Income for the Year	-	-	**200.00**	**1,544.10**	**52.22**	**1,796.32**
Dividend Paid				(45.35)		(45.35)
Balance as at 31st March, 2026	**1.00**	**621.09**	**7,616.02**	**12,814.34**	**1,600.83**	**22,653.29**

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

as per our report of even date
for RAMBABU & CO
Chartered Accountants
FRN 002976S

GVL PRASAD
Partner
M No. 026548

Place : Hyderabad
Date : 29-05-2026

for and on behalf of the Board of Directors of
Haleos Labs Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

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DIN: 08772030

TRUPTI R MOHANTY
Company Secretary
M No. F13407

N. RAJENDRA PRASAD
Chief Financial Officer
M.No.026567

Consolidated Statement of Cash Flow for the Year Ended 31st March, 2026

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
A. Cash Flow from Operating Activities		
Profit Before Income Tax	**2519.64**	2,618.99
Adjustments for:		
Depreciation and amortisation expense	**1546.88**	1,499.67
Interest Income classified as Investing Cash Flows	**(7.30)**	(6.53)
Allowance for Doubtful Debts	**(39.63)**	505.99
Interest on Non Current Borrowings	**217.84**	387.40
Provision for Employee Benefits	**29.41**	53.10
Term Loan Processing Fee	**(3.40)**	4.65
Profit on Sale of Assets	-	(5.95)
Loss on Sale of Assets	**0.12**	2.84
Interest on Leased Premises	**23.71**	31.14
	4,287.28	**5,091.30**
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Trade Receivables	**784.41**	(2,249.66)
(Increase)/Decrease in Inventories	**(1,242.64)**	1,381.26
Increase/(Decrease) in Trade Payables	**914.82**	(562.78)
(Increase)/Decrease in Other Non Current Financial Assets	**(14.97)**	(11.86)
(Increase)/Decrease in Other Non Current Asset	**(584.21)**	(114.39)
(Increase)/Decrease in Other Current Financial Assets	**(0.31)**	(0.10)
(Increase)/Decrease in Other Current Asset	**(4,429.00)**	(3,863.22)
(Increase) Decrease in Prepaid Taxes	**(39.32)**	(134.82)
Increase/(Decrease) in Other Current Financial Liabilities	**(57.95)**	128.04
Increase/(Decrease) in Other Current Liabilities	**4,754.24**	4,591.72
	85.07	**(835.81)**
Cash generated from Operations	**4,372.35**	4,255.49
Income Taxe Paid	**(650.00)**	(850.00)
Net Cash Inflow/(Outflow) from Operating Activities “A”	**3,722.35**	**3,405.49**

(Contd.)

Haleos

Consolidated Statement of Cash Flow (Contd.)

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended 31st March, 2026	For the year ended 31st March, 2025
B. Cash flows from Investing Activities		
Purchase for Property, Plant and Equipment	**(5,786.21)**	(1,534.86)
Proceeds from sale of Property, Plant and Equipment	**4.52**	36.66
Margin Money Deposits	**(15.20)**	(7.87)
Interest Received on Margin Money Deposit	**7.25**	6.28
Net Cash Inflow/(Outflow) from Investing Activities "B"	**(5,789.64)**	**(1,499.79)**
C. Cash flows from Financing Activities		
Proceeds from Long Term Borrowings	**4,591.80**	35.42
Repayment of Long Term Borrowings	**(1,528.83)**	(1,780.00)
Proceeds from Short Term Borrowings	**(575.78)**	370.25
Repayment of Lease Liability	**(70.84)**	(61.86)
Interest paid	**(233.16)**	(430.82)
Dividends paid to company's shareholders	**(45.35)**	(45.35)
Net Cash Inflow/(Outflow) from Financing Activities - "C"	**2,137.84**	**(1,912.36)**
Net Increase (Decrease) in Cash and Cash Equivalents - (A+B+C)	**70.55**	(6.66)
Cash and Cash Equivalents at the beginning of the Year	**50.29**	56.95
Cash and Cash Equivalents at End of the Year (Refer Note: 12)	**120.84**	**50.29**

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

The Cash Flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash Flows.

as per our report of even date
for RAMBABU & CO
Chartered Accountants
FRN 002976S

GVL PRASAD
Partner
M No. 026548

Place : Hyderabad
Date : 29-05-2026

for and on behalf of the Board of Directors of
Haleos Labs Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

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TRUPTI R MOHANTY
Company Secretary
M No. F13407

N. RAJENDRA PRASAD
Chief Financial Officer
M.No.026567

Notes to the Consolidated Financial Statements

1. Corporate Information:

The consolidated financial statements comprise financial statements of Haleos Labs Limited (formerly known as SMS Lifesciences India Limited) (Haleoslabs), (the 'Company') and its subsidiary (collectively, the 'Group') for the year ended 31st March, 2026. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is at Plot No.19-III, Road No. 71, Jubilee Hills, Hyderabad-500 096, Telangana, India. The Equity Shares of the Company are listed in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The Group is principally engaged in the business of manufacturing of Active Pharma Ingredients and their intermediates. The Company is having manufacturing facilities at Kazipally and Jeedimetla and its Research and Development center at Sanatnagar in Hyderabad. The Subsidiary's manufacturing facility is located at JNPC, Parawada.

The Consolidated Financial Statements for the year ended 31st March, 2026 were approved by the Board of Directors for issue on 29th May, 2026.

2. Basis of preparation of Consolidated Financial Statements

2.1 Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the "Ind AS") as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

These consolidated financial statements comprise the Consolidated Balance Sheet as at 31st March, 2026, the Consolidated Statement of Profit and Loss, Statement of Changes in Equity and the Consolidated Statements of Cash Flows for the year ended 31st March, 2026 and a summary of the significant accounting policies, notes and other explanatory information (together hereinafter referred to as "Consolidated Financial Statements" or "Financial Statements").

These consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in these consolidated financial statements.

2.2 Basis of Consolidation

The Consolidated financial statements of the Company and its Subsidiary have been prepared in accordance with Indian Accounting Standards notified under Companies Accounting Standard rules, 2015 (as amended from time to time).

The Consolidated Financial Statements relate to Haleos Labs Limited (formerly known as SMS Lifesciences India Ltd) and its Subsidiary Company, M/s. Mahi Drugs Pvt Ltd, Parawada, Visakhapatnam.

Subsidiaries are all entities that are controlled by the Company. The group controls as entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date the control ceases.

The group companies the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the parent group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Changes in ownership interests

Acquisition of some or all of the NCI is accounted for as a transaction with equity holders in their capacity as equity holders. Consequently, the difference arising between the fair value of the purchase consideration paid and the carrying value of the NCI is recorded as an adjustment to retained earnings that is attributable to the parent company. The associated cash flows are classified as financing activities. No goodwill is recognized as a result of such transactions.

2.3 Basis of Measurement:

The consolidated financial statements have been prepared on a historical cost and on accrual basis, except for the following items in the balance sheet:

- Certain financial assets are measured either at fair value or at amortised cost depending on the classification.
- Employee defined benefit assets/(liability) are recognized 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.
- Right-of use the assets are recognized at the present value of lease payments that are not paid at that date.
- Assets held for sale are measured at fair value less cost to sell.

2.4 Current and Non-Current Classification:

The Group presents assets and liabilities in the balance sheet based on current and non-current classification.

(a) An asset is treated as current when it satisfies the below mentioned criteria:

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

(b) All Other Assets are classified as non-current.

(c) A liability is classified as current when it satisfies the below mentioned criteria:

- Expected to settle the liability in normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

(d) All Other liabilities are classified as non-current.

(e) Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.

(f) The Operating Cycle is the time between the acquisition of assets for processing and their realization in Cash and Cash Equivalents. The Group has identified Twelve months as its Operating Cycle.

3. Summary of Significant Accounting Policies:

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

3.1 Revenue Recognition:

Revenue is recognized upon transfer of control of promised products or services to customers for an amount that reflects the consideration the Group expects to receive in exchange for those products or services. To recognize revenues, the Group applies the following five step approach:

(1) identify the contract with a customer,

(2) identify the performance obligations in the contract,

(3) determine the transaction price,

(4) allocate the transaction price to the performance obligations in the contract, and

(5) recognize revenues when a performance obligation is satisfied.

The specific recognition criteria described below must also be met before revenue is recognised.

The Group revenue is derived from sale of goods, sale of services. Most of such revenue is generated from the sale of goods. The Company has generally concluded that it is the principal in its revenue arrangements.

(i) Revenue from Sale of Goods:

Revenue from sale of goods is recognized when a promise in a customer contract (performance obligation) has been satisfied by transferring the control over the promised goods to the customer. Control is usually transferred upon shipment, delivery to, upon receipt of the goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized is based on the consideration expected to be received in exchange of goods, excluding applicable discounts sales returns and any taxes or duties collected on behalf of the government such as GST where ever applicable.

Any additional amounts based on terms of agreement entered into with customers is recognized in the period when the collectability becomes probable and reliable and measure of the same is available.

(ii) Revenue from Sale of Services:

Revenue from Sale of services is recognised as per the terms of the contracts with customers when the related services are performed or the agreed milestones are achieved.

(iii) Export incentives:

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

(iv) Dividend Income:

Dividends are received from financial assets at fair value through profit or loss and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of the investment.

(v) Interest Income:

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income, on financial assets at amortised cost and financial assets at FVOCI, is calculated using the effective interest method and the same is recognized in the statement of profit and loss as part of other income. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.2 Foreign Currency Transactions:

(i) Functional and Presentation Currency:

The consolidated financial statements are presented in Indian Rupee (‘INR’ or ‘’) which is also the functional and presentation currency of the Group.

(ii) Initial Recognition:

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

(iii) Conversion on Reporting Date:

Transactions in foreign currencies are initially recorded by the Group at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

(iv) Exchange Differences:

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

3.3 Property, Plant and Equipment:

(a) Recognition and Initial Measurement

Property, Plant and Equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Cost includes non-refundable taxes, duties, freight, borrowing costs and other incidental expenses related to the acquisition and installation of the respective assets.

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress. Advances paid towards acquisition of assets are shown as Capital Advances.

Borrowing Cost relating to acquisition of Property, Plant and Equipment which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

Subsequent Costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

(b) Subsequent Measurement (Depreciation and Useful Lives)

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

Depreciation on addition to/deletion from fixed assets made during the year is provided on pro-rata basis from/up to the date of such addition/ deletion as the case may be. In case of assets costing less than Rs.5,000/- purchased during the year also depreciation has been provided at normal rates on pro-rata basis from the date of purchase.

Cost of the leasehold land is amortized on a straight-line basis over the term of the lease. Depreciation on landscape is being provided @10% under straight line method.

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

(c) De-recognition

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

(d) Capital advances

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

(e) Capital work-in-progress

Capital work-in-progress includes cost of property, plant and equipment under installation/development as at the balance sheet date.

3.4. Intangible Assets:

Intangible assets consists of goodwill, other intangibles, and product development costs.

3.4. A. Goodwill:

Goodwill represents the excess of purchase consideration over the net book value of assets acquired of the subsidiary companies as on the date of investment. Goodwill is not amortised but is tested for impairment on a periodic basis and impairment losses are recognised wherever applicable.

3.4. B. Other Intangible Assets:

(a) Recognition and Initial Measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

(b) Subsequent measurement (amortization):

The cost incurred on Intangible Assets is amortized over a period of 6 years in case of Computer Software and 4 years for Patents on Straight Line Method.

