sms
Pharmaceuticals Limited

Registered & Corporate Office :
Plot No. 72, H. No. 8-2-334/3 & 4, Road No. 5,
Opp. SBI Executive Enclave, Banjara Hills,
Hyderabad - 500 034, Telangana, INDIA.
Tel : +91-40-2525 9999, Fax : +91-40-2525 9889
CIN : L24239TG1987PLC008066
Email: info@smspharma.com, www.smspharma.com

Date: 06th September 2025

To
The Manager,
Corporate Filings Department,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001.

The Manager,
Listing Compliance Department,
National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051.

Security Code: 532815

Symbol: SMSPHARMA

Dear Sir/Madam,

Sub: Notice of 37th Annual General Meeting and Annual Report for the FY 2024-2025.

We wish to inform you that the 37th Annual General Meeting (AGM) of the Company is scheduled to be held on **Monday, 29th September 2025, at 11:00 a.m (IST)** through Video Conferencing (VC)/ Other Audio-Visual Means.

Pursuant to Regulation 34 of SEBI (LODR) Regulations, 2015, please find enclosed Notice convening the 37th AGM of the Company along with Annual Report for the financial year 2024-25, being dispatched to the Members who have registered their e-mail addresses with the Company/ Registrar and Transfer Agent/ Depositories. In addition, pursuant to Regulation 36(1)(b) of the SEBI (LODR) Regulations, 2015, a letter is also being sent to the Members whose email addresses are not registered, providing the web-link where the Annual Report is uploaded on website.

The said documents are also available on the website of the Company at https://smspharma.com/wp-content/uploads/2025/09/SMS-Pharma_AR-2025_06-09-25.pdf

The Company is pleased to provide its members with the facility to exercise their right to vote on the resolutions proposed to be passed at the AGM by electronic means.

Further the following details for the purpose of ensuing AGM:

Record Date for Dividend	Monday, 22nd September, 2025
Cut-off Date for e-voting eligibility and attending AGM	Monday, 22nd September, 2025
Book Closure Dates	Tuesday, 23rd September 2025 to Monday, 29th September 2025 (both days inclusive)

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The Remote e-voting Start date and time	Thursday, 25th September 2025, 9.00 a.m. (IST)
The Remote e-voting end date and time	Sunday, 28th September 2025 5.00 p.m. (IST)

Please take the above intimation on your records.

Thank you

Yours faithfully

For SMS Pharmaceuticals Limited

THIRUMALESH TUMMA Digitally signed by THIRUMALESH TUMMA Date: 2025.09.06 20:11:35 +05'30'

Thirumalesh Tumma
Company Secretary and Compliance Officer

Encl: as above

sms pharmaceuticals ltd

Leading with Strength

Powering Growth

Annual Report
2024-25

Over the years, we have established a leadership position

Over the years, we have established a leadership position in key APIs globally, anchored in our backward-integrated operations, state-of-the-art manufacturing facilities and diversified product portfolio. These strengths enable us to consistently deliver high-quality, cost-efficient products across multiple therapeutic areas.

Our portfolio of high-value and high-volume APIs generates robust and sustainable earnings, while our relentless focus on process innovation, driven by a strong R&D foundation, enhances efficiency and strengthens our competitive edge. With scale, efficiency, and scientific excellence as our levers, we are well-positioned to capture emerging opportunities and deepen collaborations with leading global customers.

At the core of our journey is an unswerving commitment to compliance, quality and operational excellence. These pillars empower us to build enduring partnerships, scale innovation across our portfolio, and lay strong foundations for sustainable long-term growth. With each step forward, we are expanding our reach and reaffirming our role as a trusted partner in global healthcare.

SMS Pharma is a diversified and integrated pharmaceutical company specialising in Active Pharmaceutical Ingredients (API) and complex Intermediates for global customers.

FY25 Highlights

₹ 783 Crore
Revenue ↑ 10%

₹ 146 Crore
EBITDA ↑19%

₹ 69 Crore
PAT ↑ 9%

www.smspharma.com

Scan the QR code to know more about the company

Forward-looking statements

This report may contain forward-looking statements relating to the Company's expected financial performance, business plans, and prospects. Such statements are generally identified by words like "believe," "anticipate," "expect," "may," "will," and similar expressions, and are based on assumptions made in good faith. However, actual results may differ materially from those expressed or implied. The Company undertakes no obligation to update these statements in light of future developments.

Corporate Information

Board of Directors

Mr. Ramesh Babu Potluri
Chairman and Managing Director

Mr. Shravan Kudaravalli
Non- Executive Independent Director

Mr. Sarvepalli Srinivas
Non- Executive Independent Director

Dr. Suresh Kumar Gangavarapu
Non-Executive Independent Director
(appointed w.e.f. 12.08.2024)

Mrs. Shanti Sree Bolleni
Non- Executive Independent Director
(appointed w.e.f. 12.08.2024)

Mr. Vamsi Krishna Potluri
Executive Director
(re-appointed w.e.f. 01.07.2025)

Mr. Trilok Potluri
Non- Executive, Non-Independent Director
(appointed w.e.f. 12.08.2024)

Dr. Sunkara Venkata Satya Shiva Prasad
Non-Executive, Non-Independent Director
(appointed w.e.f. 12.08.2024)

Mr. Sarath Kumar Pakalapati
Non- Executive Independent Director
(up to 11.08.2024)

Dr. Neelaveni Thummala
Non- Executive Independent Director
(up to 11.08.2024)

Key Managerial Persons

Mr. Lakshmi Narayana Tammineedi
Chief Financial Officer

Mr. Thirumalesh Tumma
Company Secretary & Compliance Officer

Registered Office

Plot No. 72, H.No. 8-2-334 / 3 & 4, Road No. 5, Opp. SBI Executive Enclave Banjara Hills, Hyderabad – 500034

Telangana, India.
CIN: L24239TG1987PLC008066

Contact Details:

Tel: 040-35359999 / 2525 9999

Fax: 040-25259889

Email:info@smspharma.com

Web: www.smspharma.com

Registrar & Share Transfer Agent

M/s. Aarthi Consultants Private Limited

1-2-285, Domalguda, Hyderabad – 500029

Ph: 040-27638111

Email: aarthiconsultants@gmail.com

Bankers

State Bank of India

IDBI Bank Limited

RBL Bank Limited

Export Import Bank of India

Statutory Auditors

M/s. Suryanarayana & Suresh,

Chartered Accountants,

Flat. No: C2, Millennium House # 8-2-601/ B, Road No. 10, Near Zaheer Nagar Cross Road, Banjara Hills, Hyderabad– 500034, Telangana.

Secretarial Auditors

M/s. SVVS & Associates Company Secretaries LLP,

Company Secretaries,

#307, Babukhan Estate, Basheerbagh, Hyderabad – 500001, Telangana.

Internal Auditors

M/s. Adusumilli and Associates,

Chartered Accountants,

Off. 7-1-390, Flat. No. 302, Sri Sai Residency, Balkampet Main Road, Hyderabad-500038, Telangana.

Cost Auditors:

M/s. Harshitha Annapragada & Co.,

Cost Accountants

Off. Add.: Plot No.127 & 128, H.No.11-65, Sai Ram Nagar Phase-2, Nadergul, Hyderabad, Telangana-501510

Manufacturing Facilities

Plot.No.24 & 24B and 36 & 37

S.V. Co-Operative Industrial Estate, Buchupally, Medchal- Malkajgiri District,

Hyderabad, Telangana – 500090,

Ph.No. +91-9100072351/52/54

Email: admin_unit2@smspharma.com

Sy. No. 160, 161, 163 to 168,

Kandivalasa Village, Poosapatirega Mandal, Vizianagaram District, Andhra Pradesh. 535004.

Ph.No. +91- 08922 – 258051 / 53/54

Email: admin_unit7@smspharma.com

Research and Development Centre

Sy. No. 186, 189 & 190, Gagillapur Village,

Dundigal- Gandimaisamma Mandal,

Medchal-Malkajgiri District,

Hyderabad, Telangana – 500043,

Ph.No. + 91 – 8418 – 257337 / 8

Email: rnd@smspharma.com

SMS Pharma at a Glance

SMS Pharmaceuticals is leading with strength through its proven expertise in Active Pharmaceutical Ingredients (APIs) and powering growth by expanding its global footprint across regulated and emerging markets. Our precision-driven approach ensures quality, efficiency and innovation at scale.

Since our inception in 1990, we have evolved from a single-product manufacturer into a research-driven pharmaceutical company with leadership in multiple therapeutic areas. Our portfolio encompasses high-value APIs in the categories of anti-diabetic, anti-epileptic and anti-erectile dysfunction, supported by strong manufacturing integration and stringent quality systems that meet global regulatory standards. This evolution has been driven by our focus on innovation, efficiency and market relevance, enabling us to cater to the needs of leading pharmaceutical players across regulated and semi-regulated markets.

Today, we combine world-class infrastructure, backward integration and R&D capabilities to deliver sustainable growth. Our operations extend beyond APIs, with Contract Research and Manufacturing Services (CRAMS) and upcoming initiatives in peptide-based CRO services strengthening our business diversification. With a growing presence across 75+ countries and enduring partnerships with global clients, SMS Pharmaceuticals continues to pursue its vision of creating long-term value while advancing healthcare access worldwide.

VISION

Being a quality conscious organisation, our vision encircles quality and customer satisfaction. SMS believes in delivering the best value to its customers in a most economical way.

MISSION

Setting benchmark as a leading quality manufacturer develop cost effective process for API's, manufacture and market them in regulatory markets manufacture and supply intermediates to patent holders in US and EU forging relationships with top notch companies for contract manufacturing and contract research projects broaden our product base across various therapeutic segment.

SMS Pharma at a Glance...

At a glance

#1
Global and Domestic leadership in key products

88%
Revenue from regulated markets in FY25

800+
Customers

#1
Largest single block Ibuprofen plant in Asia

55+
APIs across 14 diverse therapeutic segments

₹783 Cr
Revenue in FY25

19%
EBITDA Margin in FY25

₹69 Cr
PAT in FY25

Marquee clients

teva, SUN PHARMA, zydus (Dedicated To Life), Cipla, ALKEM, ScieGen Pharmaceuticals Inc, GRANULES, sanofi, Johnson & Johnson, Dr.Reddy's, Mylan, LAURUS Labs, Glenmark (A new way for a new world), CHEMO, AUROBINDO

Our competitive advantage

Cost leadership through integration

- Robust backward integration ensures raw material security
- Delivers higher margins with improved cost efficiency
- Vertically integrated through VKT Pharma to enhance bottom line

Innovation and R&D strength

- Pipeline expansion with focus on differentiated, high-value products
- Investments in peptide-based CRO services and complex molecules

World-class manufacturing facilities enable scale

- Strong first-to-market capabilities in key thereapeutic areas
- Operating leverage drives cost efficiency, enabling competitive pricing and faster market share

Global presence

- 88% of revenue contribution from regulated markets
- Diversified markets reduce dependence on any single region
- Time Intensive, investment intensive and capability driven customer on boarding process is key barrier to entry in regulated markets

Deep domain expertise

- Rapid scale-up of APIs enabled by decades of in-house technical expertise
- Proven capabilities in anti-diabetic, anti-epileptic and niche therapeutic areas

Longstanding relationships

- Long-standing partnerships with global customers and suppliers
- Customer base diverisifed across therapeutic areas and geographies

A Portfolio Engineered for Balance and Scale

We deliver a broad and growing portfolio of APIs across critical therapeutic areas. Our product mix is designed to balance high-value, complex APIs with high-volume, essential medicines to ensure both profitability and scale.

