

Independent Auditor's Report
To the members of SMS Peptides Private Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **SMS Peptides Private Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2025, the Statement of Profit and Loss for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025 and its loss for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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 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 financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.



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 Board's Report including Annexures to Board's Report, and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 financial statements that give a true and fair view of the financial position, financial performance in accordance with the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 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 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 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 dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the accounting standards under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - a) On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164(2) of the Act.



b) Since the Company's turnover as per last audited financial statements is less than Rs.50 Crores and its borrowings from banks and financial institutions at any time during the year is less than Rs.25 Crores, the Company is exempted from getting an audit opinion with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls vide notification dated June 13, 2017; and

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, no remuneration has been paid by the Company to its directors during the year. Accordingly, the provisions of section 197 of the Act with respect to the payment of managerial remuneration are not applicable.

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 does not have any pending litigations which would impact its financial position in its financial statements.
- ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign 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, 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.



(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 included test checks and information given to us, the company has used an accounting software for maintaining its books of account which has feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further during the course of audit, we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

- v. The Company has not declared or paid dividend during the year. Hence, the provisions relating to the compliance with section 123 of the Act are not applicable.
- vi. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the limit prescribed by section 197 for maximum permissible managerial remuneration is not applicable to a Private Limited Company.

Place: Hyderabad

Date: 09.05.2025

For Rambabu & Co.,
Chartered Accountants
Reg. No.002976S


GVL Prasad
Partner
M.No.026548



UDIN: 25026548BMLEPA5235

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 **SMS Peptides Private 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) The Company does not have any property, plant and equipment. Accordingly, the requirement to maintain proper records showing full particulars, including quantitative details and situation of property, plant and equipment is not applicable.
 - (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. However, during the year, the Company did not possess any such assets and hence, the question of physical verification does not arise.
 - (c) The Company does not have any immovable property during the year. Accordingly, the provisions relating to title deeds of immovable properties are not applicable.
 - (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 Company does not hold any inventory during the year. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
 - (b) According to the information and explanation given to us and on the basis of examination of the records of the Company, the Company has not 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. Hence, the reporting under this clause is not applicable.
- iii. During the year the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to



companies, firms, Limited Liability Partnerships or any other parties. Hence, other sub clauses under this clause 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 neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Act ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.
- 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, Service Tax, Customs Duty, Excise 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, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2025 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, 2025 on account of disputes.
- 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, company has not taken any term loans. Hence, the reporting under this clause is not applicable.
 - (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.



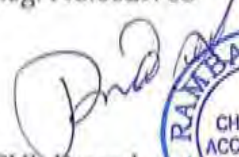
- (e) According to the information and explanation given to us by the management and examination of the records of the Company, the Company is not having investment in subsidiary company. Accordingly, provisions of the clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) According to the information and explanation given to us by the management and examination of the records of the Company, the Company is not having investment in subsidiary company. Accordingly, provisions of the clause 3(ix)(f) of the Order is 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 private placement of shares or fully or partly convertible debentures except for issue of shares at the time of incorporation. Accordingly, the provisions of section 42 and section 62 of the Companies Act, 2013 are 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) During the year the company has not received any whistle blower complaints (and upto the date of this report), while determining the nature, timing and extent of our audit procedures.
- 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 financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion the Company has no internal audit system. Hence, the reporting on consideration of internal audit reports is not applicable.
- 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.
- (d) 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 incurred cash losses during the financial year covered by our audit. Since this is the first year of operations, the question of cash loss in the immediately preceding financial year does not arise.
- 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. In our opinion and according to the information and explanations given to us, the provisions of CSR are not applicable to the Company. Accordingly, reporting under clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.
- xxi. The reporting under clause (xxi) of paragraph 3 of the Order is not applicable as the Company is not required to prepare consolidated financial statements.