3.5 Leases:

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

- The contract involves use of an identified asset, whether specified explicitly or implicitly;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- The Company has right to direct the use of the asset by either having right to operate the asset or the Company having designed the asset in a way that predetermines how and for what purpose it will be used.

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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

i) Right-of-use assets

The Group recognizes 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 measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease Liabilities

At the commencement date of the lease, the Group recognizes 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 the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 premeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of asset (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 that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

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

3.6 Inventories:

Raw materials, packaging materials, are carried at cost. Stores and spares are being charged to revenue as and when purchased. Cost includes purchase price excluding taxes those are subsequently recoverable by the Group from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost of Raw Materials, packaging materials is determined using the weighted average cost method.

Finished goods and work in progress are valued at the lower of cost and net realizable value. Cost of work in progress and manufactured finished goods is determined on weighted average basis and comprises cost of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Spare Parts, Stand-by Equipment and Servicing Equipment are recognized in accordance with this Ind AS-16 when they meet the definition of property, plant and Equipment. Otherwise, such items are classified as inventory and are valued at Cost.

The carrying cost of raw materials, packing materials are appropriately written down when there is a decline in replacement cost of such materials and finished products in which they will be incorporated are expected to be sold below cost.

3.7 Cash and Cash Equivalents:

Cash and Cash equivalents include cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments.

For the Statement of Cash Flows, cash and cash equivalents consists of short term deposits, as defined above, net of outstanding bank overdraft as they are being considered as integral part of the Group cash management.

3.8 Trade Receivables:

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

3.9 Financial Instruments

(a) Financial Assets

(i) Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

(ii) Subsequent measurement

a) Debt instruments –

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

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

b) Equity investments –

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

Investment in Associates, Subsidiaries and Joint Venture:

Investments in Subsidiaries, Associates and Joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

(iii) De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

(b) Financial liabilities

(i) Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortized cost.

(ii) Subsequent Measurement

These liabilities include borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

(iii) De-recognition of Financial Liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(c) Financial Guarantee Contracts

Financial Guarantee Contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortization.

(d) Offsetting of Financial Instruments

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

(e) Impairment of Financial Assets

In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. When estimating the cash flows, the Group is required to consider –

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

(f) Other Financial Assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

3.10 Impairment of Non-Financial Assets

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When 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.

3.11 Income Taxes:

Current Income Tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the respective laws of the state. Current tax includes taxes to be paid on the profit earned during the year and for the prior periods, if any.

Deferred Income Tax

Deferred income taxes are provided based on the balance sheet approach considering the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where a component has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The Carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Minimum alternate tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

3.12 Non-current assets held for sale

Assets are classified as held for sale and stated at the lower of carrying amount and fair value less costs to sell if the asset is available for immediate sale and its sale is highly probable. Such assets or group of assets are presented separately in the Balance Sheet as "Assets Classified as held for Sale". Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated

3.13 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman and managing director has been identified as being the Chief Operating Decision Maker (CODM). The Group is engaged in manufacturing and sale of Active

Pharma Ingredients and their Intermediates and operates in a single operating segment. Revenues are attributed to geographical areas based on the location of the customers.

3.14 Government Grants:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Government grants relating to loans or similar assistance with an interest rate below the current applicable market rate are initially recognized and measured at fair value. The effect of this favorable interest is regarded as a government grant and is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

3.15 Borrowings:

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of financial statements for issue, not to demand payment as consequence of the breach.

3.16 Borrowing Cost

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

3.17 Provisions

Provisions are recognized when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provisions.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognized as a finance cost.

Provision for litigation related obligation represents liabilities that are expected to materialize in respect of matters in appeal.

3.18 Trade Payables:

These amounts represent liabilities for goods supplied to the Group prior to the end of financial year which are unpaid. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

3.19 Dividends

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors. The Company is required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

3.20 Equity:

Ordinary Shares are classified as Equity share Capital. Incremental costs directly attributable to the issue of new ordinary shares or share options and buy back are recognized as a deduction from equity, net of tax effects, if any.

3.21 Research and Development:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Development expenditure on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliability the expenditure during development.

The expenditure to be capitalized includes the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in the statement of profit and loss as and when incurred. As at 31st March, 2026, none of the development expenditure amounts has met the aforesaid recognition criteria.

3.22 Post Employee Benefits:

(a) Defined Contribution Plans:

The Group's contribution to provident fund and employee state insurance schemes is charged to the statement of profit and loss. The Group's contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan.

(b) Defined Benefit Plans:

The Group has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognized in the balance sheet for defined benefit plans as the present value of the Defined Benefit Obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries as per the requirements of IND AS 19 "Employee Benefits". Actuarial gains and losses resulting from re-measurement of the liability are included in other comprehensive income.

The Group has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement or in the event of death in lump sum after deduction of necessary taxes upto a maximum limit as per the Gratuity Act, 1972. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Group makes contributions to the Gratuity Fund.

(c) Compensated Absence Policy:

The employees of Group are entitled to compensated absences the employees can carry forward a portion of the un utilised accumulated compensated absences and utilize in future periods or encash the leaves at the time of retirement or termination of employment. The Group records an obligation in the period in which the employee render the services that increases this entitlement. The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Group recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method as on the reporting date as per the requirements of IND AS "Employee Benefits". Non accumulating compensated absences are recognised in the period in which the absences occur. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise.

(d) Short-Term Employee Benefits

Short –term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

3.23 Earnings per Share:

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

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

3.24 Contingent Liabilities and Commitments:

Where it is not probable that an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of balance sheet and is disclosed as a contingent liability.

Possible outcomes on obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities.

Contingent Assets are neither recognized nor disclosed. However, when realization of Income is virtually certain, related asset is recognized.

3.25 Exceptional Items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. These are material items of income or expense that have to be shown separately due to the significance of their nature or amount.

3.26 Fair Value Measurement

The Group measures Financial Instruments at fair value at each Balance Sheet Date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for such asset or liability, or in the absence of a principal market, in the most advantageous market which is accessible to the Group.

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

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

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

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

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

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

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

3.27 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 Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

(ii) Recognition of Deferred Tax Liability on Undistributed Profits:

The extent to which the Group can control the timing of reversal of deferred tax calculation on undistributed profits of its subsidiaries requires judgment.

(iii) Evaluation of Indicators for Impairment of Assets:

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

(iv) Recoverability of Advances/ Receivables:

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

(v) Useful lives of Depreciable/ Amortizable Assets:

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

(vi) Defined Benefit Obligation (DBO):

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(vii) Fair Value Measurements:

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(viii) Provisions:

At each balance sheet date the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from this judgment.

3.28 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.

During the year under review the following amendments mentioned below took place which are effective from annual reporting periods beginning on or after 1st April, 2025:

- Ind AS 21 – The effects of changes in Foreign Exchange Rates.
- Ind AS 1, Presentation of Financial Statements Classification of Liabilities as Current or Noncurrent and Non-current Liabilities with Covenants.
- Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments disclosures Disclosure about Supplier Finance Arrangements.
- Ind AS 12 - International Tax Reform Pillar Two Model Rules applicability.

The Group has reviewed the new pronouncements and its evaluation has determined that it does not have any significant impact on its Consolidated financial Statements.

3.29 Rounding of Amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III of the Companies Act, 2013 unless otherwise stated.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No. 4: Property, Plant and Equipment

Particulars	Land	Buildings	Plant & Machinery	Data Processing Equipment	Furniture & Fixtures	Office Equip-ment	Vehicles	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
I. Year ended 31st March, 2025									
Gross Carrying Amount									
1 Opening Gross Carrying Amount	501.45	7,238.32	20,284.77	168.58	236.25	46.44	203.54	28,679.35	600.11
2 Additions		732.57	1,551.68	8.59	23.38	5.41	58.67	2,380.30	1,691.92
3 Disposals / Transfers			(45.88)				(9.64)	(55.52)	(2,252.43)
4 **Closing Gross Carrying Amount as at 31st March, 2025 (1+2+3)**	**501.45**	**7,970.89**	**21,790.57**	**177.17**	**259.63**	**51.85**	**252.57**	**31,004.13**	**39.60**
Accumulated Depreciation and Impairment									
5 Opening Accumulated Depreciation	-	967.76	5,247.47	129.58	90.63	32.34	122.96	6,590.74	-
6 Depreciation Charge during the Year	-	251.49	1,114.29	21.27	20.75	3.81	21.33	1,432.94	-
7 Disposals / Transfers	-		(16.06)				(5.90)	(21.96)	-
8 Closing Accumulated Depreciation and Impairment as at 31st March, 2025 (5+6+7)	-	1,219.25	6,345.70	150.85	111.38	36.15	138.39	8,001.72	-
9 **Net Carrying Amount as at 31st March, 2025 (4-8)**	**501.45**	**6,751.64**	**15,444.87**	**26.32**	**148.25**	**15.70**	**114.18**	**23,002.41**	**39.60**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No. 4: Property, Plant and Equipment (Contd.)

Particulars	Land	Buildings	Plant & Machinery	Data Processing Equipment	Furniture & Fixtures	Office Equip-ment	Vehicles	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
II. Year ended 31st March, 2026									
Gross Carrying Amount									
1 Opening Gross Carrying Amount	501.45	7,970.89	21,790.57	177.17	259.63	51.85	252.57	31,004.13	39.60
2 Additions	1,420.34	1,116.98	2,584.99	51.39	15.05	0.95	33.36	5,223.06	6,225.67
3 Disposals / Transfers	-	(128.93)	(25.51)	(0.93)	-	-	-	(155.36)	(5,223.06)
4 **Closing Gross Carrying Amount as at 31st March, 2026 (1+2+3)**	**1,921.79**	**8,958.94**	**24,350.05**	**227.63**	**274.68**	**52.80**	**285.93**	**36,071.82**	**1,042.21**
Accumulated Depreciation and Impairment									
5 Opening Accumulated Depreciation	-	1,219.25	6,345.70	150.85	111.38	36.15	138.39	8,001.72	-
6 Depreciation Charge during the Period	-	270.10	1,153.06	13.29	21.40	3.88	20.13	1,481.86	-
7 Disposals / Transfers	-	(44.15)	(21.05)	(0.74)	-	-	-	(65.94)	-
8 Closing Accumulated Depreciation and Impairment as at 31st March, 2026 (5+6+7)	-	1,445.20	7,477.71	163.40	132.78	40.03	158.52	9,417.64	-
9 **Net Carrying Amount as at 31st March, 2026 (4-8)**	**1,921.79**	**7,513.74**	**16,872.34**	**64.23**	**141.90**	**12.77**	**127.41**	**26,654.18**	**1,042.21**

4.1 Title deeds of all Immovable properties were held in the name of respective companies of the Group

4.2 Property, Plant and Equipment includes assets relating to Research and Development activities Refer Note 39.2

4.3 Refer Note 38 for information on Property, Plant and Equipment pledged as security by the Group

4.4 Refer Note 46.1 for disclosure of contractual commitments for the acquisition of property, plant and equipment

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

4.5 Capital Work -in-Progress (CWIP) ageing Schedule

For the year ended 31st March, 2026

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in Progress	1,042.21		-	-	1,042.21
Projects temporarily suspended	-	-	-	-	-

For the year ended 31st March, 2025

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in Progress	39.60		-	-	39.60
Projects temporarily suspended	-	-	-	-	-

Note No. 5: Right of Use Assets and Lease Liabilities

5.A Right of Use Assets

Following are the changes in the carrying value of Right of Use Assets for the year ended 31st March, 2026 and 31st March, 2025.