Our strong therapeutic portfolio continues to drive growth, with anti-diabetic APIs being the largest contributor, followed by ARVs and anti-inflammatory therapies. Other key contributors included APIs for anti-epileptic, anti-ulcer, anti-erectile dysfunction and anti-migraine segments. The breadth of this portfolio strengthens our ability to serve critical healthcare needs globally while maintaining a healthy revenue mix across high-demand therapeutic areas.

Revenue mix in FY25

63%
From high-value products

37%
From high-volume products.

High-value APIs

We focus on APIs that demand advanced process chemistry and regulatory expertise, which strengthening our position in margin-accretive segments and generate high-quality cash flows.

Key therapeutic categories	Products
Anti-diabetic	Sitagliptin, Empagliflozin, Dapagliflozin, Vildagliptin
Anti-migraine	Sumatriptan, Rizatriptan, Eletriptan
Anti-erectile dysfunction	Tadalafil, Sildenafil, Vardenafil
Anti-epileptic	Levetiracetam, Perampanel, Lamotrigine
Anti-anginal	Ranolazine

High-volume APIs

Alongside our high-value portfolio, we manufacture large-volume APIs that serve broad global demand. These products benefit from our backward integration and cost-efficient operations, giving us a competitive edge in international markets.

Key therapeutic categories	Products
Anti-inflammatory	Ibuprofen
Anti Retro Viral (ARV)	Tenofovir
Anti-ulcer	Famotidine, Pantoprazol

CDMO and value-added services

Beyond APIs, we partner with global pharmaceutical companies through Contract Development and Manufacturing Organisation (CDMO) arrangements. With advanced R&D infrastructure and process innovation, we provide end-to-end solutions from product development to commercial-scale manufacturing- enabling our partners to bring medicines to market faster and more efficiently.

Our Journey

1989
Inception
SMS Pharma was started with a single unit-product facility.

1995
Scaling up
Became the world's largest manufacturer of Ranitidine API.

2000
Building our portfolio
Acquired a facility to manufacture high margin products in Hyderabad.

2003
USFDA audit
Successful first USFDA audit.

API was part of a Para IV filing from a global MNC.

2007
IPO listing
SMS Pharma got listed on NSE and BSE.

2010
Greenfield expansion
Started a green field project in Vizag to build an API facility in more than 100 acres of land.

2015
Key award
Won the prestigious

- **'Indian Pharma Bulk Drug Company of the Year' and**
- **'Best Bulk Drug Export Company of the Year'** award from Govt. of India.

2017
Demerger
Demerged SMS group into two Entities

1. SMS Pharmaceuticals
2. SMS Lifesciences

2021-23
Successful commercialisation
Launched Asia's biggest dedicated and automated production block for ibuprofen in FY21.

Successfully developed and commercialised Covid-19 related APIs in FY22.

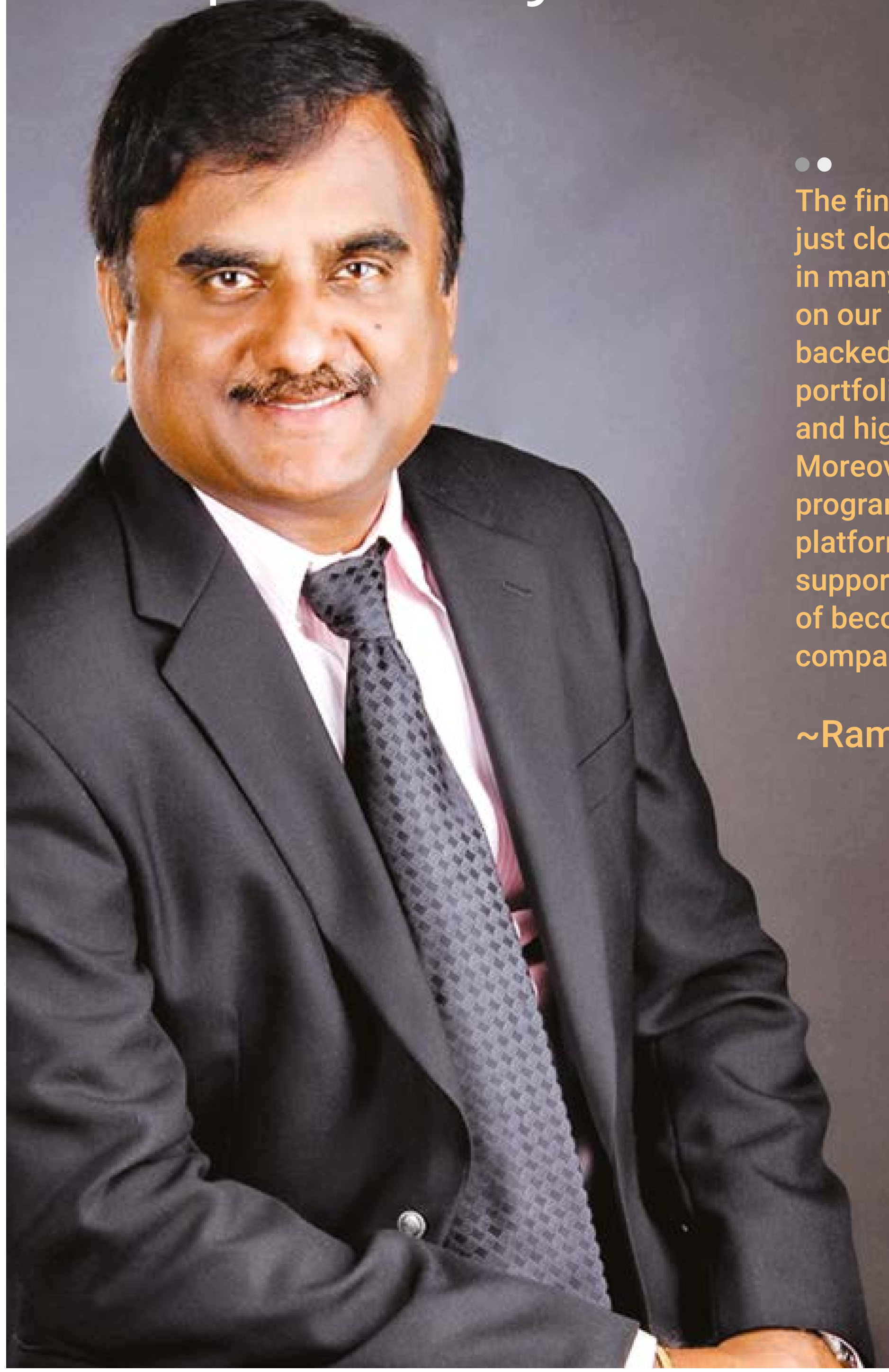
2024-25
Regulatory audits
EQDM conducted a GMP inspection at Vizag facility.

VKT Pharma, our associate Company successfully completed the USFDA regulatory audit.

Successful USFDA inspections at Hyderabad Manufacturing facility and Independent Analytical Testing Laboratory (Central Lab).

Chairman's Message

Delivering Value Responsibly



The financial year we have just closed has been strong in many ways. We delivered on our promise of growth, backed by our diversified portfolio of high-volume and high-margin products. Moreover, our ongoing capex programme provides the platform to scale further, supporting our aspiration of becoming a truly global company.

~Ramesh Babu Potluri

Dear stakeholders,

We achieved many milestones in FY 2025, and following a prosperous year, our achievements are indeed gratifying. At SMS Pharma, we continue to lead with strength — drawing on our scale, scientific expertise and regulatory track record to deliver value for our global and Indian customers. During the year, we advanced our leadership in key APIs, commissioned backward integration to secure cost advantages and expanded our innovation-led capabilities.

From modest beginnings to becoming a trusted partner in the global API industry, our journey has been one of resilience, discipline and foresight. Over the past three and a half decades, we have consistently delivered value to patients, partners, investors and stakeholders at large. Today, with a diversified portfolio and strong geographic presence in over 75 countries, we are well positioned to capitalise on new opportunities and power the next phase of our growth story.

Performance Driven by Focused Execution

The past financial year was marked by purposeful advancements. We continued to scale our revenue and strengthened our margins. Our revenue reached ₹783 crore, marking a 10% increase over the previous year, supported by steady demand across our therapeutic portfolio. Our EBITDA improved to ₹146 crore with margins at 19%. PAT recorded an impressive 39% year-on-year growth to ₹69 crore, while our earnings per share grew to ₹8.16. These outcomes reflect the discipline with which we have pursued growth, while remaining firmly focused on profitability and operational efficiency.

₹ 783 Crore
Revenue in FY25

₹ 146 Crore
EBITDA in FY25

₹ 69 Crore
PAT in FY25

The strength of our performance stemmed from the diversity of our portfolio. Anti-inflammatory products, led by ibuprofen, grew 22% year-on-year to ₹148 crore. This was supported by strong customer traction and stable input prices. ARVs delivered 15% growth, contributing ₹163 crore, reaffirming our established presence in this segment.

The anti-epileptic segment grew with notable momentum, more than doubling to ₹29 crore on the back of expanded access in regulated markets. Anti-diabetics, at ₹185 crore, continued to be our largest therapeutic category, sustaining leadership despite pricing headwinds in Europe. We also witnessed steady growth in anti-erectile dysfunction and niche APIs, further contributing to margin stability.

Collectively, these factors shaped a performance that was both volume-driven and margin-accretive.

R&D as a Growth Engine

Research and Development has always been our compass, guiding us through a dynamic therapeutic landscape and strengthening our position in a highly competitive market. What began as a support function has today matured into a world-class R&D centre in Hyderabad, equipped with kilo labs, pilot plants and advanced analytical facilities. Currently, we employ more than 100 scientists, including several PhDs, who bring both technical expertise and innovative thinking to our pipeline.

In FY 2025, we allocated 2.4% of sales to R&D and added 20 new products to our basket. We continued to place emphasis on high-margin therapeutic areas, such as anti-diabetics, anti-epileptics and niche APIs, where regulatory expertise and process innovation create a clear differentiation. A notable milestone was the Board's approval to establish a peptide-focused subsidiary, which has already commenced construction of a dedicated R&D facility.

2.4%
Of sales allocated to R&D in FY25

Looking ahead, we are building a robust pipeline of high-potential molecules. Over the next 18 months, we plan to double our R&D spend, accelerate regulatory filings — targeting around 30 DMFs, CEPs and dossiers in the next three years — and strengthen our global presence. These initiatives augment our innovation-led capabilities and strategically position us to capture opportunities in one of the most promising segments of the pharmaceutical industry.