Place: Hyderabad
Date: 09.05.2025

For Rambabu & Co.,
Chartered Accountants
Reg. No.002976S


GVL Prasad
Partner
M.No.026548



UDIN: 25026548BMLEPA5235

SMS PEPTIDES PRIVATE LIMITED
Notes to Financial statements

1. CORPORATE INFORMATION:

SMS Peptides Private Limited, (the 'company') is a company limited by shares, incorporated and domiciled in India incorporated under the Provisions of Companies Act, 2013 bearing CIN: U21000TS2024PTC190643. The Registered office of the company is at Plot No. 72, H. No: 8-2-334/3 & 4, 4th Floor, Road No. 5, Opp. SBI Executive Enclave, Banjara Hills, Hyderabad – 500034, India and R&D facility at Survey No. 186, 189 & 190, Gagillapur Village, Dundigal-Gandimaisamma Mandal, Medchal-Malkajgiri District., Telangana – 500 043, India. The company primarily engaged Contract Research Organization (CRO) Services on Peptides and to engage in the research & development and also such related impurities, synthesis, peptide-based generic pharmaceuticals, including but not limited to, peptide therapeutics, peptide diagnostics, and peptide-based drug delivery systems and other related activities.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using the accounting policies and measurement basis summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

(i) Statement of Compliance:

The financial statements of the Company comply in all material aspects with the Indian Accounting Standards as notified under section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules 2015 issued by Ministry of Corporate Affairs ('MCA') and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that is effective at the Company's annual reporting date, March 31, 2025. These Financial Statements for the Period ended March 31, 2025 were authorized and approved for issue by the Board of Directors on May 09, 2025.

(ii) Summary of Material Accounting Policies:

The financial statements have been prepared using the accounting policies and measurement basis summarized below. The Accounting Policies have been consistently applied to all the years presented, unless otherwise stated

(iii) Basis of Measurement:

The financial statements have been prepared on a historical cost basis and on accrual basis, except for the following material items in the balance sheet:

Long-Term borrowings are measured at amortised cost using the effective interest rate method.

Certain financial assets are measured either at fair value or at amortised cost depending on the classification.

Employee defined benefit assets/ (liabilities) 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.

2.2 CURRENT AND NON-CURRENT CLASSIFICATION:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the schedule III (Division II) to the companies Act, 2013 and Ind AS 1, Presentation of Financial Statements.

For SMS Peptides Private Limited

Director

SMS PEPTIDES PRIVATE LIMITED
Notes to Financial statements

ASSETS:

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

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

Held primarily for the purpose of trading;

Expected to be realised 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.

ii. Current assets include the current portion of non-current assets. All other Assets are classified as non-current.

LIABILITIES:

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

(ii) Current liabilities include the current portion of noncurrent liabilities. All Other liabilities are classified as non-current.

Deferred Tax Assets and Liabilities are always classified as non-current assets and liabilities.

The Operating Cycle is the time between the acquisition of assets for processing and their realisation in Cash and Cash Equivalents. The Company has identified Twelve months as its Operating Cycle.

2.3 REVENUE RECOGNITION:

Revenue is recognized upon transfer of control of promised products or services to customers in 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. Accounting policies relating to revenue for the periods are as follows:

(i) Revenue from Sale of Goods:

Revenue is recognized when the control of the goods has been transferred to a third party. This is usually when the title passes to the customer, either upon shipment or upon receipt of goods by the customer. At that point, the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

For SMS Peptides Private Limited


Director

SMS PEPTIDES PRIVATE LIMITED
Notes to Financial statements

In arriving at the transaction price, the Company considers the terms of the contract with the customers and its customary business practices. The transaction price is the amount of consideration the Company is entitled to receive in exchange for transferring promised goods or services, excluding amounts collected on behalf of third parties. The amount of consideration varies because of estimated rebates, returns and chargebacks, which are considered to be key estimates. Any amount of variable consideration is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur. The Company estimates the amount of variable consideration using the expected value method

(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 export made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

(iv) **Dividend Income:**

Dividends are recognised as other income in profit or loss when the right to receive payment is established, which is generally when shareholders approve the dividend.

(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).

2.4 FOREIGN CURRENCY TRANSACTIONS:

(i) **Functional and Presentation Currency:**

The standalone financial statements are presented in Indian Rupee ('INR' or '₹') which is also the functional 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 initial 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 the settlement of monetary items, or on reporting monetary items of company at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized in the statement of profit and loss in the year in which they arise.

(v) **Non-Monetary Items:**

Non-Monetary Items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

For SMS Peptides Private Limited


Director

SMS PEPTIDES PRIVATE LIMITED
Notes to Financial statements

2.5 PROPERTY, PLANT AND EQUIPMENT:

(i) Recognition and Initial Measurement:

Property, Plant and Equipment is initially recognized at their cost of acquisition. The cost comprises purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates.