Particulars	31st March, 2026	31st March, 2025
Opening Balance	177.59	240.28
Additions	-	-
Depreciation	(62.68)	(62.69)
Closing Balance	**114.91**	**177.59**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

5.B Lease Liabilities

The following is the movement in lease liabilities during the year ended 31st March , 2026 and 31st March, 2025

Particulars	31st March, 2026	31st March, 2025
Opening Balance	239.39	301.25
Additions		
Finance cost accrued during the year	23.71	31.14
Payment of lease liabilities	(94.54)	(93.00)
Closing Balance	**168.56**	**239.39**
Closing balance of Liability		
Current Liability	87.59	65.47
Non Current Liability	80.97	173.92
Total	**168.56**	**239.39**

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2026 and 31st March, 2025 on discounted basis

Particulars	31st March, 2026	31st March, 2025
Less than one year	87.59	65.47
After One year up to five years	80.97	173.92
Total	**168.56**	**239.39**

The following are the amounts recognised in the statement of Profit and Loss.

Particulars	31st March, 2026	31st March, 2025
Depreciation expense on Right -of- use assets	62.68	62.68
Interest Expense on lease Liabilities	23.71	31.14
Expense relating to short term leases and low value assets (included in Other expenses)	5.64	5.95
Total	**92.03**	**99.77**

Lease agreement of office premises initially entered for three years in 2019, extended for Four years and further extended for another two years with revised terms and conditions, it expires by 31st January, 2028.

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

5.1 Operating Lease Commitments - Group as Lessor: The Group has given part of its office for sublease and rental income is very meger and the same was included in other income.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No. 6 : Intangible Assets

	Particulars	Computer Software
	(1)	(2)
I	**Year ended 31st March, 2025**	
	Gross Carrying Amount	
1	Opening Gross Carrying Amount	23.83
2	Additions	4.25
3	Disposals	-
4	**Closing Gross Carrying Amount as at 31st March, 2025 (1+2+3)**	**28.08**
	Accumulated Amortisation and Impairment	
5	Opening Accumulated Amortisation	18.88
6	Amortisation Charge during the year	4.05
7	Disposals	-
8	**Closing Accumulated Amortisation and Impairment as at 31st March, 2025 (5+6+7)**	**22.93**
9	**Closing Net Carrying Amount as at 31st March, 2025 (4-8)**	**5.15**
	Year ended 31st March, 2026	
	Gross Carrying Amount	
1	Opening Gross Carrying Amount	28.08
2	Additions	-
3	Disposals	-
4	**Closing Gross Carrying Amount as at 31st March, 2026 (1+2+3)**	**28.08**
	Accumulated Amortisation and Impairment	
5	Opening Accumulated Amortisation	22.93
6	Amortisation Charge during the year	2.34
7	Disposals	-
8	**Closing Accumulated Amortisation and Impairment as at 31st March, 2026 (5+6+7)**	**25.26**
9	**Closing Net Carrying Amount as at 31st March, 2026 (4-8)**	**2.82**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Non Current Financial Assets - Unsecured, Considered Good

Note No.	Particulars	As at 31st March, 2026		As at 31st March, 2025	
		No. of Shares	Amount	No. of Shares	Amount
7	**Non-Current Investments**				
	(Un quoted, fully paid up carried at cost)				
	Investment in other Companies				
	Equity Shares of Rs.100/- each in				
	M/s. Jeedimetla Effluent Treatment Ltd	**1,753**	**1.75**	1,753	1.75
	Equity Shares of Rs.10/- each in				
	M/s. Patancheru Envirotech Ltd	**17,538**	**1.76**	17,538	1.76
	M/s Sireen Drugs Private Ltd	**1,000**	**0.10**	1,000	0.10
	Total		**3.61**		**3.61**
	Aggregate amount of unquoted investments		**3.61**		3.61
	Aggregate amount of quoted investments and market value thereof		**-**		-
	Aggregate amount of impairment in the value of investments		**-**		-

Note No.	Particulars	As at 31st March, 2026	As at 31st March, 2025
8	**Other Non-Current Financial Assets**		
	Deposits Recoverable	**340.62**	**325.65**
	Total	**340.62**	**325.65**
9	**Other Non-Current Assets**		
	Capital Advances	**971.94**	**387.73**
	Total	**971.94**	**387.73**

9.1 An amount of Rs.261.88 Lakhs (Previous Year Rs. 261.88 Lakhs,) was included in the Capital Advance paid on account of land admeasuring AC 19.00 in JNPC, Parwada, Visakhapatnam District, consisting of 100% land cost paid to APIIC and about 80% of development cost to Ramky Pharmacity, the developer. Due to disputes arose between the parties, the developer has cancelled the said allotment and proposed to allot the same to a third party. The company has filed a writ petition before the Hon'ble High Court of Telangana,and the Court has granted stay and the case is pending.

Notes to the Consolidated Financial Statements
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	As at 31st March, 2026	As at 31st March, 2025
10	**Inventories**		
	(Cost or Net Realisable Value, whichever is lower and as valued and certified by the Management)		
	(a) Raw Materials (including packing materials)	**3,049.36**	2,699.78
	(b) Stock in Process	**1,783.74**	1,762.00
	(c) Finished Goods	**3,028.15**	2,231.44
	(d) Coal & Fuel	**121.17**	46.57
	Total	**7,982.42**	**6,739.79**

10.1 Rawmaterials includes stock in transit of Rs. 252.12 Lakhs (31st March, 2025 Rs. 202.26 Lakhs)

10.2 Finished Goods includes stock in transit of Rs.781.99 Lakhs (31st March, 2024 Rs.752.72 Lakhs).

Note No.	Particulars	As at 31st March, 2026	As at 31st March, 2025
11	**Trade Receivables**		
	Unsecured		
	Considered good	**5,641.57**	6,124.11
	Receivable from related parties (Refer Note. 44)	**492.36**	754.60
	Credit Impaired	**628.10**	667.73
		6,762.03	7,546.44
	Less: Allowance for Doubtful Debts	**(628.10)**	(667.73)
	Total	**6,133.93**	**6,878.71**

a) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person.

b) Trade receivables are non-interest bearing

c) Of the trade receivables balance of Rs. 2,941.54 Lakhs in aggregate (Previous year Rs.4,254.39 Lakhs) is due from the Company's customers individually representing more than 5% of the total trade receivables.

d) The Group has used practical expedient for computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience in calculating expected credit loss. In addition to this provision was made at 100% for a specific party for an amount of Rs. 432.49 Lakhs (Previous year 432.49 Lakhs).

Notes to the Consolidated Financial Statements
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Movement in the expected credit loss allowance

Particulars	As at 31st March, 2026	As at 31st March, 2025
Balance at the beginning of the year	667.73	161.74
Movement in expected credit loss allowance on trade receivables	(39.63)	505.99
Balance at the end of the year	**628.10**	**667.73**

Trade Receivables ageing schedule for the year ended 31st March, 2026

	Particulars	Outstanding from due date of payment					Total
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
i)	Undisputed Trade Receivables - Considered good	5,525.74	260.12	238.58	-	109.49	6,133.93
ii)	Undisputed Trade Receivables - Which have significant increase in Credit Risk	-	-	-	-	-	-
iii)	Undisputed Trade Receivables - Credit impaired	173.79	9.35	8.58	-	436.38	628.10
iv)	Disputed Trade receivables						
	Total	**5,699.53**	**269.47**	**247.16**	**-**	**545.87**	**6,762.03**

Trade Receivables ageing schedule for the year ended 31st March, 2025

	Particulars	Outstanding from due date of payment					Total
		Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
i)	Undisputed Trade Receivables - Considered good	5,925.11	837.08	9.73	29.30	77.49	6,878.71
ii)	Undisputed Trade Receivables - Which have significant increase in Credit Risk	-	-	-	-	-	-
iii)	Undisputed Trade Receivables - Credit impaired	188.45	28.08	0.33	0.57	450.30	667.73
iv)	Disputed Trade receivables						
	Total	**6,113.56**	**865.16**	**10.06**	**29.87**	**527.79**	**7,546.44**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	As at 31st March, 2026	As at 31st March, 2025
12	**Cash and Cash Equivalents**		
	(a) Balances with Banks		
	- in Current Accounts	**83.00**	40.32
	- in EEFC account	**32.95**	1.32
	(b) Cash in Hand	**4.89**	8.65
	Total	**120.84**	**50.29**
13	**Bank Balances other than Cash and Cash Equivalents**		
	Margin Money Deposits	**114.63**	99.37
	Unclaimed Dividend	**1.46**	1.15
	Total	**116.09**	**100.52**

13.1 Margin Money deposits having maturity less than 12 months are subject to the first charge against Bank Guarantee / letter of credits.

Note No.	Particulars	As at 31st March, 2026	As at 31st March, 2025
14	**Other Current Assets**		
	(Unsecured Considered Good)		
	GST Credit Receivable	**1,304.61**	783.87
	Advance to Suppliers	**348.81**	299.35
	Income Tax Refund Receivable	**28.75**	87.96
	Prepaid Expenses	**52.11**	48.14
	Interest Receivable	**14.75**	16.32
	Other Advances and Receivables	**28.35**	29.67
	Total	**1,777.38**	**1,265.31**

14.1 Advance to Suppliers includes an amount of Rs.Nil. (Previous year Rs. 105.22 Lakhs) advance paid to a related party. Refer Note 44

Note No.	Particulars	As at 31st March, 2026	As at 31st March, 2025
15	**Current Tax Assets (Net)**	**179.89**	**22.75**
15.1	Movement in Current Tax Assets		
	Advance Tax	650.00	850.00
	TDS & TCS Receivable	79.89	72.75
	Less: Provision for Income Tax	(550.00)	(900.00)
	Total	**179.89**	**22.75**

Notes to the Consolidated Financial Statements
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	As at 31st March, 2026		As at 31st March, 2025	
		Number of shares	Amount	Number of shares	Amount
16	**Equity Share Capital**				
	Authorised Share Capital				
	Equity Shares of Rs. 10/- each	**35,00,000**	**350.00**	35,00,000	350.00
	Issued, Subscribed and fully Paid Up				
	Equity Shares of Rs. 10/- each	**30,23,287**	**302.33**	30,23,287	302.33
	Total	**30,23,287**	**302.33**	**30,23,287**	**302.33**

16.1 Reconciliation of Number of Equity Shares outstanding at the beginning and at the end of the Year

Particulars	As at 31st March, 2026		As at 31st March, 2025	
	Number of shares	Amount	Number of shares	Amount
Equity Shares				
At the beginning of the Year	30,23,287	302.33	30,23,287	302.33
Issued/(Reduced) during the Year	-	-	-	-
At the end of the Year	**30,23,287**	**302.33**	**30,23,287**	**302.33**

16.2 Rights attached to Equity Shares

The Holding Company has only one class of equity shares having face value of Rs.10/- per share. The Company declares and pays dividends in Indian rupees. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

16.3 Details of shareholders holding more than 5% shares in the company

Particulars	As at 31st March, 2026		As at 31st March, 2025	
	Number of shares	% Holding	Number of shares	% Holding
Talluri Annapurna	7,42,436	24.56	7,42,436	24.56
TVVSN Murthy	4,80,034	15.88	4,80,034	15.88
Venkata Praveen Talluri	2,73,939	9.06	2,52,752	8.36
Ramesh Babu Potluri	2,40,190	7.94	2,40,190	7.94
Sudeepthi Gopineedi	1,99,494	6.60	1,99,494	6.60