Investing Today to Lead Tomorrow

Manufacturing excellence remains the backbone of our growth strategy. We operate two state-of-the-art facilities that are accredited by leading global regulators. Our Vizag facility, established in 2010, has a 3,000 KL reactor capacity and houses Asia's largest single production block for Ibuprofen. This facility is on track to scale up to 1,000 MT per month of Ibuprofen, consolidating our position as a global cost leader in this critical API. Complementing this, our Hyderabad facility, with a reactor capacity of 120 KL, specialises in niche, small-volume APIs, maintaining a consistent compliance track record with repeated USFDA approvals and EU-GMP certification.

Chairman's Message...

In FY 2025, we successfully commissioned our ₹150 crore backward integration project for key intermediates, which is envisioned to reduce raw material dependency and stabilise input costs. Building on this, we have embarked on a ₹250 crore capex plan, which will be funded through a prudent mix of internal accruals and debt. This plan includes capacity expansion for existing and new APIs, strengthening the Effluent Treatment Plant to meet additional loads, construction of a dedicated R&D facility for our peptide-focused subsidiary, and development of a greenfield CDMO site in Andhra Pradesh.

These investments, underpinned by disciplined capital allocation, will expand our presence in high-growth and high-margin therapeutic areas, enhance cost competitiveness, and scale our CDMO business — creating manufacturing scale, product diversification, and operating leverage that will power sustained revenue growth and margin expansion in the years ahead.

Growth Anchored in Responsibility

At every stage of our operations, sustainability guides our choices and defines our actions. Our facilities operate as Zero Liquid Discharge units, equipped with advanced recycling systems that minimise dependence on fresh water. Our waste-to-value initiatives transform by-products into useful raw materials, allowing us to reduce both costs and our environmental footprint.

Our responsible manufacturing endeavours have been recognised through the Indo-US GCNC award for green chemistry. It highlights our resolve to pursue growth sustainably. We continue to channel our investments towards pollution control technologies and energy-efficient systems and ensure compliance with global standards.

Empowering People, Creating Shared Value

Our people remain the bedrock of our progress. We cultivate a workplace that is safe, inclusive, growth-oriented and supported by continuous training and leadership development. ISO 14001 & 45001-certified systems, together with regular safety drills and awareness initiatives, nurture a culture of safety and preparedness across all units.

Our responsibility, however, extends beyond organisational boundaries. Through focused CSR initiatives, we remain resolute on enhancing access to healthcare, improving educational infrastructure and supporting rural livelihoods. By investing both in our people and our communities, we are nurturing resilience that benefits all stakeholders.

Robust Governance, Sustainable Value Creation

Our governance philosophy continues to be anchored in the principles of transparency, accountability and resilience. Our Board of Directors, together with its committees overseeing Audit, Risk, Nomination and Remuneration, Stakeholder Relations and Corporate Social Responsibility, ensures that every decision reflects a balance between growth ambition and prudent risk management. Reflecting the year's performance, the Board has recommended a final dividend of ₹0.40 per share for FY25, underscoring our focus on rewarding shareholders while maintaining financial flexibility.

Poised for Accelerated Growth

The financial year we have just closed has been strong in many ways. We delivered on our promise of growth, backed by our diversified portfolio of high-volume and high-margin products. Moreover, our ongoing capex programme provides the platform to scale further, supporting our aspiration of becoming a truly global company. These investments are designed not only to drive meaningful revenue growth but also to strengthen margins through enhanced cost efficiency and operating leverage.

As we move forward, I am confident that we are at the right place at the right time with the right people. We step into FY 2026 on the back of strong momentum and sharper focus. With capacity utilisation expected to rise, a diversified therapeutic portfolio and a broad regulated market presence, we are well positioned to deliver strong revenue growth with healthy EBITDA margins. This will enable us to consolidate our leadership in APIs, deepen customer relationships and reinforce the foundation for long-term, sustainable growth.

I would like to take this opportunity to extend my sincere gratitude to our shareholders and customers for placing their enduring trust in us and to our workforce for their dedication and ingenuity. As we stride ahead, we remain resolute in driving growth and advancing innovation. Together, we will continue to create long-term value for all our stakeholders.

Warm regards,

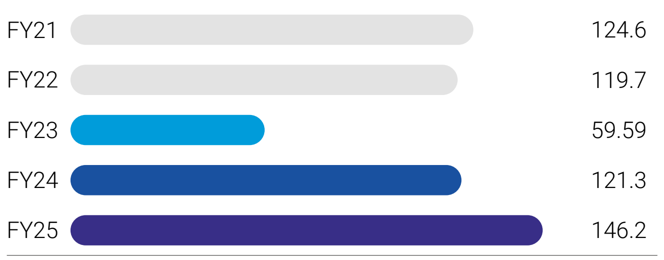
Ramesh Babu Potluri

Chairman and Managing Director

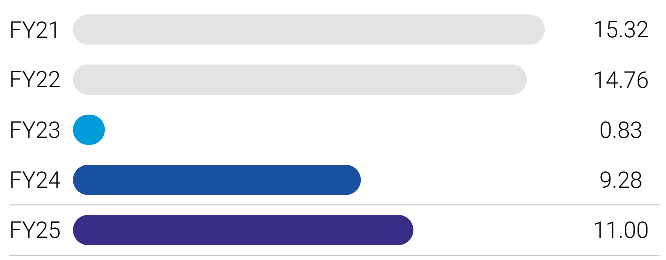
Key Performance Indicators

Revenue
(in Rs Crore)

EBITDA
(in Rs Crore)

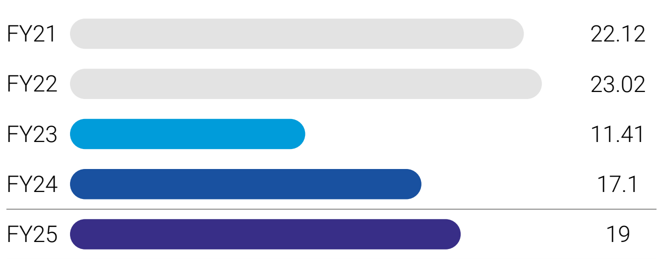


ROE
(in %)

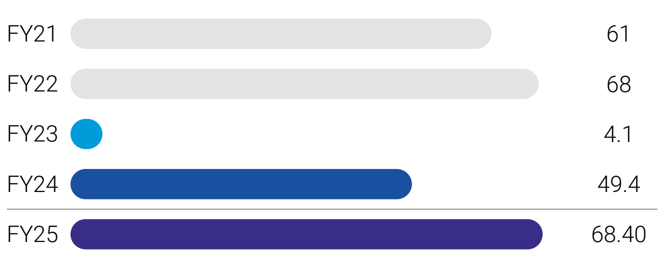


Debt to Equity ratio
(in times)

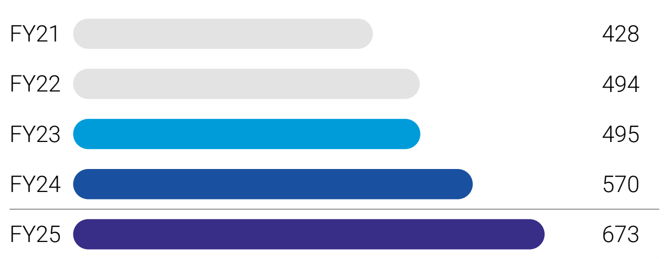
EBITDA margin
(in %)



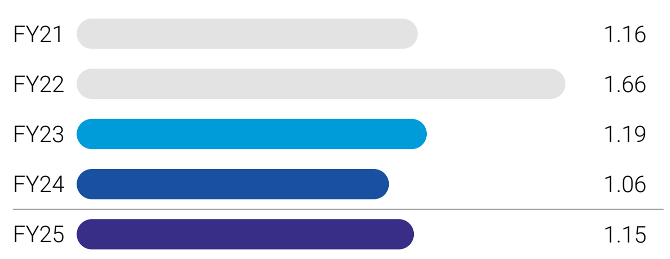
PAT
(in Rs Crore)



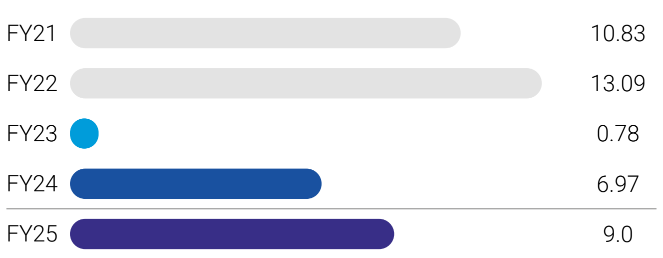
Net Worth
(in Rs Crore)



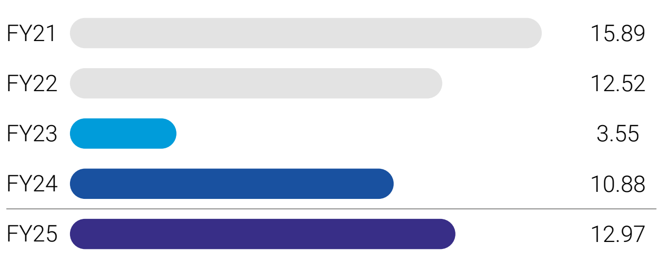
CSR Spend
(in Rs Crore)



PAT margin
(in %)



ROCE
(in %)



Our Global Presence

We have established a strong global presence, exporting to over 75 countries and serving customers across both regulated and emerging markets. Our widespread reach underscores the trust placed in us by leading pharmaceutical companies worldwide.

Global markets

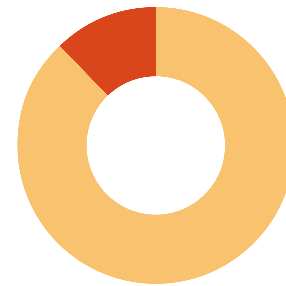
In FY25, regulated markets remained the key growth drivers, contributing nearly 88% of our total revenues. Europe accounted for the largest share at 31%, followed by North America at 27% and EOUs/SEZ/DE at 24%. India contributed around 12%, while sales from Asia (Ex. India) stood at 6%. This diversified geographic presence reflects our ability to balance regional demand while mitigating risks associated with overdependence on any single market.

Client relationships

Our business model remains anchored in long-standing partnerships with marquee clients. In FY25, large pharma companies contributed nearly 72% of revenues and mid-to-small pharma companies accounted for 28%. On a customer-size basis, our largest customer contributed ~22% of total revenues, while the next top 2-10 customers collectively contributed 38% and the remaining base accounted for 40%. This balanced structure highlights both the depth of our relationships with key global players and the breadth of our customer diversification strategy.

Map not to scale, for representation purposes only.