Cost includes any directly attributable costs of bringing the asset to its working condition for the intended use by management and borrowing costs if recognition criteria are met.

Assets under installation or under construction as at the Balance Sheet date are stated at cost and 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 for its intended 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.

(ii) Subsequent Measurement (Depreciation and Useful Lives):

Depreciation on property, plant and equipment is provided on the straight-line basis over the useful lives as estimated by management which coincides with useful life prescribed in Schedule II to the Companies Act, 2013. Freehold land is not depreciated. 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. The residual values, useful lives and method of depreciation are reviewed at each financial year end by management based on the expected utility of the asset and adjusted prospectively, if appropriate.

(iii) 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.

(iv) 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.

(v) Capital work-in-progress:

Capital work-in-progress includes cost of property, plant and equipment under installation/construction as at the balance sheet date.

For SMS Peptides Private Limited



Director

SMS PEPTIDES PRIVATE LIMITED
Notes to Financial statements

(vi) **Impairment:**

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 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.

2.6 INTANGIBLE ASSETS:

(i) **Recognition and Initial Measurement:**

Intangible Assets are initially recognized at their cost of acquisition. The cost comprises purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates.

Cost includes any directly attributable costs of bringing the asset to its working condition for the intended use by management and borrowing costs if recognition criteria are met.

(ii) **Subsequent measurement (amortization):**

The cost incurred on Intangible Assets is amortized on straight line basis over a period of estimated useful life of 6 years in case of Computer Software and 4 years for Patents.

2.7 LEASES:

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

Company as a lessee

At the date of commencement of the lease, the company recognizes a right-of-use-asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and leases of low-value assets. Lease liabilities representing the lease payments to be made and right-of-use assets representing the right to control the use of underlying assets.

i) **Right-of-use assets:**

Right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any, and adjusted for any measurement of lease liabilities. Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and 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 of right to use asset reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Costs incurred relating to Right-of-use assets accounted by applying other applicable standards, such as Ind AS 16 and depreciated on straight line basis over the lease period.

ii) **Lease Liabilities:**

At the commencement date of the lease, lease liabilities initially recognized at amortized cost 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 by lessee under residual value guarantees. The lease payments also include the exercise price of a purchase option if the company is reasonably certain to be exercised that option and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

For SMS Peptides Private Limited


Director

SMS PEPTIDES PRIVATE LIMITED
Notes to Financial statements

In calculating the present value of lease payments, the Company uses its incremental borrowing rate being the rate that the company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions 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 re-measured if there is 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 in which underlying assets 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 or another systematic basis if that basis is more representative of the pattern of the benefit.

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.

Company as a Lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

2.8 INVENTORIES:

Raw material, packaging material, 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 Material, packaging material is determined using the weighted average cost method.

The carrying cost of raw materials, packing materials are appropriately written down to replacement cost if the finished products in which they will be incorporated are expected to be sold below cost.

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 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.

For SMS Peptides Private Limited


Director

SMS PEPTIDES PRIVATE LIMITED
Notes to Financial statements

2.9 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 purpose of the statement of Cash Flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they are being considered as integral part of the Company's cash management.

2.10 FINANCIAL INSTRUMENTS:

(i) Financial Assets

(a) 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.

(b) Subsequent measurement

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.

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 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.

(c) 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.

(d) Trade Receivables:

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognized initially at the transaction price as they do not contain significant financing components. 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.

For SMS Peptides Private Limited

Director

SMS PEPTIDES PRIVATE LIMITED
Notes to Financial statements

(ii) Financial liabilities

(a) 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.

(b) Subsequent Measurement:

These liabilities include borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

(c) 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.

(d) Loans and 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 noncash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

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.

(e) Trade and other Payables:

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other 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 amortised cost using the effective interest method

(iii) 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.

(iv) 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 realize the assets and settle the liabilities simultaneously.

For SMS Peptides Private Limited


Director

SMS PEPTIDES PRIVATE LIMITED
Notes to Financial statements

(v) **Impairment of Trade Receivables:**

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables.

For this purpose, the company follows a "simplified approach" for recognition of impairment loss allowance on the trade receivable balances. The application of this simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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.

As a practical expedient, the company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

(vi) **Impairment of 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.