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

16.4 Details of shares held by the promoters of the Company

Equity shares held by the promoters as at 31st March 2026, and 31st March, 2025

Particulars	As at 31st March, 2026			As at 31st March, 2025		
	Number of shares	% holding	% Changes during the year	Number of shares	% holding	% Changes during the year
TVVSN Murthy	4,80,034	15.88%	-	4,80,034	15.88%	
Ramesh Babu Potluri	2,40,190	7.94%	-	2,40,190	7.94%	-
Hima Bindu Potluri	83,333	2.76%	-	83,333	2.76%	-
Annapurna Talluri	7,42,436	24.56%	-	7,42,436	24.56%	-
Rajeswara Rao Gopineedi	100	-	-	100	-	-
Venkata Praveen Talluri	2,73,939	9.06%	0.70%	2,52,752	8.36%	4.20%
Sudeepthi Gopineedi	1,99,494	6.60%	-	1,99,494	6.60%	3.99%
Venkata Chaitanya Gopineedi	361	0.01%	-	361	0.01%	
Sukumari Koneru	714	0.02%	-	714	0.02%	-
Vamsi Krishna Potluri	73,234	2.42%	-	73,234	2.42%	-
Trilok Potluri	78,141	2.58%	-	78,141	2.58%	-
Potluri Infra Projects LLP	8,000	0.26%	-	8,000	0.26%	-
Total	**21,79,976**	**72.10%**	**0.70%**	**21,58,789**	**71.40%**	**8.19%**

Note No.	Particulars	As at 31st March, 2026	As at 31st March, 2025
17	**Other Equity**		
	Reserves and Surplus		
	Capital Redemption Reserve	**1.00**	1.00
	Capital Reserve	**621.09**	621.09
	General Reserve	**7,616.02**	7,416.02
	Retained Earnings	**12,814.34**	11,315.59
	Total	**21,052.45**	**19,353.70**
17.1	**Capital Redemption Reserve**		
	Opening Balance	**1.00**	1.00
	Adjustments	**-**	-
	Closing Balance	**1.00**	**1.00**

17.1.1 Capital Redemption Reserve was created during the earlier year due to cancellation of Equity Share Capital held by Holding Company before issue of equity shares in pursuance of demerger scheme.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	As at 31st March, 2026	As at 31st March, 2025
17.2	**Capital Reserve**		
	Opening balance	**621.09**	621.09
	Adjustments-	**-**	-
	Closing Balance	**621.09**	**621.09**
17.2	**General Reserve**		
	Opening balance	**7,416.02**	7,216.02
	Adjustments	-	-
	Transfer from Retained Earnings	**200.00**	200.00
	Closing Balance	**7,616.02**	**7,416.02**
17.3	**Retained Earnings**		
	Opening balance	**11,315.59**	9,540.98
	Net profit for the year	**1,731.20**	2,010.90
	Transfer to General Reserve	**(200.00)**	(200.00)
	Dividend paid [Refer Note 17.5(v)]	**(45.35)**	(45.35)
	Items of Other Comprehensive Income		
	Remeasurement Gain/(Loss) of the Defined Benefit Plans, net of tax	**12.90**	9.06
	Closing balance	**12,814.34**	11,315.59
17.4	**Non Controlling Interest**		
	Opening balance	**1,548.61**	1,682.24
	Adjustments	**52.22**	(133.63)
	Closing Balance	**1,600.83**	**1,548.61**

17.5 Nature and Purpose of Reserves

(i) Capital redemption Reserve:

As per Companies Act, 2013, capital redemption reserve was created on cancellation of equity shares in persuance of Demerger scheme. A sum equal to the nominal value of the shares so cancelled was transferred to capital redemption reserve. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Capital Reserve:

Capital Reserve was created on dilution of equity in subsidiary in the earlier year. The Group uses this reserve for transactions in accordance with the provisions of the Companies Act, 2013.

(iii) General Reserve:

The Company generally appropriates a portion of its earnings to the general reserve to be used for contingencies. This reserve is freely available for use by the Company.

Notes to the Consolidated Financial Statements
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(iv) Retained Earnings:

These are the accummulated earnings after appropriation of total comprehensive income and related transfers. The company uses retained earnings in accordance with the provisions of the Companies Act, 2013.

(v) Dividend:

The parent Company has paid dividend during the year and previous year as mentioned below

Particulars	2025-26	2024-25
Rs 1.50 per equity share for the Year 2024-25	45.35	
Rs 1.50 per equity share for the Year 2023-24		45.35

After the reporting date the following dividends were proposed by the directors subject to the approval by the share holders at the annual general meeting; which have not been recognised as liability

Particulars	2025-26	2024-25
Rs 1.50 per equity share for the Year 2025-26	45.35	
Rs 1.50 per equity share for the Year 2024-25		45.35

(vi) Analysis of items of OCI, net of tax:

Re-measurements of defined plan comprises cumulative net gains / losses on actuarial valuation of post employee benefit obligations. Refer Note 35

Note No.	Particulars	As at 31st March, 2026	As at 31st March, 2025
18	**Non - Current Liabilities**		
18.1	**Financial Liabilities**		
	(i) Borrowings		
	Secured		
	(i) Rupee Term Loans from Banks		
	(a) Export Import Bank of India Term Loans	-	97.42
	(b) Export Import Bank of India GECL	-	114.67
	(c) HDFC Bank Term Loan -I	**895.35**	1,490.65
	(d) HDFC Bank Term Loan -II	**2,576.46**	-
	Sub Total	**3,471.81**	**1,702.74**
	(ii) Foreign Currency Term Loans from Banks		
	(a) RBL Bank Loan -I	-	95.74
	(b) RBL Bank Loan -II	**1,477.60**	-
	Sub Total	**1,477.60**	**95.74**
	(iii) Hire Purchase Loans from Banks		
	(a) Kotak Mahindra Bank	**46.38**	28.31
	Sub Total	**46.38**	**28.31**
	Total	**4,995.79**	**1,826.79**

Notes to the Consolidated Financial Statements

(All amounts ina Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	As at 31st March, 2026	As at 31st March, 2025
18.2	**Current Maturities of Non Current Borrowings**		
	Secured		
	(a) Term Loans from Banks		
	(i) Export Import Bank of India TL	**97.42**	400.00
	(ii) Export Import Bank of India GECL	**114.67**	114.67
	(iii) HDFC Bank Term Loan -I	**598.32**	598.32
	(iv) HDFC Bank Term Loan -II	**500.00**	-
	(v) RBL Bank GECL Loan	-	20.89
	(b) Foreign Currency Term Loans from Banks		
	RBL Bank Limited TL	**96.85**	388.48
	(c) Hire Purchase Loans from Banks	**11.59**	5.92
	Total	**1,418.85**	**1,528.28**
	Amount disclosed under the head "Current Borrowings"	**(1,418.85)**	**(1,528.28)**
	Total	**-**	**-**

18.1.1 Security Terms

Term Loans

(a) New term loan amounting to Rs 4,000.00 lakhs availed from HDFC bank to reconstruct a old corrosive production block apart from increase in capacity. The Company has availed disbursement of Rs.3,076.46 Lakhs during the year under review.

(b) Term Loan availed from Export-Import Bank of India and HDFC Bank are secured by first charge of all movable and immovable fixed assets both present and future on pari-passu basis. They are further secured by second charge of all current assets both present and future on pari-passu basis. These facilities are guaranteed by Sri TVVSN Murthy, Managing Director and Sri. T.V.Praveen, Executive Director of the Company in their personal capacity.

(c) Term Loan GECL (Guaranteed Emergency Credit Line) availed from Export-Import Bank of India and RBL Bank are Guaranteed by National Credit Guarantee Trustee, secured by second charge of all movable and immovable fixed assets and current assets both present and future on pari-passsu basis. These facilities are also guaranteed by Sri TVVSN Murthy, Managing Director and Sri T.V.Praveen, Executive Director of the Company in their personal capacity.

Foreign Currency Term Loans from Banks

(d) New ECB Loan availed amounting to Rs, 1,978.00 Lakhs from RBL Bank to construct Pharma block at Mahi Drugs private limited a subsidiary

(e) ECB Loan availed from RBL Bank is secured by Exclusive charge of all movable and immovable fixed assets both present and future and all current assets both present and future of Mahi Drugs private limited a subsidiary and guaranteed by Sri TVVSN Murthy and Sri T.V.Praveen, as Directors of the Subisidiary Company, in their personal capacity. It was further Guaranteed with Corporate Guarantee of the Haleos Labs Limited, Holding Company

Notes to the Consolidated Financial Statements

(All amounts ina Indian Rupees in Lakhs, unless otherwise stated)

Hire Purchase Loan

(f) New Hire Purchase Loan availed from Kotak Mahindra Bank Ltd, for purchase of vehicle.

(g) Hire Purchase Loans availed from Kotak Mahindra Bank Ltd, are secured by the respective vehicles.

(h) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 38.

18.1.2 Details of loans availed from banks

Name of the Bank	Out-standing March 31, 2026	Out-standing March 31, 2025	Sanc-tioned Amount	No. of Instalments	Commence-ment of instal-ments	Effective interest rate
HDFC Bank Limited -I (HDFC)	1,493.67		3,000.00	20 quarterly instalments of ₹ 149.58 Lakhs	November 2023	8.25%
HDFC Bank Limited -II (HDFC)	3,076.46	598.32	4,000.00	20 quarterly instalments of ₹ 200.00 Lakhs	December 2026	8.25%
Export Import Bank of India (EXIM)	97.42	497.42	2,000.00	24 quarterly instalments ranging from ₹ 25 Lakhs to ₹ 100 Lakhs	February 2020	9.50%
Export Import Bank of India (EXIM)	114.67	229.34	344.00	36 Monthly instalments of ₹ 9.56 Lakhs	April 2024	8.55%
RBL Bank Limited (RBL)	-	20.89	752.00	36 Monthly instalments of ₹ 20.89 Lakhs	April 2022	7.85%
RBL Bank Limited (RBL) FCL Loan	96.85	484.22	1,942.36	24 quarterly instalments ranging from ₹ 48.56 Lakhs to ₹ 97.12 Lakhs	September 2020	9.40%
RBL Bank Limited (RBL) FCL Loan	1,477.60	-	1,977.80	20 Quarterly instal-ments of ₹ 98.89 Lakhs	April 2027	8.40%
Kotak Mahindra Bank Limited (Kotak)	57.98	34.24	65.40	60 quarterly instalments ranging from ₹ 0.88 Lakhs to ₹ 1.32 Lakhs	February 2025 March 2026	8.00%

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

18.3 Debt Reconciliation as required by Ind AS -7, Statement of Cash Flows

Particulars	As at 31st March, 2026	As at 31st March, 2025
Opening Borrowings	**1,826.79**	3,314.50
Add: Opening Current Maturities	**1,528.28**	1,780.49
Add: Amortisation of Transaction Cost	**(3.40)**	4.65
Add: Received during the year	**4,591.80**	35.42
Less: Paid during the year	**(1,528.83)**	(1,780.00)
Closing Borrowings	6,414.64	3,355.07
Less: Closing Current Maturities	1,418.85	1,528.28
Non Current Borrowings as per Balance Sheet	**4,995.79**	**1,826.79**