Revenue by location (FY25)



88% Revenue from regulated markets

12% Revenue from other markets

Revenue by location (FY 25)

31% Europe

6% Asia (Ex. India)

27% North America

24% EOU/SEZ/DE sales

12% India

How we Create Value

INPUTS

Financial performance

₹ 8.87 crores
Equity share capital

₹ 565.52 crores
Capex

₹ 673.07 crores
Net worth

Manufactured excellence

Hyderabad
120 KL
Installed capacity

Visakhapatnam
3,000 KL
Installed capacity

Research and development

100+
Scientists

8
PHDs

₹ 12.83 crores
R&D expenditure in FY25

Workforce prioritisation

1470
Employees

1281
Employees trained on health and safety in FY25

Society and community relationships

₹ 1.15
CSR expenditure

3
CSR projects undertaken

300
Employees Volunteered

Natural Capital

₹ 559.59 Lakhs Units p.a
Total energy consumption

2,96,577 KL
Total water withdrawal

VALUE CREATION PROCESS

Stakeholders impacted

- Patients
- Employees
- Communities
- Government authorities
- Business partners

OUTPUTS

Financial performance

₹ 782.74 crores
Revenue from operations

₹ 68.61 crores
Profit after tax

₹ 8.16
Earnings per share

Manufactured excellence

3097.24 MT
Product sold

Research and development

35+
process patent held by the Company

6
New product launches

Workforce prioritisation

581
New recruits

42,146
Total training hours

Society and community relationships

5000
CSR Beneficiaries

Natural Capital

2,60,928 units p.a
Energy saved

43,238 KL p.a
Water recycled

Excellence at Every Step

We operate world-class manufacturing facilities equipped with advanced technologies to produce high-quality pharmaceutical products for global markets. Our focus on efficiency, innovation and continuous improvement enables us to consistently meet and often exceed the most stringent industry standards.

Over the years, we have developed a secure and integrated manufacturing value chain that enhances our capacity for greater self-reliance and operational resilience. Through strategic capacity expansions, backward integration and investment in advanced infrastructure, we are well-positioned to cater to the growing global demand for Active Pharmaceutical Ingredients (APIs), while enhancing profitability and supporting sustainable growth.

Integrated operating model

- Joint venture with Spanish pharma giant Chemo Iberica S.A.
- Vertically integrated through VKT Pharma Pvt. Ltd. - An associate company for semi-finished and finished formulations
- Around 80% of intermediates are utilised within the in-house API business, ensuring low import dependency while reducing supply chain risks and enhancing cost efficiency.

Vizag Facility

2010
Year of Establishment

3,000 KL
Installed Capacity
for niche large volume molecules

3,45,007 m²
Total area

Key products manufactured

Ibuprofen, Tenofavir, Ranolazine, Levetiracetam, Lamuvidine, Lamotrigine, Efavirenz, Sitagliptin etc.

Regulatory approvals

USFDA, KFDA, CDSCO, PMDA

Highlights

- Approved by USFDA thrice
- Flagship multipurpose API manufacturing facility
- Specialised for large volume niche molecule production
- Extensive CMO capabilities serving reputed clients
- Dedicated Ibuprofen block: Largest single block, single product plant in Asia

Hyderabad Facility

2000
Year of Establishment

120 KL
Installed Capacity
for niche small-volume molecules

48,158 m²
Total area

Key products manufactured

Famotidine, Rizatriptan Benzoate, Tadalafil, Sumatriptan Succinate, Itraconazole, Eletriptan HBr etc.

Regulatory approvals

USFDA, EU-GMP, KFDA, CDSCO, PMDA

Highlights

- Proven track record with six USFDA approvals
- Specialised facility for niche, small volume molecules manufacturing
- One of the leading exporters of Triptans

Excellence at Every Step...

Core areas of therapeutic manufacturing

Our manufacturing expertise spans both high-volume APIs and high-value niche APIs, enabling us to cater diverse segments while optimising scale and value.

High-volume APIs

- Ibuprofen
- Tenofovir
- Lamivudine
- Efavirenz

High-value niche APIs

- Famotidine
- Rizatriptan Benzoate
- Tadalafil
- Sumatriptan Succinate
- Itraconazole
- Eletriptan HBr

This diverse product portfolio enables us to serve a wide range of therapeutic areas, including

- Anti-diabetic
- Anti-retroviral
- Anti-inflammatory
- Anti-migraine
- Anti-epileptic
- Anti-ulcer

Capacity expansion for growth

To support growing global demand, we have implemented strategic capacity enhancement initiatives. At our Visakhapatnam facility, Ibuprofen production capacity has been expanded by 1,300 KL, reinforcing our leadership as one of the world's largest manufacturers of the molecule.

Additionally, a ₹150 crore backward integration project is underway to produce key intermediates in-house. This initiative is projected to reduce external raw material dependency and improve EBITDA margins.

Key highlights

- Commissioned backward integration for key APIs to reduce raw material dependency and improve EBITDA margins.

  A ₹250 crore capacity expansion, and funded through internal accruals and debt, is underway for:

  - Capacity expansion for existing and new products
  - Strengthening the Effluent Treatment Plant to meet the additional loads
  - Construction of a dedicated R&D facility for our peptide-focused subsidiary
  - CDMO greenfield site in Andhra Pradesh

Uncompromising quality assurance

We adhere to maintain the highest standards of quality across all stages of production. Our facilities strictly adhere to Good Manufacturing Practices (GMP) and are fully compliant with global regulatory norms.

Equipped with advanced analytical laboratories, we conduct comprehensive testing of raw materials, intermediates and finished products. Continuous process optimisation ensures improved yields, reduced costs and enhanced operational efficiency. Our facilities are staffed with skilled and experienced professionals who assure that precision, compliance and quality are embedded in every step of the production process, strengthening our reputation as a trusted global pharmaceutical partner.

ISO 9001 & 14001

Certified and WHO GMP compliant facilities

Key highlights

- Achieved strong growth in high-value APIs across therapeutic segments such as anti-diabetic, anti-epileptic and anti-erectile dysfunction, contributing to continued margin expansion.

Strong Focus on R&D

Our R&D strategy is centred on the development of complex, high-value APIs, strengthening backward integration and building future-ready platforms to address evolving therapeutic needs.

We consistently invest in enhancing capabilities to ensure both market leadership and long-term resilience. In addition to conventional API development, our efforts are expanding into emerging therapeutic categories and advanced technologies. This effort enables us to establish a robust pipeline that supports global demand and delivers a sustained competitive advantage.

2.4%
of sales was allocated to R&D in FY25

6
New products added to the Company's product basket

100+
Scientists

120+
Total DMFs filed

35+
Process patents filed

PEPTIDE CRO SUBSIDIARY

As part of our strategic vision to diversify into innovation-led domains, the Board has approved the establishment of a dedicated subsidiary in India focused on Contract Research Organisation (CRO) services for peptides. This initiative strengthens our R&D-centric capabilities and extends our reach into high-potential growth segments of the pharmaceutical services market.

Business Strategy

We continue to pursue a well-defined growth strategy aimed at strengthening our leadership in the API industry while delivering sustainable value to our stakeholders. Our strategic priorities are anchored on capacity expansion, portfolio diversification and operational efficiency through integration and innovation.

Achieve global scale in ibuprofen

We are progressing towards a monthly production capacity of 1,000 MT of Ibuprofen, enhancing our global competitiveness in the critical API.

Backward integration to drive profitability

We are advancing the vertical integration of select products to reduce reliance on external raw material sources, lower production costs and strengthen supply chain resilience.

Leveraging diversified portfolio for growth

Our portfolio is purposefully structured to balance high-margin and high-volume products, enabling us to tap into varied therapeutic segments.

New Product Development for additional growth options

We are targeting the development and commercialisation of 8-10 products over the next 12-18 months, spanning both existing and new therapeutic areas. This will be in line with market demand and future growth trends.

Capacity expansion

To support future opportunities, we have announced a capital expenditure of ₹250 crore. This investment will enhance production capacity for new product lines and scale up our CMO capabilities.

Scaling responsibly, leading with purpose

As we continue to uphold ecological responsibility by nurturing nature and embedding sustainability in every step of our operations, our commitment extends beyond the environment. We believe that true progress includes empowering people and uplifting communities. With a strong focus on safety, inclusion and development, we are building a more resilient and inclusive future together.

Caring for the Environment

Environmental responsibility is deeply embedded in our growth philosophy. As we scale operations and strengthen integration across the value chain, we remain equally focused on minimising our ecological footprint.

Our sustainability efforts are directed towards addressing climate change, reducing pollution and promoting responsible resource utilisation across our facilities.

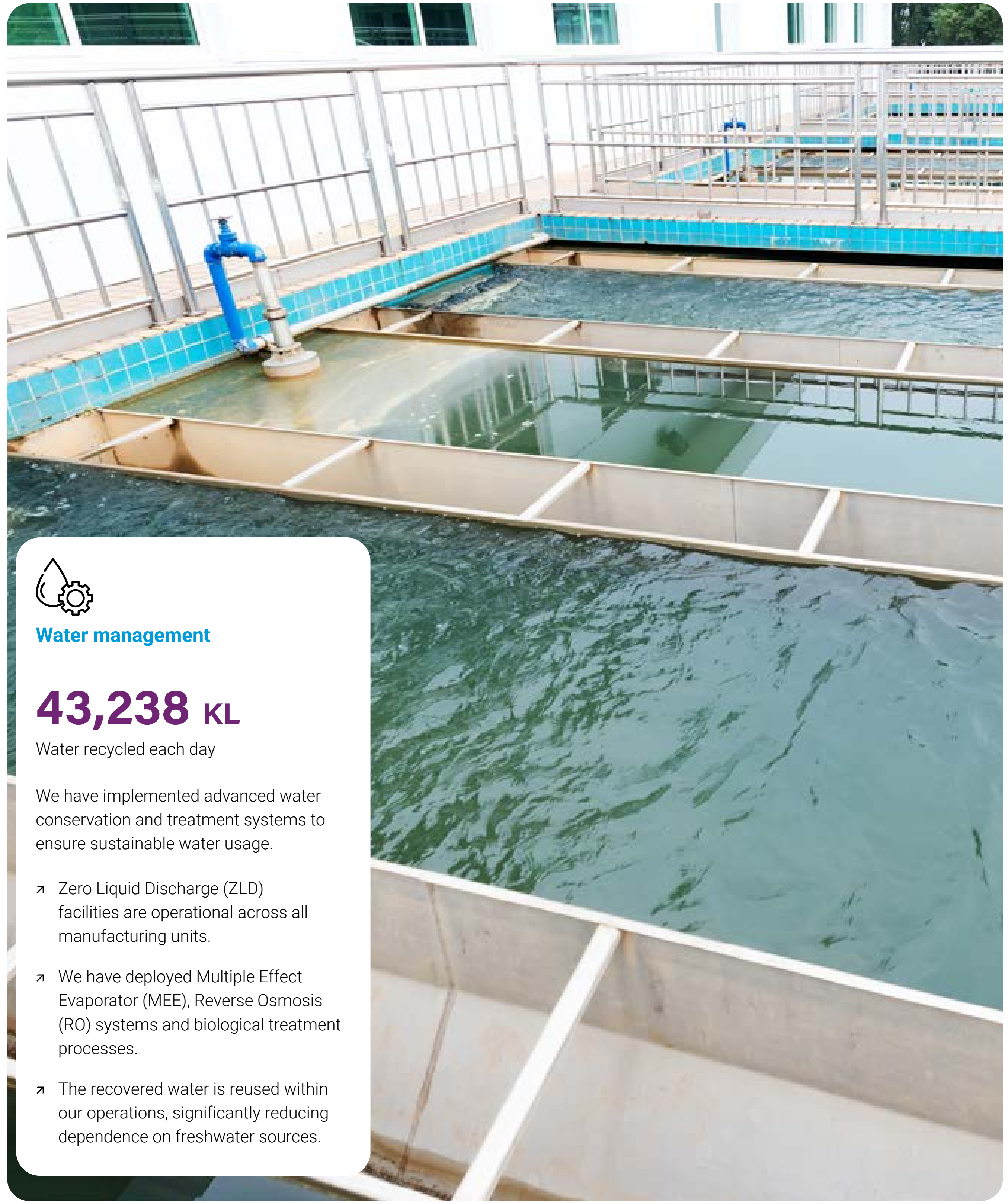
Energy management

2.61 lakh

units/year
Energy saved

We are actively investing in technologies that drive energy efficiency and environmental protection, including

- Implementation of advanced pollution control systems and energy efficient equipment.
- Steady reduction of ecological footprint across manufacturing and R&D centres.
- Complete adherence to all applicable national and state environmental regulations.