If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

2.11 INCOME TAX:

Current Tax:

Tax expense comprises of current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with tax laws enacted or substantially enacted at the end of the reporting period. Current tax includes taxes to be paid on the profit earned during the year and adjustment to tax payable in respect of prior periods, if any.

Deferred 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 liabilities are recognized for all taxable temporary differences, except for the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses except for the deductible temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which the deductible temporary differences can be utilized. 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.

For SMS Peptides Private Limited


Director

SMS PEPTIDES PRIVATE LIMITED
Notes to Financial statements

The Carrying amount of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

2.12 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.

2.13 GOVERNMENT GRANTS:

Government grants are recognized at their fair value 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

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

2.14 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.

2.15 PROVISIONS:

Provisions are recognized when there is a present legal or constructive obligation 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.

For SMS Peptides Private Limited


Director

SMS PEPTIDES PRIVATE LIMITED
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Provision for litigation related obligation represents liabilities that are expected to materialize in respect of matters in appeal.

2.16 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 on or before the balance sheet date but not distributed at the balance sheet date. 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.

2.17 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

2.18 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 adequate resources to complete the asset

The ability to measure reliability the expenditure during development.

The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready to its intended use.

2.19 EMPLOYEE BENEFITS:

(i) Defined Contribution Plan:

The Company's contribution to provident fund and employee state insurance schemes is charged to the statement of profit and loss as and when the services are received from the employees. The Company's contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan. The Company has no further obligations once the contributions have been paid to the Fund.

(ii) Defined Benefit Plan:

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 is the present value of the defined benefit obligation (DBO) under projected unit credit method 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.

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.

For SMS Peptides Private Limited

Director

SMS PEPTIDES PRIVATE LIMITED
Notes to Financial statements

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.

(iii) Other Long-Term Employee Benefits:

The Company also provides benefit of compensated absences to its employees which are in the nature of long-term benefit plan. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date as per the requirements of IND AS "Employee Benefits". 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 arises.

(iv) 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. Short term Employee Benefits are the obligations that are expected to be settled wholly within 12 months after the end of the period in which the employees renders the related services.

2.20 EARNINGS PER SHARE:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events 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.

2.21 CONTINGENT LIABILITIES, CONTINGENT ASSETS AND COMMITMENTS:

Where there is a present obligation and it is not probable that an outflow of economic resources will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of balance sheet and is disclosed as a contingent liability.

Possible obligations and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not in the control of the company are also disclosed as contingent liabilities.

Contingent Assets are not recognized in the Balance Sheet. A contingent asset is disclosed where an inflow of economic resources is probable. However, when realization of Income is virtually certain, related asset is recognized.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

2.22 EXCEPTIONAL ITEMS:

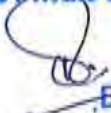
Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. These are material items of income or expense that have to be shown separately due to the significance of their nature or amount.

2.23 FAIR MARKET VALUE:

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

For SMS Peptides Private Limited


Director

SMS PEPTIDES PRIVATE LIMITED
Notes to Financial statements

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.

2.24 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS:

The Preparation of financial statements in conformity with Ind AS requires Management to make Judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognized prospectively.

2.25 RECENT ACCOUNTING PRONOUNCEMENTS:

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules, as issued from time to time. For the period ended March 31, 2025, MCA has notified Ind AS 117 – Insurance Contracts and amendments to Ind AS 116 – Leases relating to sale and leaseback transactions, applicable to the Company with effect from April 1, 2024. The Company has assessed the applicability of these new pronouncements and, based on its evaluation, has concluded that they do not have a material impact on its financial statements

2.26 ROUNDING OF ACCOUNTS:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III to the Companies Act, 2013 unless otherwise stated.

For SMS Peptides Private Limited

Director

SMS Peptides Private Limited
Balance Sheet as at 31st March, 2025
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S.No	Particulars	Note	As at
			31.03.2025 (Audited)
I	ASSETS		
1	Current Assets		
	(a) Financial Assets		
	(i) Cash and Cash Equivalents	3	0.65
	Total		0.65
	TOTAL ASSETS		0.65
II	EQUITY AND LIABILITIES		
1	Equity:		
	(a) Equity Share Capital	4	1.00
	(b) Other Equity	5	(0.83)
	Total		0.17
2	LIABILITIES		
	(a) Financial Liabilities		
	(i) Trade Payables:	6	0.48
	Total		0.48
	TOTAL EQUITY AND LIABILITIES		0.65
	Significant Accounting Policies	2	