19 Provisions

Employee Benefit Obligations		
Non Current		
Gratuity	**357.90**	390.72
Leave Encashment	**135.45**	122.53
Sub Total	**493.35**	**513.25**
Current		
Gratuity	**142.07**	118.88
Leave Encashment	**46.82**	43.17
Sub Total	**188.89**	**162.05**
Total		
Gratuity	**499.97**	509.60
Leave Encashment	**182.27**	165.70
Grand Total	**682.24**	**675.30**

19.1 For details of Post Employment Benfits. Refer Note 37.

20 Deferred Tax Liabilities (net)

The balance comprises Temporary Differences attributable to:

Particulars	As at 31st March, 2026	As at 31st March, 2025
(a) Deferred Tax Liability		
(i) Property, Plant and Equipment	**2,842.77**	2,577.54
(ii) Others	**54.18**	72.40
Total	**2,896.95**	**2,649.94**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

		Particulars	As at 31st March, 2026	As at 31st March, 2025
(b)	**Deferred Tax Asset**			
	(i)	Expenses allowable on Payment basis	**199.03**	206.01
	(ii)	MAT Credit Entitlement	**21.35**	1.35
	(iii)	Carry forward losses	**996.83**	961.37
	(iv)	Other Items giving raise to temporary differences	**392.37**	407.45
		Total	**1,609.58**	**1,576.18**
	Net Deferred Tax Liabilities (a)-(b)		**1,287.37**	**1,073.76**

(c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Other Items	Total
As at 31st March, 2024	**2,360.70**	**91.85**	**2,452.55**
Charged/(Credited)	216.84	(19.45)	197.39
As at 31st March, 2025	**2,577.54**	**72.40**	**2,649.94**
Charged/(Credited)	265.23	(18.22)	247.01
As at 31st March, 2026	**2,842.77**	**54.18**	**2,896.95**

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on Payment basis	MAT Credit Entitlement	Carryforwarded Losses	Other Items	Total
As at 31st March, 2024	**200.20**	**1.35**	**776.25**	**270.38**	**1,248.18**
Charged/(Credited)	5.81	-	185.12	137.07	328.00
As at 31st March, 2025	**206.01**	**1.35**	**961.37**	**407.45**	**1,576.18**
Charged/(Credited)	(6.98)	20.00	35.46	(15.08)	33.40
As at 31st March, 2026	**199.03**	**21.35**	**996.83**	**392.37**	**1,609.58**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	As at 31st March, 2026	As at 31st March, 2025
21	**Current Borrowings**		
	Secured		
	Working Capital Loans from Banks		
	- RBL Bank Ltd	**2,826.79**	3,358.14
	- HDFC Bank	**1,643.82**	1,688.25
	Current Maturities of Long term Debt	**1,418.85**	1,528.28
	Total	**5,889.46**	**6,574.67**

21.1.1 Security Terms

(a) Working capital facility sanctioned by RBL Bank Limited for an amount of Rs 3,000.00 Lakhs and Rs 3,000.00 lakhs sanctioned by HDFC Bank are secured by first charge on all current assets both present and future on pari-passu basis. These facilities are further secured by way of second charge on pari-passu basis of all movable and immovable fixed assets of the company both present and future and also guaranteed by Sri TVVSN Murthy, Managing Director and Sri T.V.Praveen, Executive Director of the Company in their personal capacity

(b) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 38.

21.1.2 Rate of Interest:

(a) RBL Bank Limited working capital loan carries an interest rate of 9.50% p.a

(b) HDFC Bank Limited working capital loan carries an interest rate of 8.65% p.a

21.1.3 Repayment Terms: The above working capital facilities are repayable on demand and subject to renewal every year.

21.1.4 The quarterly returns of current assets filed by the Group with banks are in agreement with the books of account.

21.2 Debt Reconciliation as required by Ind AS -7, Statement of Cash Flows

Particulars	As at 31st March, 2026	As at 31st March, 2025
Opening Balance	**5,046.39**	4,676.14
Increase / (Decrease) in funding	**(575.78)**	370.25
Current Borrowings as per Balance Sheet	**4,470.61**	**5,046.39**

21.3 Maximum Utilisation of Working Capital loans during the year ended 31st March, 2026 is Rs 4,356.16 Lakhs (Previous Year Rs. 4,661.00 Lakhs)

21.4 Average Utilisation of Working Capital Loans during the year ended 31st March, 2026 is Rs 3,901.07 Lakhs (Previous Year Rs.4,285.00 Lakhs)

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars			As at 31st March, 2026	As at 31st March, 2025
22	**Trade Payables**			
	(a)	Creditors for Supply of Materials		
		(i) Due to Micro and Small Enterprises	**104.59**	120.36
		(ii) Other than Micro and Small Enterprises	**6,036.02**	5,206.62
		Total	**6,140.61**	**5,326.98**

Trade Payables valued at amortised cost

Total Outstanding dues to creditors other than Micro and Small Enterprises	**5,939.14**	5,206.62
Outstanding dues to related parties	**96.88**	-
Total	**6,036.02**	5,206.62
Total outstanding dues to Micro and Small Enterprises	**104.59**	120.36
Total	**6,140.61**	**5,326.98**

Terms and conditions of the above financial liabilities:

Trade Payables are non-interest bearing, Refer Note 49 for Interest payable to Micro and Small Enterprises

For explanations on the company's credit risk management processes, refer note 42

Trade payables ageing schedule for the year ended 31st March, 2026

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Micro and Small Enterprises	104.59			-	104.59
ii) Others	6,034.87	1.12	0.03	-	6,036.02
iii) Disputed dues-MSE & others					-
Total	**6,139.46**	**1.12**	**0.03**	**-**	**6,140.61**

Trade payables ageing schedule for the year ended 31st March, 2025

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Micro and Small Enterprises	120.36			-	120.36
ii) Others	5,198.51	7.97	0.08	0.06	5,206.62
iii) Disputed dues-MSE & others	-	-	-	-	-
Total	**5,318.87**	**7.97**	**0.08**	**0.06**	**5,326.98**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	As at 31st March, 2026	As at 31st March, 2025
23	**Other Financial Liabilities**		
	Current		
	Creditors for Expenses	**858.76**	815.84
	Capital Creditors	**816.13**	461.45
	Interest Accrued but not due	**31.03**	22.64
	Unclaimed Dividend	**1.46**	1.15
	Total	**1,707.38**	**1,301.08**
24	**Other Current Liabilities**		
	Statutory dues Payable	**105.30**	100.48
	Advance from Customers	**1,497.02**	662.36
	Employee Benefits Payable	**11.50**	13.66
	Total	**1,613.82**	**776.50**

24.1 Advance from customers includes an amount of Rs 446.96 Lakhs (Previous year Rs.536.82 Lakhs) received from related party Refer Note 44

Note No.	Particulars	Current Year 2025-26	Previous Year 2024-25
25	**Revenue from Operations**		
	(a) Sale of Goods	**34,105.90**	36,189.93
	Less: Goods and Service Tax	**(3,884.13)**	(3,887.58)
	Net Revenue from Sales	**30,221.77**	**32,302.35**
	(b) Sale of Services		
	(i) Conversion Charges	**1,528.77**	1,610.68
	Less: Goods and Service Tax	**(197.70)**	(234.80)
	Net Revenue from Services	**1,331.07**	**1,375.88**
	(c) Other Operating Income		
	Other Operating Income	**1,735.11**	732.64
	Export Incentives	**91.50**	61.48
		1,826.61	**794.12**
	Total Net Revenue from Operations (a+b+c)	**33,379.45**	**34,472.35**

25.1 Revenue from opeartions includes an amount of Rs 2,191.13 Lakhs, (Previous year Rs 2532.72 Lakhs) sale of goods and services to related parties. Refer Note 44

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

25.2 Reconciliation of revenue recognised with contract price

Particulars	Current Year 2025-26	Previous Year 2024-25
Revenue as per the contracted price	**33,961.68**	34,564.01
Adjusted for:		
Less: Sales returns, rebates, fees and discounts	**(582.23)**	(91.66)
Total revenue from operations	**33,379.45**	**34,472.35**

25.3 Disaggregation of Revenue

The following table shows the distribution of the Group's revenue based on the geographical location of the customers:

Region	Current Year 2025-26	Previous Year 2024-25
Within India	**20,859.40**	20,709.52
Outside India	**12,520.05**	13,762.83
Total revenue from operations	**33,379.45**	**34,472.35**

25.4 Timing of Revenue Recognition	Current Year 2025-26	Previous Year 2024-25
Goods transferred at a point in time	**30,313.27**	32,363.83
Services transferred at a over the time	**3,066.18**	2,108.52
Total	**33,379.45**	**34,472.35**

25.5 Details of Contract Liabilities

Particulars	Current Year 2025-26	Previous Year 2024-25
Contract liabilities (refer note 24)	**1,497.02**	662.36
Total	**1,497.02**	**662.36**

The Contract liabilities are primarily relate to advance consideration received from customers for sale of products, for which revenue is recorded at a point in time. The amount of Rs. 231.73 Lakhs (Previous year Rs. 465.21 Lakhs) included in contract liabilities as at 31st March, 2025 has been recognised as revenue in the current year.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2025-26	Previous Year 2024-25
26	**Other Income**		
	(a) Interest Income	**37.18**	30.76
	(b) Profit on Sale of Assets	**-**	5.95
	(c) Net Gain on Foreign Exchange	**9.46**	159.22
	(d) Miscellaneous Income	**196.70**	290.08
	Total	**243.34**	**486.01**

26.1 Miscellanious income includes an amount of Rs 39.63 Lakhs, (previous yeae Nil) represents reversal of provision for doubtful debts.

26.2 Miscellanious income includes an amount of Rs 3.60 Lakhs, (Previous year Rs 3.60 Lakhs) rent received from related parties. Refer Note 44

Note No.	Particulars	Current Year 2025-26	Previous Year 2024-25
27	**Cost of Materials Consumed**		
	Raw Materials		
	Stock at the Beginning of the Year	**2,676.83**	3,665.68
	Add: Purchases	**15,006.67**	13,724.86
	Less: Stock at the End of the Year	**(3,014.08)**	(2,699.78)
	Total Materials Consumed	**14,669.42**	**14,690.76**

27.1 Purchases includes an amount of Rs 318.43 Lakhs, (Previous year Rs 128.12 Lakhs) from related parties. Refer Note 44.