Water management

43,238 KL

Water recycled each day

We have implemented advanced water conservation and treatment systems to ensure sustainable water usage.

- Zero Liquid Discharge (ZLD) facilities are operational across all manufacturing units.
- We have deployed Multiple Effect Evaporator (MEE), Reverse Osmosis (RO) systems and biological treatment processes.
- The recovered water is reused within our operations, significantly reducing dependence on freshwater sources.

Creating Opportunities for All

Environmental responsibility is deeply embedded in our growth philosophy. As we scale operations and strengthen integration across the value chain, we remain equally focused on minimising our ecological footprint.

Our sustainability efforts are directed towards addressing climate change, reducing pollution and promoting responsible resource utilisation across our facilities.

Commitment to communities

Beyond our core operations, we are deeply engaged in supporting the well-being of the communities we serve. Our CSR initiatives focus on key areas such as healthcare, education and rural development, aiming to address pressing local needs. These efforts include enhancing access to medical services, upgrading educational infrastructure and promoting sustainable livelihoods in rural areas. By collaborating closely with local communities and aligning our initiatives with social priorities, we strive to promote stronger, healthier and more resilient ecosystems.

₹ 1.15 crores
CSR expenditure

5000+
Beneficiaries

Empowering people

We are dedicated to promoting a workplace culture that prioritises safety, inclusivity and professional development. Our comprehensive approach combines technical, behavioural and leadership training to enhance employee capabilities and equip them for future opportunities. Safety is a core value, reinforced through regular awareness programmes and drills that promote confidence and responsible practices. By encouraging continuous learning and maintaining a safe, collaborative environment, we empower our people to contribute meaningfully to our long-term vision.

1470
Employees

4.43%
Women employees

581
Employees joined in FY25

42,146
Training hours

177
Training initiatives undertaken

21
Safety trainings conducted

Directors Profile

Mr. Ramesh Babu Potluri
Executive Director, Chairperson, MD

A compassionate humanitarian with a vision to bring drugs within the economic reach of millions of patients' best describes Mr. Ramesh Babu, Founder Chairman of SMS Pharmaceuticals Ltd.

He has provided strategic leadership with his never say die attitude to not just SMS but the entire Hyderabad Drug industry in general. Served on boards of organizations like Chemexcil and has been advisor to AP State Government for Pharma sector.

Mr. Ramesh Babu is widely travelled, an avid reader and an astute thinker in the Pharma industry with a rare insight into both upstream and downstream sectors.

Mr. Shravan Kudravalli
Non-Executive - Independent Director

Commerce graduate from Osmania University and a fellow member of the Institute of Chartered Accountants of India.

He is a partner in a reputed Chartered Accountancy firm and has experience in the area of Auditing, Accountancy, Company Law matters, Income tax and finance. He is involved in handling Internal and Statutory Audits for various Public and Private Companies and ERP systems designing for clients.

He worked in various organizations both in India and abroad.

Mr. Sarvepalli Srinivas
Non-Executive -
Independent Director

Mr. Sarvepalli Srinivas holds a B.Com. Degree from the University of Delhi and Post-Graduation in Mass Communication from Indian Institute of Mass Communication.

He is an accomplished Business leader with over 3 decades of proven leadership experience in leading Public / Private Sector enterprises with decisive and forward thinking with a strong vision and strategic capability. He has excellent people skills and problem solving capability, exceptional blend of fiscal and management capabilities, financially astute, strategic thinking and highly analytical. He has a consistent track record of increasing sales and growing bottom line, while spearheading operational improvements in varied business verticals, cross-sector exposure with effective vision, excel in dynamic, demanding environments, while remaining pragmatic and focused.

Professional Experience: Over 35 years of experience in leading Public / Private Sectors.
He served as
- National Handloom Development Corporation Ltd (NHDC) – Managing Director
- National Textile Corporation Ltd (NTC) – Chairman & Managing Director. (between 2013 to 2018)

Mr. Vamsi Krishna Potluri
Executive Director

Mr. Vamsi Krishna is a graduate from Bits Pilani – Dubai and completed his masters in engineering management from Missouri University of science and technology in United States.

Before joining SMS, he worked for OHM laboratories in supply chain to better understand the international market. Joined the SMS group at a very young age to give the much needed impetus and youthful vigor in its quest to be one of the largest API manufacturers.

He is currently looking after operations in SMS pharmaceuticals trying to mould it as per new generation requirements

Mr. Trilok Potluri
Non-Executive - Non-Independent Director

Mr. Trilok Potluri has completed his under graduation in Computer Science at BITS Pilani-Dubai and has pursued his diploma in the field of Arts & Design and Game Design from Vancouver Film School. He is a passionate game designer and a serial entrepreneur with a 9+ years of management experience encompassing the avenues of Gaming, Animation, F&B & IT services.

He has expertise skills in Strategic planning, Monitoring & evaluating, financial planning. Business Management, Communication Tactical Market Planning, Organizational strategy, structure and dealt with various domestic and international clients.

Dr. Sunkara Venkata Satya Shiva Prasad
Non-Executive - Non-Independent Director

Dr. Sunkara Venkata Satya Shiva Prasad served in Indian Revenue Service from 1988 to 2021. He completed his Doctorate in Agricultural sciences from Indian Agricultural Research Institute, New Delhi. He was selected for IRS in the year 1988. He was under gone training at National Academy of Direct Taxes in Accountancy, Companies Act, and also Industrial finance and management. He worked in various capacities as Assistant commissioner, Additional commissioner, Commissioner, Principal Commissioner and Retired as Chief Commissioner of Income Tax. Throughout his carrier he dealt with Accounting issues, Corporate finance issues, Industrial management and Industrial finance issues while working in Hyderabad, Bengaluru, Kolkata, Coimbatore etc.

He had rich exposure regarding Accountancy issues, administration of Companies Act and Industrial Finance Management. He also had exposure to business restructuring of companies in accordance with Income tax act and other statutes.

Directors Profile...

Dr. Suresh Kumar Gangavarapu

Non-Executive - Independent Director

Dr. Gangavarapu Suresh Kumar holds an M.B.B.S. Degree from Gandhi Medical College Hyderabad and M.S. (General Surgery) from Gulbarga University, Karnataka.

He is a Practicing Consultant Surgeon at several Multispecialty Hospitals at Hyderabad. At Present he is also clinical Director of Robotic Surgery at KIMS group of hospitals, Hyderabad.

He has rich experience in corporate business strategies, formulating financial strategies, strategic planning, corporate affairs, especially in pharmaceutical business.

Mrs. Shanti SreeBolleni is a Fellow Member of the Institute of Chartered Accountants of India Holding Certificate of Practice since August, 1984 and Designated Partner of M/s. Tukaram& Co LLP., Chartered Accountants, Hyderabad.

She is serving as a Nominee Trustee on the Board of M/s. Pullela Gopichand Badminton Foundation Since October, 2018.

She is serving as an Executive Committee Member on the Board of Vijaya Society, running 2 Schools by the name of Vijaya Public School (English Medium and Telugu Medium) at Challapalli, Krishna District, Andhra Pradesh since 2012.

She served as a Nominee Director (nominated by SBI) on the Board of State Bank of Hyderabad from March 2015 to 31st March, 2017 i.e., up to the date of Merger with SBI. She served as Governing Council Member of The AP Tax Bar Association from 2008 to 2012 and as a President of the Association for the year 2010-11.

She also served as an External Member, Board of Studies, Department of Commerce, Osmania University College for Women (Autonomous University), Koti, Hyderabad.

Mrs. Shanti Sree Bolleni

Non-Executive - Independent Director

Mr. Sarath Kumar Pakalapati

Non-Executive - Independent Director

Founder partner of the Sarath & Associates.

Chartered Accountant with about 26 years of standing in the Profession of Chartered Accountancy and Consulting.

Bachelor of Law and Certified Fraud Examiner & Certified Forensic Accounting Professional. Advisor to C.I.D. of AP Police and Central Bureau of Investigation in investigation of major Economic Offence cases and is a Member of Multi- Disciplinary Investigation team.

Dr. Neelaveni was inducted into the board of SMS Pharmaceuticals Ltd. in August 2014.

Dr. Neelaveni graduated from Osmania University in 1986. She has been practicing medicine for over 35 years.

In addition to her practice, she has been deeply involved various philanthropic activities. She actively works with Aarohi blood bank, a non-profit organization that collects and donates blood for thalassemia and leukemia affected children.

In addition to serving on the board of SMS Pharmaceuticals, Dr. Neelaveni has served on the boards of several distinguished companies like Oakridge, SMS Lifesciences & Aarohi Blood Bank.

Dr. Neelaveni Thummala

Non-Executive - Independent Director

Audit Committee

Nomination and Remuneration Committee

Stakeholders Relationship Committee

Risk Management Committee

Corporate Social Responsibility Committee

Honours that Reflect our Growth Story

Indo-US GCNC Award

Recognised as the first Indian pharmaceutical company to receive the Indo-US GCNC Award for implementing green chemistry practices.

Pandit Jawaharlal Nehru Silver Rolling Trophy

Honoured with the Pandit Jawaharlal Nehru Silver Rolling Trophy for excellence in productivity efforts in Andhra Pradesh.

India Pharma Bulk Drug Company of the Year

Awarded the India Pharma Bulk Drug Export Company of the Year by the Government of India.

Board's Report

To
The Members of
SMS Pharmaceuticals Limited.

The Directors are pleased to present the 37th Annual Report of SMS Pharmaceuticals Limited ("The Company") along with the Audited Financial Statements for the Financial Year ended 31st March, 2025. The Consolidated performance of the Company has been referred to wherever required.

FINANCIAL SUMMARY

The Audited Financial Statements of your Company as on 31st March, 2025, are prepared in accordance with the relevant applicable Indian Accounting Standards ("Ind AS") and Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the provisions of the Companies Act, 2013 ("Act").