The accompanying notes are integral part of the financial statements as per our report of even date

For Rambabu & Co.,
Chartered Accountants
Firm No. 0029765

(GVL Prasad)
Partner
M No. 026548



Place: Hyderabad
Date: 09th May, 2025
UDIN No: 250265480MLEPA5235

for and on behalf of the Board of the Directors of
SMS Peptides Private Limited

Ramesh Babu Potluri
Director
DIN:00166381



Vamsi Krishna Potluri
Director
DIN:06956498

SMS Peptides Private Limited
Statement of Profit & Loss for the Period Ended 31st March, 2025
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S.No	Particulars	Note	Period Ended
			31.03.2025
			(Audited)
1	Income		
	Revenue from Operations		-
	Total Revenue		-
2	Expenses		
	Other Expenses	7	0.83
	Total Expenses		0.83
3	Profit/(Loss) Before Tax (1-2)		(0.83)
4	Tax Expense		
	Current Tax		-
5	Profit/(Loss) for the Period (3-4)		(0.83)
6	Earnings per Share (Par value of Rs.10 each)	8	
	-Basic and Diluted		(8.35)
	Significant Accounting Policies	2	

The accompanying notes are integral part of the financial statements
as per our report of even date

For Rambabu & Co
Chartered Accountants
Firm No. 0029765

(GVL Prasad)
Partner
M.No: 026548



Place: Hyderabad
Date: 09th May, 2025
UDIN No: 25026548BMLEPA5235

for and on behalf of the Board of the Directors of
SMS Peptides Private Limited

Ramesh Babu Potluri
Director
DIN:00166381



Vamsi Krishna Potluri
Director
DIN:06956498

SMS Peptides Private Limited
Statement of Cash Flow for the Period Ended March, 2025
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	Period Ended 2024-25
Cash Flow from Operating Activities	
Profit before Income Tax	(0.83)
	(0.83)
Change in Operating Assets and Liabilities	
Increase)/(Decrease) in Trade Payables	0.48
	0.48
Cash generated from Operations	(0.35)
Net Cash Inflow from Operating Activities	(0.35)
Cash Flows from Financing Activities	
Increase / (Decrease) in Share Capital	1.00
Net Cash Inflow (Outflow) from Financing Activities	1.00
Net Increase (Decrease) in Cash and Cash Equivalents	0.65
Cash and Cash Equivalents at End of the Period	0.65

The accompanying notes are an integral part of the financial statements
as per our report of even date

For Rambabu & Co
Chartered Accountants
Firm No. 0029765

(GVL Prasad)
Partner
M.No: 026548



Place: Hyderabad
Date: 09th May, 2025
UDIN No: 25026548BMLEPAS235

for and on behalf of the Board of the Directors of
SMS Peptides Private Limited

Ramesh Babu Potluri
Director
DIN:00166381



Vamsi Krishna Potluri
Director
DIN:06956498

SMS Peptides Private Limited
Statement of Profit & Loss for the Period Ended 31st March, 2025
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

a. Equity Share Capital

Particulars	As at 31.03.2025	
	Number of Shares	Amount (Rs)
at the Beginning of the Period	-	-
Add: Shares Issued/(Reduced) During the Period	10,000	1,00,000
As at the End of the Year	10,000	1,00,000

b. Other Equity

Particulars	Securities Premium	Retained earnings	Total Equity
Balance at 01.11.2024	-	-	-
Loss for the Period	-	(0.83)	(0.83)
Balance at 31.03.2025	-	(0.83)	(0.83)

The accompanying notes are an integral part of the financial statements
As per our report of even date

For Rambabu & Co.
Chartered Accountants
Firm No. 0039765



(GVL Prasad)
Partner
M.No: 026548

Place: Hyderabad
Date: 09th May, 2025
UDIN No: 25026548BMLEPA5235

for and on behalf of the Board of the Directors of
SMS Peptides Private Limited


Ramesh Babu Potluri
Director
DIN:00166381




Vamsi Krishna Potluri
Director
DIN:06956498

Note	Particulars	As at 31.03.2025
3	Cash and Cash Equivalents	
	(a) Balances with Banks	
	-in Current Accounts	0.65
	Total	<u>0.65</u>