Note No.	Particulars	Current Year 2025-26	Previous Year 2024-25
28	**Changes in Inventories**		
	(a) Opening Stock of Inventory:		
	Finished Goods	**2,231.44**	2,527.17
	Stock in Process	**1,762.00**	1,881.48
	Sub Total (a)	**3,993.44**	**4,408.65**
	(b) Closing Stock of Inventory		
	Finished Goods	**3,028.15**	2,231.44
	Stock in Process	**1,783.74**	1,762.00
	Sub Total (b)	**4,811.89**	**3,993.44**
	(Increase)/Decrease in Stocks (a) - (b)	**(818.45)**	**415.21**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2025-26	Previous Year 2024-25
29	**Manufacturing Expenses**		
	Power and Fuel	**3,167.51**	3,049.48
	Consumable Stores	**376.16**	342.54
	Testing Charges	**147.32**	116.58
	Water Charges	**185.66**	203.44
	Conversion Charges	**1,493.22**	1,403.96
	Effluent Treatment Charges	**398.90**	462.83
	Repairs and Maintenance		
	to Plant & Machinery	**620.90**	699.35
	to Buildings	**93.45**	129.80
	Factory Maintenance	**159.46**	147.07
	Total	**6,642.58**	**6,555.05**

29.1 Conversion charges includes an amount of Rs 1,464.47 lakhs, (Previous year Rs 1,376.38 Lakhs) services availed from related parties. Refer Note 44

Note No.	Particulars	Current Year 2025-26	Previous Year 2024-25
30	**Employee Benefit Expenses**		
	Salaries, Wages and Bonus	**5,534.34**	4,966.07
	Managerial Remunaration	**322.04**	359.63
	Contribution to Provident Fund	**303.58**	285.42
	Contribution to ESI	**9.85**	10.28
	Staff Welfare Expenses	**368.44**	332.38
	Total	**6,538.25**	**5,953.78**
31	**Finance Cost**		
	Interest on Non Current Borrowings	**217.84**	387.40
	Interest on Current Borrowings	**356.06**	410.98
	Interest on Others	**28.42**	41.65
	Bank Charges	**42.20**	31.23
	Total	**644.52**	**871.26**
32	**Depreciation and Amortisation Expense**		
	Depreciation on Property, Plant and Equipment	**1,481.86**	1,432.94
	Right of use of Assets	**62.68**	62.68
	Amortisation of Intangible Assets	**2.34**	4.05
	Total	**1,546.88**	**1,499.67**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2025-26	Previous Year 2024-25
33	**Other Expenses**		
	Rent	**5.64**	5.95
	Rates and Taxes	**54.16**	41.36
	Repairs & Maintenance to other Assets	**20.11**	16.91
	Insurance	**114.42**	113.16
	Travelling and Conveyance	**47.55**	69.62
	Communication Expenses	**15.07**	12.75
	Printing and Stationery	**87.31**	69.14
	Auditors Remunaration (note 33.1)	**19.10**	19.10
	Vehicle Maintenance	**102.74**	97.04
	Interest on Indirect Taxes	**9.80**	5.73
	Loss on Sale of Assets	**0.12**	2.84
	General Expenses	**190.97**	180.76
	Business Promotion Expenses	**115.33**	82.35
	Sales Commission	**108.74**	177.05
	Regulatory Filing Fee	**219.98**	244.55
	Carriage Outward	**365.03**	372.31
	Packing Material	**271.50**	300.03
	Provision for Doubtful Debts	**-**	505.99
	Bad Debts Writtenoff	**9.91**	-
	Fixed Asset Written off	**78.22**	-
	Corporate Social Responsbility	**44.25**	37.00
	Total	**1,879.95**	**2,353.64**
33.1	**Details of payment to Auditors**		
	Statutory Audit Fee	**15.00**	15.00
	Tax Audit Fee	**4.00**	4.00
	Others	**0.10**	0.10
	Total	**19.10**	**19.10**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2025-26	Previous Year 2024-25
33.2	**Corporate Social Responsibility Expenditure**		
	As per provisions of the Companies Act, 2013, amount required to be spent by the Company during the year is Rs.43.43 Lakhs (Previous Year Rs.36.89 Lakhs).		
	(i) Construction / acquisition of Assets.	**39.00**	28.64
	(ii) Others	**5.25**	8.36
	Total Amount spent during the year	**44.25**	**37.00**
	Amount spent against previous year obligation	-	-
	Setoff from Previous Years	**0.20**	0.09
	Total	**44.45**	**37.09**
	Amount required to be spent as per section 135 of the Companies Act, 2013	**43.43**	36.89
	Amount Carried forward to subsequent years	**1.02**	**0.20**
34	**Income Tax Expenses**		
	Current Tax		
	Current Tax on Profits for the Year	**570.00**	900.00
	Adjustments for Current Tax of Prior Years	**(17.81)**	(18.86)
	MAT Credit Entitlement	**(20.00)**	
	Total Current Tax	**532.19**	**881.14**
	Deferred Tax		
	Increase(Decrease) in Deferred Tax Liabilities	**247.01**	197.39
	Decrease(increase) in Deferred Tax Assets	**(33.40)**	(328.00)
	Acturial (Gain)/Loss	**(6.19)**	(4.78)
	Total Deferred Tax Expense/(Benefits)	**207.42**	**(135.39)**
	Total Tax Expenses	**739.61**	**745.75**
	There are no unrecognised Defered Tax Assets or Defered Tax Liabilites as at 31st March, 2026 and 31st March, 2025		
34.1	**Income Tax Recognised in Statement of Profit and Loss**		
	(a) Profit Before Income Tax Expenses	**2,519.64**	2,618.99
	(b) Enacted Tax Rate in India	**29.12%**	29.12%
	(c) Expected Tax Expenses (a)x(b)	**733.72**	**762.65**
	(d) Tax Effect of :		
	Expenses not allowable under Tax Laws	**38.20**	19.94
	Adjustment for allowable Expenses under Tax Laws	**(10.51)**	(6.01)
	Tax expenses of Earlier Years	**(17.81)**	(18.86)
	Others	**(3.99)**	(11.97)
	Total Adjustments	**5.89**	**(16.90)**
	Curent Tax Expenses as per Profit & Loss	**739.61**	**745.75**
	Effective Tax Rate	**29.35%**	28.47%

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note No.	Particulars	Current Year 2025-26	Previous Year 2024-25
35	**Other Comprehensive Income**		
	Actuarial Gain/(Loss) on Post Employment Benefit Expenses	**(16.86)**	(19.51)
	Return on Plan Assets excluding net interest	**1.34**	1.64
		(15.52)	**(17.87)**
	Deferred Taxes on above	**4.38**	4.78
	Net Comprehensive Income	**(11.14)**	**(13.09)**
36	**Earnings Per Share (Basic and Diluted)**		
	(a) Net profit	**1,731.20**	2,010.90
	(b) Number of equity shares	**30,23,287**	30,23,287
	(c) Earnings Per Share	**57.26**	66.51

37 Post Employment Benefits

37.1 Defined Contribution Plans

37.1.1 Employer's Contribution to Provident Fund:

Contributions are made to a provident fund in India for employees in accordance with the requirements of Employees' Provident funds and Miscellaneous Provisions Act, 1952 and applicable provisions of Code on Social Security, 2020 and rules thereunder. The contributions are made to registered provident fund administered by the government. This obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards this defined contribution plan is Rs.303.58 Lakhs (Previous Year Rs.285.42 Lakhs).

37.1.2 Employer's Contribution to State Insurance Scheme:

Contributions are made to State Insurance Scheme in India for employees in accordance with the requirements of Employees' State Insurance Act, 1948 and applicable provisions of Code on Social Security, 2020 and rules thereunder. The contributions are made to Employees State Insurance Corporation(ESIC) of the government. This obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards this defined contribution plan is Rs.9.85 Lakhs (Previous Year Rs.10.28 Lakhs).

37.2 Defined Benefit Plans

The Group has a defined benefit gratuity plan governed by Payment of Gratuity Act, 1972 and applicable provisions of Code on Social Security, 2020 and rules thereunder. Every Employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of Service. The Scheme is funded through a policy with Life Insurance Corporation of India (LIC).

The Company has a defined benefit Compensated Absence Plan governed by the Factories Act, 1948 and applicable provisions of Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code). Every Employee who has worked for a period of 240 days or more during a calendar year shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated as per Act.

The following table summarise net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance Sheet for both the plans:

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	31st March, 2026		31st March, 2025	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
37.2.1 Net Employee Benefit Expense				
(recognised in Employee Benefit Expenses)				
Current Service Cost	**78.42**	**45.72**	73.60	49.42
Interest Cost	**29.03**	**9.75**	28.80	8.57
Contribution Paid	**(94.61)**	**(3.70)**	(70.62)	(6.39)
Acturial Gain/(Loss) other than OCI	**-**	**(35.20)**	-	(30.28)
Net Employee Benefit Expenses	**12.84**	**16.57**	**31.78**	**21.32**
37.2.2 Other Comprehensive Income				
Acturial Gain/(Loss)	**(23.82)**	**-**	(19.51)	-
Actual return on plan asset	**1.34**	**-**	1.64	-
Total Acturial (Gain)/Loss recognized in (OCI)	**(22.48)**	**-**	(17.87)	-
37.2.3 Amount recognised in the Balance Sheet				
Defined Benefit Obligation	**791.22**	**182.27**	742.01	165.70
Fair Value of Plan Assets	**(291.25)**	**-**	(232.41)	-
	499.97	**182.27**	**509.60**	**165.70**
37.2.4 Change in the Present Value of the Defined Benefit Obligation				
Opening Defined Benefit Obligation	**742.01**	**165.70**	673.77	144.37
Current Service Cost	**78.42**	**45.72**	60.50	49.42
Interest Cost	**46.23**	**9.75**	55.77	8.57
Benefits Paid	**(51.63)**	**(3.70)**	(28.53)	(6.39)
Net Acturial (gain)/ losses on Obligation for the year recognised under OCI	**(23.82)**	**(35.20)**	(19.50)	(30.27)
Closing Defined Benefit Obligation	**791.21**	**182.27**	**742.01**	**165.70**

Notes to the Consolidated Financial Statements
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	31st March, 2026		31st March, 2025	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
37.2.5 Change in the Fair Value of Plan Assets				
Opening Fair Value of Plan Assets	**232.41**	-	178.08	-
Return on Plan Assets Excluding Interest Income	**(1.35)**	-	(1.64)	-
Interest Income	**17.21**	-	13.88	-
Contributions	**94.61**	-	70.62	-
Benefits Paid	**(51.63)**	-	(28.53)	-
Closing Fair Value of Plan Assets	**291.25**	-	**232.41**	-
37.2.6 Acturial (Gain)/Loss on Obligation				
Due to Demographic Assumption	-		-	
Due to Financial Assumption	**(52.01)**		10.98	
Due to Experience	**28.19**		(30.49)	
Total Acturial (Gain)/Loss	**(23.82)**	-	**(19.51)**	-

37.2.7 The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	31st March, 2026	31st March, 2025
*Fund managed by Life Insurance Corporation of India (Unquoted)	**100%**	100%

*Fund is managed by LIC as per IRDA guidelines, category-wise composition of the plan assets is not available.

Expected Return on Assets is based on rate of return declared by fund managers.

37.2.8 Acturial Assumptions for estimating Company's Defined Benefit Obligation:

Particulars	31st March 2026	31st March 2025
Discount rate	**7.60%**	**6.77%**
Attrition Rate	**2.00%**	**2.00%**
Expected rate of increase in Salary	**2.00%**	**2.00%**
Mortality Table	**IALM (2012-14) Ult.**	**IALM (2012-14) Ult.**
Expected average remaining Service (Yrs)	**16.51**	**16.77**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(a) Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

(b) Plan assets does not comprise any of the Company's own financial instruments or any assets used by the Company. The Company has the plan covered under a policy with the Life Insurance Corporation of India.

(c) The Significant acturial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. However, the impact of these changes is not ascertained to be material by the management.

37.2.9 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	31st March, 2026	31st March, 2025
Defined Benefit Obligation	**499.97**	509.60
Effect of 1% change in assumed discount rate on defined benefit obligation		
Increase : +1%	**737.24**	688.85
Decrease: -1%	**853.55**	803.63
Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
Increase : +1%	**853.80**	803.35
Decrease: -1%	**736.27**	688.30

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant acturial assumptions, the same method (Projected Unit Credit Method) has been applied while calculating the defined benefit liability recognised within the Balance Sheet.