The summarized financial highlight is depicted below:

(INR in Lakhs)

Particulars	Standalone		Consolidated	
	2024-25	2023-24	2024-25	2023-24
Gross Sales	82,392.24	73,406.91	82,392.24	73,406.91
Net Sales	77,191.14	69,232.52	77,191.14	69,232.52
Income from Services	736.26	1,413.13	736.26	1,413.13
Other Operating Income	347.41	280.69	347.41	280.69
Net Revenue from Operations	78,274.81	70,926.34	78,274.81	70,926.34
Other Income	622.44	445.97	622.44	445.97
EBIDTA	14619.87	12130.42	14,521.57	12,107.93
Finance Charges	1854.09	2345.68	1,854.09	2,345.68
Depreciation	3433.73	3151.57	3,433.73	3,151.57
Profit Before Tax	9332.05	6633.17	9233.75	6,610.68
Taxation	2493.93	1690.68	2,493.93	1,690.68
Profit After Tax	6838.12	4942.49	6913.50	4982.60
Earnings per share - Basic/Diluted(Rs)	8.07	5.84	8.16	5.89

STATEMENT OF AFFAIRS AND COMPANY'S PERFORMANCE

Financial & Production Performance

During the FY 2024-25 the Company had achieved production of 3,097.24 M.T. of APIs and their Intermediates in comparison with 2,247.88 M.T. for the previous FY 2023-24.

During the FY 2024-25 the Company recorded the net sales of ₹ 77,191.14 Lakhs as against ₹ 69,232.52 Lakhs for the previous FY 2023-24. The Company has recorded EPS of ₹ 8.07 in the FY 2024-25 as against ₹ 5.84 for the previous FY 2023-24.

Subsidiaries and Associates

Your Company is having an Associate Company i.e., "VKT Pharma Private Limited". Your Company holds 34.83% of equity shares in the said Associate Company during the Financial Year ended 31st March, 2025 and the share of profit for your Company for the Financial Year 2024-25 was ₹ 173.68 lakhs.

Your Company is having a subsidiary Company i.e., "SMS Peptides Private Limited" incorporated on November 01, 2024. Your Company holds 93.00% equity shares in the said subsidiary Company during the Financial Year ended 31st March, 2025 and the share of Loss for your Company for the Financial Year 2024-25 was ₹ 0.78 lakhs.

Your Company has incorporated a Joint Venture (JV) in Spain in the year 2021 with nomenclature of "CHEMO SMS ENTERPRISES SL" in the capital ratio of 55:45 with a share of 45% contributed by your Company.

There were no transactions during the reporting period, however, all the JV product sales were routed directly from your Company to the end customers during the reporting period as per JV manufacturing arrangement.

The consolidated financial statements had been prepared as per Accounting Standard (AS) 23 "Accounting for Investment in

Associates in Consolidated Financial Statements" specified under Section 133 of Companies Act, 2013 for considering the financials of Associate Company. The required form, as per the provisions of the Sec. 129(3) read with Rule 5 of Companies (Accounts) Rules, 2014 i.e., **Form AOC-1** forms part of the Report as **Annexure 1**.

CHANGE IN NATURE OF BUSINESS

As per the requirements of Rule 8 (5) (ii) of Companies (Accounts) Rules, 2014, your Board of Directors specify that, there is no significant change in the nature of business of the Company during the financial year under review.

TRANSFER TO RESERVES

During the year, Your Company has transferred an amount of ₹1000.00 Lakhs to General Reserve out of the amounts available for appropriations.

DIVIDEND

Your Directors have pleasure in recommending the dividend of Re. 0.40 (i.e. 40%) per equity share of Re. 1/- face value, aggregating to ₹3,54,60,812/- (Rupees Three Corers Fifty Four Lakhs Sixty Thousand Eight Hundred and Twelve only) which shall be paid within 30 days after the conclusion of the Annual General Meeting, subject to the approval of the shareholders of the Company. Payment of dividend to members will be subject to tax deduction at source (TDS) as per statutory requirement.

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have adopted a Dividend Distribution Policy. The policy lays down a broad framework and factors which the Board considers for deciding the distribution of dividend to its shareholders. The said policy is available on the Company's website https://smspharma.com/wp-content/uploads/2022/08/Dividend-Distribution-policy.pdf

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, the Company has key changes in its Directors and Key Managerial Personnel.

(i) Appointment:

During FY 2024-25, pursuant to the recommendation of the Nomination & Remuneration Committee and approval of the Board:

a. Dr. Suresh Kumar Gangavarapu (DIN: 00183128) was appointed as an Independent Director of the Company for a term of Five consecutive years from 12th August, 2024 to 11th August, 2029.

b. Mrs. Shanti Sree Bolleni (DIN: 07092258) was appointed as an Independent Director (Women Director) of the Company for a term of Five consecutive years from 12th August, 2024 to 11th August, 2029.

c. Mr. Trilok Potluri (DIN: 07634613) was appointed as a Non-Executive Non Independent Director of the Company w.e.f. 12th August, 2024.

d. Dr. Sunkara Venkata Satya Shiva Prasad (DIN: 10404277) was appointed as a Non-Executive Non Independent Director of the Company w.e.f. 12th August, 2024.

The aforementioned appointments were further approved by the Shareholders at the Annual General Meeting held on 30th September, 2024.

(ii) Re-appointment:

On the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on 1st July, 2025 has re-appointed Mr. Vamsi Krishna Potluri (DIN: 06956498) as a Whole-Time Director designated as Executive Director of the Company for a second term of Three Years (3) with effect from 1st July, 2025 to 30th June, 2028, subject to the approval of the members at the ensuing AGM.

(iii) Term Completion/ Retirement:

a. Mr. Sarath Kumar Pakalapati (DIN: 01456746) has retired as an Independent Director of the Company on account of completion of his second and final term w.e.f. close of business hours on 11th August 2024.

b. Mrs. Neelaveni Thummala (DIN: 00065571), has retired as an Independent Director of the Company on account of completion of her second and final term w.e.f. close of business hours on 11th August 2024.

(iv) Retirement by rotation:

In accordance with the provisions of section 152(6) of the Act and in terms of the Articles of Association of the Company, Mr. Trilok Potluri (DIN: 07634613), Non-Executive Non Independent Director, will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

(v) Declaration of Independence:

The Company has received declarations of independence from the Independent Directors as stipulated under Section 149 (7) of the Companies Act, 2013, that each Independent Director meets the criteria of Independence laid down in the Section 149 (6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. All the Independent Directors of the Company have enrolled in the Independent Director databank maintained by Indian Institute of Corporate Affairs (IICA) as per Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019.

MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Management Discussion and Analysis is presented in a separate section forming part of this Annual Report for the year ended 31st March, 2025, as required under the provisions of the Listing Regulations.

SHARE CAPITAL

Equity Share Capital:

During the year under review, the authorized share capital remained unchanged at ₹ 12,00,00,000/- divided into 12,00,00,000 equity shares of ₹ 1/- each. However, the paid-up share capital changed from ₹8,46,520,300 to ₹ 8,86,52,030/- comprising 8,86,52,030 equity shares of ₹ 1/- each, consequent to the conversion of 40,00,000 warrants into 40,00,000 equity shares on 27th March, 2025. A report on the same i.e., 'Equity Buildup Report' forms part of this report as **Annexure – 2**.

Listing of shares: Equity shares of the Company are listed in National Stock Exchange of India (NSE) and BSE Limited (BSE) with effect from 28th February, 2007. [Listing fees has been paid for the year 2025-26 to both the Exchanges].

Conversion of Warrants into Equity Shares issued on a private placement basis

Pursuant to the approval accorded by the members, at their Extra-Ordinary General Meeting held on 06th March, 2023 the Securities Allotment Committee of Board of Directors passed resolution on 19th March, 2024 for allotment of 90,00,000 (Ninety Lakh) Convertible Warrants at an issue price of ₹127/- each Warrant aggregating up to ₹114,30,00,000/- to promoters/promoters group of the Company, upon receipt of upfront money of 25% of issue price i.e., ₹31.75/- per warrant aggregating to ₹28,57,50,000/-.

During the financial year, the Company received the balance 75% of the issue price (i.e., ₹95.25 per warrant) aggregating to ₹ 38,10,00,000/- from two allottees holding 40,00,000 convertible warrants. On 27 March 2025, the Securities Allotment Committee converted these warrants into 40,00,000 equity shares of ₹1/- each, in accordance with SEBI (ICDR) Regulations, 2018.

The Company duly submitted the required filings with the Ministry of Corporate Affairs and submitted the documents for listing and trading approvals with both the National Stock Exchange of India Limited and BSE Limited.

On 17th June, 2025, the Company received trading approvals from the stock exchanges for the 40,00,000 equity shares.

As a result, 50,00,000 out of the original 90,00,000 convertible warrants (issued on 19 March 2024) remain pending for conversion.

MATERIAL CHANGES AND COMMITMENTS, AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There are no material changes and commitments which affect the financial position of the Company that have occurred between the end of the financial year to which the financial statements relate and the date of this report.

EVALUATION OF PERFORMANCE OF BOARD OF DIRECTORS:

The Company believes in creating value for its stakeholders through strong corporate governance practices. Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the formal annual evaluation of the performance of the Board as well as non-independent directors was undertaken by the Nomination and Remuneration Committee. The performance of Board Committees and of individual independent directors was undertaken by the Board members.

The Board evaluation was conducted through a structured questionnaire designed based on the criteria for evaluation laid down by the Nomination and Remuneration Committee as per the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India.

Your Company had conducted two separate Meetings of Independent Directors during the year on 05th August, 2024 and 12th February, 2025 in which they had evaluated the Performance of Non Independent Directors and the Board as a whole, performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors. Further, at the Board meeting held on 12th February, 2025 the performance of the Board, its committees, and individual directors was also discussed. The evaluation had been made based on specified standards.

FAMILIARIZATION PROGRAMMES FOR INDEPENDENT DIRECTORS:

Your Company has a strong induction process that enables newly appointed Directors to familiarise them with the Company, management, operations and pharmaceutical industry. All the directors are made aware of their roles and duties at the time of their appointment/re-appointment through a formal letter of appointment which also stipulates other terms and conditions of their appointment. The Directors are provided with all the documents to enable them to have a better understanding of the Company, its various operations, and the industry in which it operates.

The Company has put in place a systematic familiarisation program to deepen Directors understanding of the Company's business, governance framework, strategic priorities, and risk landscape. Independent Directors, in particular, are introduced to their roles, rights, and responsibilities, the business model, operational context, and broader market environment. The Company also offers access to relevant external programs and workshops for further development.

The Board members are periodically updated in its meetings on topics such as industry trends, corporate performance, operational strategy, compliance frameworks, governance developments, and emerging risks and opportunities. These sessions encourage active discussion and gather Directors' input on strategic directions and business initiatives.

The details of these familiarization programs have been placed on the Company's website at https://smspharma.com/investor-relations/download/

COMMITTEES OF THE BOARD:

The Board of Directors has the following Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee
5. Risk Management Committee
6. Securities Allotment Committee

The details of all the above Committees (except for Risk Management Committee) along with their composition, number of meetings and attendance at the meetings are provided in detail in the Corporate Governance Report annexed to this Board's Report.