For SMS Peptides Private Limited


Director

4 Share Capital

Particulars	As at 31.03.2025	
	Number of shares	Amount
4.1 Authorised Share Capital		
Equity Shares of Rs. 10/- each		
Add: Increase of Share Capital	1,50,000	15,00,000
Total Shares Capital	1,50,000	15,00,000

4.2 Issued, Subscribed and Paid-up

Particulars	As at 31.03.2025	
	Number of shares	Amount
Equity Shares of Rs. 10/- each	10,000	1,00,000
Total	10,000	1,00,000

4.3 Reconciliation of Number of Equity Shares outstanding at the Beginning and at the End of the Year

Particulars	As at 31.03.2025	
	Number of shares	Amount
Equity Shares		
At the Beginning of the Period		
Add: Issued/(Reduced) during the Period	10,000	1,00,000
At the End of the Period	10,000	1,00,000

4.4 Rights attached to equity shares

Equity Shares have a par value of Rs.10/- each. Each holder of Equity share is entitled to participate in dividends, and to share in the proceeds of the winding up the company in proportion to the number of and amounts paid on the shares held. Every holder of Equity Shares presented at meeting in person or by Proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

4.5 Details of Equity Shareholders holding more than 5% shares in the Company

Particulars	As at 31.03.2025	
	Number of shares	% holding
SMS Pharmaceuticals Ltd	9,300	93.00%
Srinivas Tammineedi	700	7.00%

4.6 Details of shares held by promoters of the company

Particulars	As at 31.03.2025		
	Number of shares	% holding	% change during the year
SMS Pharmaceuticals Ltd	9,300	93.00%	93.00%
Srinivas Tammineedi	700	7.00%	7.00%

5 Other Equity

Particulars	As at 31.03.2025
Reserves and Surplus	
Profit and Loss for the Period	(0.83)
Total	(0.83)

For SMS Peptides Private Limited



Director

Note	Particulars	As at 31.03.2025
6	Trade Payables	
	Creditors for Others	0.48
	Total	0.48

6.1 Trade Payables ageing Schedule for the Period ended March 31, 2025

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
i) MSME	-	-	-	-	-
ii) Others	0.48	-	-	-	0.48
iii) Disputed Dues - MSME & Others	-	-	-	-	-
	0.48	-	-	-	0.48

For SMS Peptides Private Limited



Director

SMS Peptides Private Limited
Notes to the Financial statements
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Note	Particulars	Period Ended
		31.03.2025
7	Other Expenses	
	Rates and Taxes	0.47
	Printing and Stationery	0.05
	Payments to Auditors	0.25
	General Expenses	0.06
	Bank Charges	0.00
	TOTAL	0.83
8	Earning Per Share (Basic and Diluted)	
	(a) Net profit for Basic & Diluted EPS	(0.83)
	(b) Weighted average number of Equity Shares of Rs. 10/- each (Basic/Diluted)	0.10
	(c) Earnings per share (Basic/Diluted)	(8.35)

For SMS Peptides Private Limited



Director

09. POST EMPLOYEE BENEFITS:

The company not started operations. Hence, no employee benefits during the reporting period.

10. RELATED PARTY TRANSACTIONS:

(a) Key Management Personnel (KMP):

Name	Relationship
Sri. Ramesh Babu Potluri	Director
Sri. Vamsi Krishna Potluri	Director

(b) Holding Company:

Name of the Company	Relationship
SMS Pharmaceuticals Ltd	93% Stake Holding by SMS Pharmaceuticals Ltd

(c) Transactions with Related Parties:

No transaction during the period

11. RATIOS:

Since no operation, Hence Not applicable.

12. OTHER STATUTORY INFORMATION:

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

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

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

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

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

vi) The Company has not utilised short term funds for long term uses.

vii) 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

viii) 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

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

For SMS Peptides Private Limited


Director

x) The Company has not entered into any scheme of arrangements which has an accounting impact on current financial year

xi) The Company has complied with number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017

The accompanying notes are integral part of the financial statements as per our report of even date

For Rambabu & Co.,
Chartered Accountants
Firm No. 002976S

(GVL Prasad)
Partner
M. No: 026548



for and on behalf of the Board
SMS Peptides Private Limited

Ramesh Babu Potluri
Director
DIN No: 00166381



Vamsi Krishna Potluri
Director
DIN No: 06956498

Place: Hyderabad
Date: 09th May, 2025
UDIN No: 25026548BMLEPA5235