37.2.10 Other Information

(i) Expected rate of return basis

EROA is the discount rate as at previous valuation date as per the accounting standard

(ii) Description of Plan Assets and Reimbursement Conditions

100% of the Plan Asset is entrusted to LIC of India under their Group Gratuity Scheme. The reimbursement is subject to LIC's Surrender Policy

(iii) Discount Rate

The discount rate has increased from 6.77% to 7.60% and hence there is an increase in liability leading to actuarial loss due to change in discount rate.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(iv) Present Value of Defined Benefit Obligation:

Present value of the defined benefit obligation is calculated by using Projected Unit Credit Method (PUC Method). Under the PUC Method, a "projected accrued benefit" is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the Plan. The "Projected accrued benefit" is based on the Plan's accrual formula and upon service as of the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the acturial present value of the " Projected accrued benefits" as of the begining of the year for active members.

(v) Expected Average remaining service vs. Average remaining future service:

The average remaining service can be arithmetically arrived by deducting current age from normal retirement age whereas the expected average remaining service is arrived acturially by applying multiple decrements to the average remaining future service namely mortality and withdrawals. Thus, the expected average remaining service is always less than the average remaining future service.

(vi) Current and Non Current Liability:

The total of current and non-current liability must be equal with the total of PVO (Present Value Obligation) at the end of the period plus short term compensated liability if any. It has been classified in terms of " Schedule III" of the Companies Act, 2013.

(vii) Defined Benefit Liability and Employer Contributions

The Company has purchased insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company. The company considers that the contribution rate set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs will not increase significantly.

The Weighted Average duration of the defined benefit obligation is 7.45 years (Previous year 7.72 years). The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	31st March, 2026	31st March, 2025
1st Year	**142.06**	118.88
2nd Year	**40.85**	39.81
3rd Year	**50.30**	48.86
4th Year	**88.15**	46.64
5th Year	**47.58**	76.37
beyond 5th Year	**342.65**	314.64

Notes to the Consolidated Financial Statements
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

37.2.11 Risk Exposure

Though it is defined benefit plan, the company is exposed to a number of risks, the most significant of which are detailed below:

(a) Investment / Interest Risk:

The Company is exposed to Investment / Interest risk if the return on the invested fund falls below the discount rate used to arrive at present value of the benefit.

(b) Longevity Risk:

The Company is not exposed to risk of the employees living longer as the benefit under the scheme ceases on the employee separating from the employer for any reason.

(c) Risk of Salary Increase

The Company is exposed to higher liability if the future salaries rise more than assumption of salary escalation.

38 Assets pledged as Security

For Non Current Borrowings

Term Loans are Secured by First Charge on Property, Plant and Equipment and Second Charge on Current Assets.

For Current Borrowings

Secured by First Charge on Current Assets and Second Charge on Property, Plant and Equipment.

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings of Rs. 10,916.28, Lakhs (Previous year Rs.8,424.10 Lakhs) are as follows:

Particulars	31st March, 2026	31st March, 2025
Property, Plant and Equipment	26,654.18	23,002.41
Current Assets	16,310.55	15,057.37
Total Assets Pledged as Security	**42,964.73**	**38,059.78**

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

39 Research and Development

39.1 Details of Revenue Expenditure:

Particulars	31st March, 2026	31st March, 2025
Salaries & Wages	**387.05**	366.85
Materials Consumed	**49.58**	55.95
Repairs and Maintenance	**49.96**	46.56
Power and Fuel	**24.01**	23.69
Testing and analysis charges	**49.54**	15.12
Rates and Taxes	**3.28**	4.64
General Expenses	**19.13**	26.17
Total	**582.55**	**538.98**

39.1.1 The above expenditure were included in the respective heads of the total expenditure of the Group.

39.2 Details of Property, Plant and Equipment:

	Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Gross Carrying Value						
1	As at 31st March, 2024 (1+2)	117.76	361.79	26.50	24.26	0.71	531.02
2	Additions	7.33	80.38	4.26	1.67		93.64
3	As at 31st March, 2025 (1+2)	125.09	442.17	30.76	25.93	0.71	624.66
4	Additions		86.00	0.52	1.98		88.50
5	**As at 31st March, 2025 (3+4)**	**125.09**	**528.17**	**31.28**	**27.91**	**0.71**	**713.16**
	Depreciation						
6	As at 31st March, 2023	7.58	90.63	3.53	16.68	0.30	118.72
7	Charge for the Year	4.29	37.90	2.72	3.41	0.08	48.40
8	As at 31st March, 2024 (6+7)	11.87	128.53	6.25	20.09	0.38	167.12
9	Charge for the Year	4.35	44.88	2.95	3.62	0.09	55.89
10	**As at 31st March, 2025 (8+9)**	**16.22**	**173.41**	**9.20**	**23.71**	**0.47**	**223.01**
	Net Carrying Value						
11	As at 31st March, 2023 (1-6)	110.18	271.16	22.97	7.58	0.41	412.30
12	As at 31st March, 2024 (3-8)	113.22	313.64	24.51	5.84	0.33	457.54
13	**As at 31st March, 2025(5-10)**	**108.87**	**354.76**	**22.08**	**4.20**	**0.24**	**490.15**

39.2.1 The above amounts were included in the respective heads of the Property Plant & Equipment of the Group.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Financial Instruments and Risk Management

40 Categories of Financial Instruments

Particulars	Notes	Level	As at 31st March, 2026		As at 31st March, 2025	
			Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial Assets						
a. Measured at fair value						
(i) Non Current						
(a) Investment in Equity Instruments	7	3	3.61	3.61	3.61	3.61
(b) Other Financial Assets	8	3	340.62	340.62	325.65	325.65
Sub - Total			**344.23**	**344.23**	**329.26**	**329.26**
(ii) Current						
(a) Trade Receivables	11	refer note 40.2	6,133.93	6,133.93	6,878.71	6,878.71
(b) Cash and Cash Equivalents	12		120.84	120.84	50.29	50.29
(c) Other Bank Balances	13		116.09	116.09	100.52	100.52
Sub - Total			**6,370.86**	**6,370.86**	**7,029.52**	**7,029.52**
Total Financial Assets			**6,715.09**	**6,715.09**	**7,358.78**	**7,358.78**
B. Financial Liabilities						
a. Measured at fair value						
(i) Non Current						
(a) Borrowings	18	3	4,995.79	4,995.79	1,826.79	1,826.79
(b) Lease Liabilities			80.97	80.97	173.92	173.92
			5,076.76	**5,076.76**	**2,000.71**	**2,000.71**
(ii) Current						
(a) Borrowings	21	refer note 40.2	5,889.46	5,889.46	6,574.67	6,574.67
(b) Trade Payables	22		6,140.61	6,140.61	5,326.98	5,326.98
(c) Other Financial Liabilities	23		1,707.38	1,707.38	1,301.08	1,301.08
(d) Lease Liabilities			87.59	87.59	65.47	65.47
			13,825.04	13,825.04	13,268.20	13,268.20
Sub - Total						
Total Financial Liabilities			**18,901.80**	**18,901.80**	**15,268.91**	**15,268.91**

40.1 The Group Principal Financial liabilities comprise Loans and Borrowings, Trade Payables and other Liabilities. The main purpose of these financial Liabilities is to Finance the Group Operations. The Group Principal Financial Assets include Advances, Trade and Other Receivables, Cash and Cah Equivalents, Bank balances that derive form its Operations.

40.2 The Carrying Amounts of Trade Payables, Other Financial Liabilities, Cash and Cash equivalents, Other Bank Balances, Trade Receivables and Other Financial Assets are considered to be the same as their fair values due to their short term nature.

40.3 The management has assessed that fair value of borrowings approximate to their carrying amounts largely since they are carried at floating rate of interest.

40.4 Other Non Current Financial Assets consits of certain non current portion relating to deposits with Government authorities where the fair value is considered to be the carrying value.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

41 Fair Value Measurements

41.1 Fair Value Hierarchy

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

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observables market data rely as little as possible on entry specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation techniques used to determine fair value:

Specific Valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of remaining financial instruments is determined using discounted cash flow analysis.

Valuation Process:

The Finance and accounts department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes, and report to the Board of Directors. The main Level 3 inputs are derived using the discounted cash flow analysis, Market Approach, Net Assets Value Method as applicable.

42 Financial Risk Management Objectives and Policies

Financial Risk Management Framework

The Company is exposed primarily to credit risk, liquidity risk and market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversley impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

42.1 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 concentration of credit risk principally consist of trade receivables, 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.

The Group 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 is adjusted for forward looking information. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

The Group's maximum exposure to credit risk as at 31st March, 2026 and 31st March, 2025 is the carrying value of each class of financial assets.

Notes to the Consolidated Financial Statements
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(i) Financial Instruments and Cash Deposits

For banks and financial institutions, only high rated banks/ institutions are accepted. Other Financial assets (excluding Bank deposits) majorily constitute deposits given to respective State electricity departments for supply of power, which the company considers to have negligible credit exposure. Counterparty credit limits are reviewed by the Management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(ii) Expected Credit Loss for Trade Receivables under simplified approach

For trade receivables, the group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Following are the Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	31st March, 2026	31st March, 2025
Gross Carrying Amount	6,762.03	7,546.44
Expected Credit Losses (Loss allowance Provision)	(628.10)	(667.73)
Net Carrying Amount of Trade Receivables	**6,133.93**	**6,878.71**

Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	Outstanding					Total
	< 6 months	6 months to 1 year	1-2 years	2-3 years	> 3 years	
Gross Carrying Amount	5,699.53	269.47	247.16	-	545.87	6,762.03
Expected Loss Rate	3.08%	3.08%	3.08%	-	79.94%	9.29%
Expected Credit Losses (Loss Allowance Provision)	175.79	8.31	7.62	-	436.38	628.10
Net Carrying Amount	**5,523.74**	**261.16**	**239.54**	**-**	**109.49**	**6,133.93**

Provision made for debtors outstanding morethan 3 years includes 100% provision made for specific party.

42.2 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 continously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

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

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
31st March, 2026					
Non Current Borrowings (including Current Maturities)	1,418.85	3,715.07	1,280.73		6,414.65
Current Borrowings	4,470.61				4,470.61
Trade Payables	6,140.61				6,140.61
Lease Liabilities	87.59	80.97			168.56
Other Financial Liabilities	1,707.38				1,707.38
Total	**13,825.04**	**3,796.03**	**1,280.73**	**-**	**18,901.81**
31st March, 2025					
Non Current Borrowings (including Current Maturities)	1,528.28	1,515.61	311.18		3,355.07
Current Borrowings	5,046.39				5,046.39
Trade Payables	5,326.98				5,326.98
Lease Liabilities	65.47	173.92			239.39
Other Financial Liabilities	1,301.08				1,301.08
Total	**13,268.20**	1,689.53	311.18	-	**15,268.91**

42.3 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. Market prices comprise three types of risk, currency rate risk, interest rate risk and other price risks such as equity risk. Financial instruments affected by market risk include loans and advances deposits investments in debt securities mutual funds and other equity funds.