RISK MANAGEMENT POLICY:

The Risk Management Committee of the Company have the following Directors:

Mr. Ramesh Babu Potluri – Chairman

Mr. Vamsi Krishna Potluri – Member

Mr. Shravan Kudaravalli – Member.

The Committee created a Risk Management Policy to handle various risks faced during the company's daily operations. This policy details different types of risks and the measures the Board should take to lessen them. The company has strong internal controls and procedures to combat these risks. The Audit Committee and the Board of Directors review these risk management procedures every quarter when they examine the company's financial results.

Brief description of terms of reference of the Committee, inter alia, includes the following:

- managing and monitoring the implementation of action plans developed to address material business risks within the Company and its business units, and regularly reviewing the progress of action plans;
- setting up internal processes and systems to control the implementation of action plans;
- regularly monitoring and evaluating the performance of management in managing risk;
- providing management and employees with the necessary tools and resources to identify and manage risks;
- regularly reviewing and updating the current list of material business risks;
- regularly reporting to the Board on the status of material business risks;
- review and monitor cyber security; and
- Ensuring compliance with regulatory requirements and best practices with respect to risk management.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013 as amended, the Board of Directors confirm that:

1. in the preparation of the Financial Statements for the year ended 31st March, 2025 the applicable accounting standards had been followed along with proper explanation relating to material departures, if any.
2. they had selected such accounting policies as notified & modified by ICAI and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
3. they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, as amended from time to time for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Annual Accounts had been prepared on going concern basis.
5. the Company has developed an effective mechanism for internal financial controls to be followed by the Company consistently and that such internal financial controls are adequate and operating effectively;

6. they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

THE CRITERIA FOR APPOINTMENT OF DIRECTORS, KMP AND SENIOR MANAGEMENT

A person for appointment as Director, KMP or in senior management should possess adequate qualifications, expertise and experience for the position considered for appointment. The Nomination and Remuneration Committee decides whether qualification, expertise and experience possessed by a person are sufficient for the concerned position. The Committee ascertains the credentials and integrity of the person for appointment as Director, KMP or senior management level and recommends to the Board his/ her appointment.

The Committee, while identifying suitable persons for appointment to the Board, will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

The Nomination and Remuneration Committee shall assess the independence of directors at the time of appointment, re-appointment and the Board shall assess the same annually. The Board shall re-assess determination of independence when any new interests or relationships are disclosed by a Director.

The criterion of independence is as prescribed in the Act and the listing regulations and the Independent Directors shall abide by the Code specified for them in Schedule IV of the Act.

The Nomination and Remuneration Committee has the criteria for appointing any Key Managerial Personnel (KMP) and nominating directors on the Board. The appointment of any KMP is made by the Nomination and Remuneration Committee based on the requirement of the position and experience and skill sets of the candidate.

COMPOSITION & NUMBER OF MEETINGS OF THE BOARD AND AUDIT COMMITTEE

During the year under review, four (4) Board Meetings and four (4) Audit Committee Meetings were duly convened and held. Detailed information regarding these meetings is provided in the Corporate Governance Report, which forms an integral part of this Report. The intervals between the meetings were in compliance with the timelines prescribed under the Companies Act, 2013, and the Listing Regulations.

ANNUAL RETURN

The Annual Return of the Company as on 31st March, 2025, in terms of the provisions of Section 92(3) and 134(3)(a) of the Act, 2013 is available on the Company's website: https://smspharma.com/annual-report/

CORPORATE GOVERNANCE

A separate section on Corporate Governance standards followed by your Company, as stipulated under Schedule V of the SEBI (LODR) Regulations, 2015, which is forming part of this report. The requisite certificate from M/s. Suryanarayana & Suresh, Chartered Accountants, confirming the compliance with the conditions of Corporate Governance is annexed to the Report on Corporate Governance.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

The 'Business Responsibility and Sustainability Report' (BRSR) of your Company for the year ended 31st March, 2025, forms part of this Annual Report as required under Regulation 34 (2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available as a separate section in this Annual Report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has established a Vigil Mechanism and adopted a Whistle Blower Policy to enable Directors and employees to report concerns regarding unethical behavior, actual or suspected fraud, or any violation of the Company's Code of Conduct or Ethics Policy. The Policy ensures that all reported matters are investigated in a fair and unbiased manner, and appropriate corrective actions are taken to uphold the highest standards of ethical and professional conduct.

The mechanism also includes safeguards to protect whistleblowers from any form of retaliation or victimization and provides for direct access to the Chairman of the Audit Committee in exceptional circumstances.

During the year under review, the Company did not receive any complaints, disclosures, or concerns under the Vigil Mechanism. The Whistle Blower Policy is available on the Company's website at https://smspharma.com/company-announcements/downloads/

DEPOSITS

The Company has not accepted any deposits from the public within the purview of Chapter V of the Companies Act, 2013. Hence, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the Financial Statements provided in this Annual Report.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered by the Company during the financial year 2024-25 with related parties were in the ordinary course of business and on an arm's length basis and are in compliance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors and Key Managerial Personnel, etc., which may have potential conflict with the interest of the Company. All related party transactions are presented to the Audit Committee on quarterly basis and were also placed before the Board.

A statement of all Related Party Transactions is being presented before the Audit Committee on Quarterly basis specifying the nature, value and terms and conditions of the transactions. A Policy on Related Party Transactions approved by the Board is uploaded on the Company's website at the web link https://smspharma.com/wp-content/uploads/2024/11/updated-Policy-on-Related-Party-Transactions-08.11.2024.pdf

The particulars of contracts or arrangements entered into by the Company with related parties referred to in Section 188(1) are kept by the Company in Statutory Form AOC-2. Further details required to disclose as per Accounting Standard form part of the notes to the financial statements provided in the annual report. The Form AOC-2 is attached to the Report as **Annexure - 3**.

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has duly constituted a Corporate Social Responsibility (CSR) Committee.

A brief overview of the Company's CSR Policy, details of the CSR Committee, and the initiatives undertaken by the Company during the financial year are provided in **Annexure-4** to this Report, in the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014.The CSR Policy of the Company is also available on the Company's website at: https://smspharma.com/wp-content/uploads/2025/02/Corporate-Social-Responsibility-Policy.pdf

PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the requisite disclosures pertaining to remuneration and other relevant details are provided in the 'Employees Remuneration Report', which forms an integral part of this Report and is annexed herewith as **Annexure – 5**.

Further, the statement containing particulars of employees as required under Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the said Rules, has not been included in this Report. However, in terms of the provisions of Section 136 of the Act, the said statement is available for inspection by members. Any member desirous of obtaining a copy of the same may make a written request by sending an email to the Company Secretary at cs@smspharma.com

PREVENTION OF INSIDER TRADING

To ensure compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a comprehensive Insider Trading Policy aimed at regulating, monitoring, and reporting trading activities by designated persons. This Policy encompasses detailed procedures for the fair disclosure of unpublished price-sensitive information, along with provisions for initial and continual disclosures, in accordance with the applicable regulatory framework. The Board periodically reviews the Policy, as and when required. The Policy is available on the Company's website at: https://smspharma.com/company-announcements/downloads/

The Company undertakes various initiatives to educate and sensitize its employees regarding the provisions of the Insider Trading Code. These include the periodic dissemination of informative communications on the prevention of insider trading, guidelines outlining Do's and Don'ts, notifications regarding the closure of trading windows, and timely clarifications provided to designated persons. Such initiatives have significantly enhanced awareness and understanding of insider trading compliance among the designated individuals.

ENVIRONMENT, HEALTH AND SAFETY ENVIRONMENT

The Company continuously monitors its energy consumption, regulates emissions, and manages waste generation to minimize its environmental footprint. We are committed to adopting responsible water usage practices and continuously seek innovative ways to reduce resource consumption. Our dedication to environmental protection and occupational health and safety is firmly embedded in our corporate policies and guides all our operational decisions.

To ensure a safe and healthy workplace, the Company regularly conducts comprehensive training programmes and mock drills that enhance employee awareness, preparedness, and response capabilities. We proactively identify high-risk areas and invest in advanced technological solutions, such as automation and real-time monitoring systems, to mitigate potential hazards. Awareness campaigns and safety workshops are conducted regularly to foster a strong safety culture across all levels of the organization.

In addition, the Company has implemented ergonomic assessments to optimize workplace design and reduce strain-related injuries. To support employee well-being beyond the workplace, free health check-up programmes are organized periodically, alongside mental health awareness sessions and wellness initiatives such as fitness challenges and stress management workshops.

Our ongoing efforts to improve environmental sustainability and employee safety are reinforced through continuous feedback mechanisms and audits, ensuring that we adapt and enhance our practices to meet evolving standards and best practices.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The information required under Section 134(3)(m) of the Companies Act, 2013 read with the applicable Rules forms part of this report as **Annexure-6**.

FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lakhs)

Particulars	2024-25	2023-24
Earnings		
FOB Value of Exports	31,268.18	30,245.53
Outgo		
Sales Commission	687.27	17.25
Travelling Expenses	-	-
CIF Value of Imports		
Raw Materials	9342.98	10,553.87
Capital Goods	239.80	414.15

AUDITORS APPOINTMENT AND THEIR REPORTS

Statutory Auditors

The Company appointed M/s. Suranarayana & Suresh, Chartered Accountants, (Firm Registration No. 006631S), Hyderabad as Statutory Auditors of the Company at the Annual General Meeting held on 30th September, 2022 for a second term of five (5) years i.e., from the conclusion 34th AGM till the conclusion of 39th Annual General Meeting to be held in the year 2027.

Further, the report of the Statutory Auditors along with notes to accounts forms part of the Annual Report. There has been no other qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

Internal Auditor

The Board has appointed M/s. Adusumilli and Associates, Chartered Accountants, as an Internal Auditors of the Company for a period of one year from 01.04.2025 to 31.03.2026 under Section 138 of the Companies Act, 2013, in accordance with the scope as defined by the Audit Committee.

Secretarial Auditor

As per Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed M/s. SVVS Associates Company Secretaries LLP to undertake Secretarial Audit of the Company for the Financial Year ended on 2024-2025. Secretarial Audit Report in Form MR-3 for the financial year 2024-2025 forms part of this report as **Annexure – 7**.

There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report. However, an observation related that under Regulation 19(1)(c) of SEBI (LODR) Regulations, 2015 to Non-compliance pertaining to the composition of Nomination and Remuneration Committee of the Board for the period from 12th August, 2024 to 07th November, 2024. This was brought to the notice of the Board and the management has clarified that the Company has complied with the said provision w.e.f. 7th November, 2024 and a fine of ₹ 2,000/- per day by each stock exchange from 12th August 2024 to 7th November, 2024 was paid. However, during the said period the company has not conducted any Nomination and Remuneration Committee Meetings. It was an inadvertent and isolated oversight and unintentional nature prompt corrective action was taken immediately.