(i) Interest Rate Risk

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

Particulars	Change in basis points		Effect on Profit before Tax	
	Increase	Decrease	Decrease	Increase
31st March, 2026	0.50%	0.50%	(54.43)	54.43
31st March, 2025	0.50%	0.50%	(42.01)	42.01

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

(ii) Foreign Currency Exchange Rate Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

The Company has transactional currency exposures arising from services provided or availed that are denominated in a currency other than the functional currency. The foreign currencies in which these transactions are denominated are mainly in US Dollars ($). The Company's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

(a) Details of Unhedged Foreign Currency Exposure:

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

Particulars	Currency	Amount in Foreign Currency	Amount in Rs.	Conversion Rate
31st March, 2026				
Trade Receivables	USD	**7.07**	**654.54**	**92.55**
Trade Receivables	EURO	**1.03**	**108.01**	**105.30**
Trade Advances Received	USD	**12.60**	**1,165.67**	**92.55**
Trade Payables	USD	**21.84**	**2,058.15**	**94.25**
31st March, 2025				
Trade Receivables	USD	**32.10**	**2,748.20**	**85.60**
Trade Receivables	EURO	**5.16**	**477.94**	**92.60**
Trade Advances Received	USD	**6.64**	**560.88**	**85.60**
Trade Payables	USD	**21.29**	**1,858.27**	**87.30**

(b) Foreign Currency Sensitivity

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

Particulars	Effect on Profit before Tax	
	31st March, 2026	31st March, 2025
Foreign Currency Sensitivity		
Rs/USD - Increases by 1%	**(24.24)**	**12.49**
Rs/USD - Decreases by 1%	**24.24**	**(12.49)**

(iii) Other Price Risk:

Other price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

43 Capital Management

For the purposes of the Group's Capital Management, capital includes issued equity capital, share premium 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 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 less than 1. The Group includes within net debt, borrowings including interest accrued on borrowings less cash and short term deposits.

Particulars	31st March, 2026	31st March, 2025
Borrowings including Interest Accrued	**10,916.28**	8,424.10
Less: Cash and Short Term Deposits	**(120.84)**	(50.29)
Net Debt	**10,795.44**	**8,373.81**
Equity	**302.33**	302.33
Other Equity	**21,052.45**	19,353.70
Total Equity	**21,354.78**	**19,656.03**
Gearing Ratio (Net Debt/Total Equity)	0.51	0.43

44 Related Party Transactions

(a) Key Management Personnel (KMP)

	Name	Relationship
(i)	**Executive Directors**	
	Sri TVVSN Murthy	Managing Director
	Sri. T V Praveen	Executive Director
	Smt .G.Sudeepthi	Whole-time Director
(ii)	**Non Executive Directors**	
	Sri.P Sarath Kumar	Independent Director
	Sri.Mannam Malakondaiah	Independent Director
	Sri.Srinivas Samavedam	Independent Director
	Smt. Sundaramma Patibandla	Independent Director
(iii)	**Others**	
	Sri N Rajendra Prasad	Chief Financial Officer
	Mr. Trupti Ranjan Mohanty	Company Secretary

(b) Enterprises overwhich KMP are able to Exercise Significant Influence:

Purogene labs Private Limited (Erstwhile R Chem (Somanahalli) Private Limited)

(c) Other Related parties with whom transactions have taken place during the current year and / or previous year:

SMS Pharmaceuticals Limited
Chemwerth INC

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(d) Transactions with Related Parties:

Name of the Company	31st March, 2026	31st March, 2025
	Amount	Amount
Key Management Personnel		
Remuneration (Short Term Employee Benefits)	358.21	393.86
Directors Sitting Fees	13.30	11.80
Enterprise with Significant Influence		
Purogene labs Private Limited		
Purchases of Goods	375.74	139.42
Purchase of Capital Goods	7.08	-
Purchase of Services	1,693.42	1,561.85
Sales of Goods	334.58	505.91
Sale of Capital Goods	0.24	23.33
Rent received	4.25	4.25
Other Related party		
Chemwerth Inc		
Sale of Goods	169.63	271.12
Sale of Services	25.14	8.05
SMS Pharmaceuticals Limited		
Sales of Goods	2,021.28	2,153.30
Purchase of Goods	0.54	4.20
Purchase of Capital Goods	-	3.54
Balance (Payable)/Receivable at the year end		
Key Management Personnel		
Remuneration Payable	17.20	59.00
Enterprise with Significant Influence		
Purogene labs Private Limited	(96.88)	105.22
Other Related party		
Chemwerth Inc	(446.96)	(536.82)
SMS Pharmaceuticals Limited	492.36	754.60

Note: i) The above transactions are in the ordinary course of business and are at arm's length price. Outstanding balances at the year-end are unsecured. Assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

ii) The above transactions are including GST wherever applicable.

iii) 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. Contribution to Provident Fund was also not included.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

45 Contingent Liabilities

Particulars	As at 31st March, 2026	As at 31st March, 2025
Guarantees issued by the Banks	**66.70**	66.70
Letter of credit opened in favor of suppliers for which goods are yet to be received	**112.69**	47.12
Disputed Income Tax Demands	**22.62**	22.62
Interest dues in respect of disputed demands of Income Tax	**107.13**	102.63
* Disputed Customs duty	-	81.60
* Interest dues in respect of disputed demand of Customs duty	-	509.98
# # IGST on Imports	**1,003.00**	1,003.00
Non Agricultural land Tax	**22.50**	22.50
Claims not acknowledged as debt	-	10.40
Penal Interest on Provident Fund	**7.52**	7.52
Electricity duty	**83.76**	38.43

***Customs Duty Issue for imports against advance authorisations**

Customs Department has raised demand for an amount of Rs 81.60 lakhs in the year 2000 for non fulfillment of export obligations by erstwhile Plant Organics Limited which was merged with SMS Phamaceuticals limited, demerged company vide BIFR order dated 28-08-2008 and vested with the company, vide NCLT, Hyderabad, demerger order dated 15-5-2017. Madras High Court has granted stay in 2011. During the year under reporting the Hon'ble High court has passed the order in favour of the Group, directed concerned department to waive the demand.

 # # IGST Exemption availed on Imports

The Group has received a Show Cause Notice from DRI, Kolkata for an amount of Rs.10.03 Crores IGST payable on imports saying that the company has violated the pre import condition while availing the IGST exemption on imports made against advance authorisations. The company has filed writ petition with Honourable High Court of Telangana and the said High Count has granted stay. Considering the facts of the case and based on the legal advise, liability has not been recognised in this regard.

46 Commitments

	Particulars	as at 31st March, 2026	as at 31st March, 2025
46.1	Capital Commitments	**1,144.25**	305.53
46.2	Export Obligations	**4,536.64**	4,239.28

47 Segment Information

(A) Basis for segmentation

TThe operations of the Group are limited to one segment viz. Pharmaceutical products including ingredients and intermediaries. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only. The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on aggregation of financial information of the Company on a periodic basis, for the purpose of allocation of resources and evaluation of performance. Accordingly, management has identified pharmaceutical segment as the only operating segment for the Group.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(B) Segment information for secondary segment reporting (by geographical segment)

The Group has reportable geographical segments based on location of its customers:

(i) Revenue from customers outside India – Exports

(ii) Revenue from customers (EOU) - Deemed Exports

(iii) Revenue from customers within India – Domestic

(iv) Revenue from Export Incentives

a) Revenues are attributed to geographical areas based on the location of the customers as detailed below:

Particulars	Current Year 2025-26		Previous Year 2024-25	
	Revenue	%	Revenue	%
Exports	**12,520.05**	**37.51%**	13,762.83	39.92%
Deemed Exports	**162.22**	**0.49%**	664.08	1.93%
Domestic	**20,605.69**	**61.73%**	19,983.96	57.97%
Export Incentive	**91.49**	**0.27%**	61.48	0.18%
Total	**33,379.45**	**100.00%**	**34,472.35**	**100.00%**

48 Payables to Micro and Small Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	as at 31st March, 2026	as at 31st March, 2025
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	**104.59**	120.36
(ii) Interest on payments beyond the appointed day paid to the suppliers during the year	**-**	-
(iii) Interest due and payable for the delay in making payment to suppliers during the year	**5.44**	10.51
(iv) Amount of interest accrued and remaining unpaid to suppliers at the end of the year	**-**	-
(v) Amount of further interest remaining due and payable to suppliers in succeeding years	**-**	-

The above 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 Group. This has been relied upon by the auditors.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

49 Additional Information, as required under schedule III to the Companies Act, 2013, of enterprises Consolidated as Subsidiary/Associates

Name of the Entity	Net Assets, i.e, total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated profit or loss	Amount
31st March, 2026								
Parent								
Haleos Labs Limited	82.57%	18,953.54	93.14%	1,657.95	23.97%	(2.67)	92.71%	1,660.62
Subsidiary								
Mahi Drugs Pvt Ltd	17.43%	4,002.07	6.86%	122.08	76.03%	(8.47)	7.29%	130.55
Total	**100.00%**	**22,955.61**	**100.00%**	**1,780.03**	**100.00%**	**(11.14)**	**100.00%**	**1,791.17**
31st March, 2025								
Parent								
Haleos Labs Limited	81.74%	17,333.12	118.37%	2,217.39	22.99%	(3.01)	117.71%	2,220.40
Subsidiary								
Mahi Drugs Pvt Ltd	18.26%	3,871.52	-18.37%	(344.15)	77.01%	(10.08)	-17.71%	(334.07)
Total	**100.00%**	**21,204.64**	**100.00%**	**1,873.24**	**100.00%**	**(13.09)**	**100.00%**	**1,886.33**

49.1 Salient features of financial statements of subsidiary/associates as per the Companies Act, 2013

Name of the Subsidiary	Mahi Drugs Pvt Ltd
Reporting Currency	Indian Rupees
Date of Incorporation	17th December, 2012

Particulars	31st March, 2026	31st March, 2025
Equity	707.26	707.26
Other Equity	3,294.81	3,164.26
Total Assets	11,854.74	9,839.86
Total Current Liabilities	6,284.99	5,779.03
Investments		-
Turnover/Total Income	6,019.89	4,324.33
Profit/(Loss) before taxation	120.25	(465.44)
Provision for Taxation	(1.83)	(121.29)
Proft/(Loss) after taxation	122.08	(344.15)
Proposed dividend	-	-
% Share holding	60.00%	60.00%

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

50 Other statutory information

i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property. There are no proceedings initiated or pending against the group as at 31st March 2026 under the prohibition of Benami Property transactions Act, 1988 and rules made there under.

ii) The Group does not have any transactions with companies struck off as per Section 248 of the companies Act, 2013 and Section 560 of the Companies Act, 1956

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

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

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

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

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

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

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

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

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

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

ix) The Group has not entered into any scheme of arrangements which has an accounting impact on current and previous financial year

x) The Group has not granted any loans or advances in the nature of loans to promoters, directors, KMP's and the related parties as defined under Companies Act, 2013.

xi) The Group has Complied with the relavant provisions of the Foreign Exchange Management Act 1999 and the companies act for the above transactions and the transactions are not violative of the Prevention of Money Laundering Act, 2002.

xii) The loans have been utilised for the purpose for which it was obtained and no short term funds have been used for long term purpose.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

51 **Subsequent Event**

No significant subsequent events have been observed till 29th May, 2026 which may require any additional disclosure or an adjustment to the consolidated financial statements.

52 Figures have been rounded off to the nearest rupees in Lakhs

53 Previous year figures have been regrouped and reclassified wherever considered necessary to confirm to this year's classifications.

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as per our report of even date
for RAMBABU & CO
Chartered Accountants
FRN 002976S

GVL PRASAD
Partner
M No. 026548

Place : Hyderabad
Date : 29-05-2026

for and on behalf of the Board of Directors of
Haleos Labs Limited

TVVSN MURTHY
Managing Director
DIN: 00465198

T V PRAVEEN
Executive Director
DIN: 08772030

TRUPTI R MOHANTY
Company Secretary
M No. F13407

N. RAJENDRA PRASAD
Chief Financial Officer
M.No.026567

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