The Board on recommendations of the Audit Committee has approved and recommended to the members the appointment of M/s. SVVS Associates Company Secretaries LLP, as Secretarial Auditor of the Company for a period of five consecutive years from financial year 2025-26 to 2029-30.

Brief details as required under the Listing Regulations, are provided in the Notice of 37th AGM. The Directors recommend the same for approval by the Members.

Annual Secretarial Compliance Report

As per Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained the Annual Secretarial Compliance Report which forms part of this Report as **Annexure-B** from Mr. C. Sudhir Babu, Practicing Company Secretary (Proprietor, CSB Associates) and submitted the same to the Stock Exchanges where the shares of the Company are listed.

Cost Auditor

As per Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and the Companies (Cost Records & Audit) Amendment Rules, 2014, the Company maintains Cost Records. Your Board has, upon the recommendations of the Audit Committee, appointed M/s. Harshitha Annapragada & Co., Cost Accountants (Firm Registration No. 006031 and Membership No. 39895) as Cost Auditor of the Company for the financial year 2024-2025.

The Board of Directors on the recommendations of the Audit Committee, appointed M/s. Harshitha Annapragada & Co., Cost Accountants (Firm Registration No. 006031 and Membership No. 39895) as Cost Auditors of the Company for the financial year 2025-2026. As required under the Act and Rules made thereunder, the remuneration payable to the Cost Auditors is required to be placed before the Members at a general meeting for ratification. Accordingly, a resolution seeking ratification of the remuneration payable to M/s. Harshitha Annapragada & Co., Cost Accountants, by the members is included in the Notice convening 37th Annual General Meeting.

FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has implemented a comprehensive system of internal financial controls tailored to its operational scale and complexity, ensuring the integrity of financial reporting, protection of assets, and compliance with applicable accounting standards, regulations, and corporate policies. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable accounting standards and relevant statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies. The Company uses an established Tally to record day-to-day transactions for accounting and financial reporting.

Assurance on the effectiveness of internal financial controls is obtained through management reviews, continuous monitoring by functional owners as well as testing of the internal financial

control systems by the internal auditors during the course of their audits. We believe that these systems provide reasonable assurance that our internal financial controls are designed effectively and are operating as intended.

The Company actively reinforces its control environment through routine audits, updates, and enhancements, thereby ensuring that its internal controls remain resilient, responsive, and aligned with evolving risks and compliance obligations.

POLICIES

Company has following policies in place pursuant to applicable provisions of the Act and SEBI Listing Regulations and the same are published on the official website of the Company (www.smspharma.com):

Code of Business Conduct & Ethics for Other Stake Holders	Code of Regulation & Prohibition of Insider Trading
Code of Conduct for Board of Directors & Senior Management	Remuneration Criteria for Non-Executive Directors policy
Corporate Social Responsibility Policy	Document preservation policy
Familiarization program of Independent Director	Policy for evaluation performance of the Board of Directors
Policy for related party transactions	Policy on prevention, prohibition and redressal of sexual harassment of women at workplace
Vigil Mechanism (Whistle blower policy)	Staff advances policy
Dividend Distribution Policy	Risk Management Policy
Code of Practices and procedures for Fair Disclosure	Policy for Determination of Materiality for Disclosure
Policy on Determining material subsidiary	

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Your Company believes that employees are its most valuable assets, and it is the responsibility of the Company to provide support and care to all its employees. It strives to create an environment conducive to employees' development. Through ongoing learning, development initiatives, and collaborative experiences, we foster a culture of continuous improvement, teamwork, and shared success that drives both individual potential and the sustained performance of our organization.

SHARE TRANSFER SYSTEM

Pursuant to Regulation 40(1) of SEBI (LODR) Regulations, 2015, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialised form.

SEBI vide its circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022, has made it mandatory for listed companies to issue shares only in demat form while processing investor 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. Listed entities/ RTAs are now required to issue a 'Letter of Confirmation' in lieu of the share certificate while processing any of the aforesaid investor service requests.

In cases where the securities holder / claimant fails to submit the demat request to the depository participant within a period of 120 days from the date of issuance of the Letter of Confirmation from RTA / listed companies, the said securities are credited to 'Suspense Escrow Demat Account'. Securities which are moved to 'Suspense Escrow Demat Account' may be claimed by the security holder / claimant by submitting a duly executed Form ISR- 4 and self-attested KYC documents.

In view of the above and to eliminate risk associated with physical shares and to avail various benefits of dematerialisation, shareholders are advised to dematerialize their shares held in physical form.

The Stakeholders Relationship Committee meets as often as required to approve share transfers and to attend to any grievances or complaints received from the members.

GENERAL DISCLOSURE

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

a) No material changes and commitments affecting the financial position of the Company between the financial year ended 31st March, 2025 and the date of this report.

b) No fraud has been reported by the Auditors to the Audit Committee or to the Board.

c) No material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future

d) Company has complied with the requirements of the Secretarial Standards issued by Institute of Company Secretaries of India.

e) There are no instances where the Board has not accepted the recommendation of Audit Committee.

f) Cost records are maintained as per the requirements of Section 148 of the Act.

g) The extract of Annual Return is disclosed on the Company's website.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Your Company is dedicated to maintaining a workplace free from sexual harassment and has implemented a comprehensive policy aimed at preventing, prohibiting, and addressing any incidents of sexual harassment in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, along with its applicable rules. The Company upholds a strict zero-tolerance stance towards any form of sexual harassment within the work environment.

In compliance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, statement of complaints for the financial year ended March 31, 2025, is as follows:

Particulars	Number
Number of complaints pending as on beginning of the financial year	Nil
Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as on end of financial year	Nil

COMPLIANCE WITH SECRETARIAL STANDARDS

During the year under review, the Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India.

MATERNITY BENEFIT ACT, 1961

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

INSURANCE:

The Company's plant, properties, equipment and stocks are adequately insured against all major risks. The Parent Company has taken Directors' and Officers' Liability Policy to provide coverage against the liabilities arising on them, which includes the Directors of the Company also.

RATING

CARE Rating Limited has assigned its rating of 'CARE A'; 'Stable' (Single A; Outlook Stable) on the Long Term Bank Facilities of the Company and 'CARE A2+' on the Short Term Bank Facilities of the Company

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the year under review, there were no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

DISCLOSURE OF CERTAIN TYPES OF AGREEMENTS BINDING ON THE COMPANY:

During the period under the review the Company does not enter into any agreement(s) which were falling under clause 5A of para A of part A of schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE:

During the year M/s. Sai Sreyas Pharmaceutical Pvt Ltd (Petitioner), an Operational Creditor has filed a petition under Section 9 of the Insolvency and Bankruptcy Code, 2016, before the National Company Law Tribunal (NCLT), Hyderabad Bench seeking initiation of Corporate Insolvency Resolution Process against the Company alleges default in the payment of unpaid operational debt amounting to ₹3.02 Crores. The Company has previously raised concerns regarding the quality of materials supplied by the aforementioned Operational Creditor and had requested them to take back the disputed material. In spite of this, the petitioner filed an application under IBC and the

Company has received a communication from the Hon'ble NCLT, Hyderabad in relation to the above registration of the said petition. The Company is taking necessary legal steps against the Operational Creditor.

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their sincere appreciation for the continued cooperation and support extended to the Company by the Banks & Financial Institutions. The Board also takes this opportunity to thank all Shareholders, Analysts, Business Partners, Government and Regulatory Authorities, Distributors, Suppliers, Business Associates, Medical professionals, and Customers for their invaluable guidance, encouragement, and unwavering support.

The Board of Directors further expresses its deep sense of gratitude for the dedicated and committed services rendered by the Company's executives, staff, and workers.

The Directors also wish to convey their heartfelt thanks to the investors for the confidence and trust they have continued to repose in the Company.

By the order of the Board

Ramesh Babu Potluri
Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 09.08.2025

Annexure-1

FORM AOC - 1

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

Part "A": Subsidiaries

Name of the Subsidiary	SMS Peptides Private Limited
Reporting Period	31.03.2025
The date since when subsidiary was acquired	01.11.2024
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Rupees in Lakhs
Share capital	1.00
Reserves & surplus	0.17
Total assets	0.65
Total Liabilities	0.65
Investments	Nil
Turnover	Nil
Profit before taxation	(0.83)
Provision for taxation	-
Profit after taxation	(0.83)
Proposed dividend	-
% of Shareholding	93%

Part "B": Associates and Joint Ventures

Sl. No.	Name of associates/Joint Ventures	VKT Pharma Private Limited (Associate Company)	Chemo SMS Enterprises SL (Joint Venture Company)
1	Latest audited Balance Sheet Date	31.03.2025	31.03.2025
2	Shares of Associate/Joint Ventures held by the company on the year end		
	No. of Equity Shares	38,50,165 Equity Shares of ₹10/- each.	No Contribution was made
	Amount of Investment in Associates/Joint Venture	₹ 4499.87 lakhs	
	Extent of Holding%	34.83%	45.00 %
3	Description of how there is significant influence	Based on the percentage of holding in the investee Company.	Based on the percentage of holding in the investee Company
4	The associate is consolidated	Financial Statement Consolidated for FY 2024-25	There were no transactions during the reporting period
5	Net worth attributable to shareholding as per latest audited Balance Sheet	₹ 1860.13 Lakhs	NA
6	Profit/(Loss) for the year	₹173.68 lakhs	NA
	i. Considered in Consolidation	-	-
	ii. Not Considered in Consolidation		

By the order of the Board

Ramesh Babu Potluri
Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 09.08.2025

Annexure-2

Equity Buildup Report

Reason of Allotment	Nature of payment of consideration	Date on which Equity Shares were allotted/ made fully paid-up	Number of Equity Shares allotted	Cumulative Equity Shares
Subscription to Memorandum of Association	Cash	14-Nov-87	40	40
Further Allotment	Cash	13-Dec-88	34,960	35,000
Allotted to relatives , friends of promoters	Cash	15-Dec-88	15,000	50,000
Allotted to promoters, relatives, friends	Cash	20-Mar-89	25,000	75,000
Allotted to relatives, friends of promoters	Cash	28-Sep-89	25,000	100,000
Allotted to relatives, friends of promoters	Cash	7-May-90	22,900	122,900
Allotted to relatives, friends of promoters	Cash	7-Jun-90	27,100	150,000
Allotted to Promoters, relatives and employees	Cash	26-Mar-92	150,000	300,000
Bonus @ 8:3	Bonus	1-Nov-94	800,000	1,100,000
Allotted to Promoters	Cash	21-Nov-94	150,000	1,250,000
Allotted to employees, friends and relatives of Promotes and Promoters	Cash	30-Nov-94	350,000	1,600,000
Allotted to Corporate Body.	Cash	18-Feb-95	450,000	2,050,000
Sub – Division into ₹ 5/- per share		22-Mar-04	-	4,100,000
Bonus shares @ 1: 1	Bonus	27-Mar-04	4,100,000	8,200,000
Re-Consolidation into ₹ 10/- per share		29-Sep-04	-	4,100,000
Allotted to Shareholders of Sreenivasa Pharma Pvt. Limited after Sreenivasa Pharma Pvt Ltd. became a subsidiary of SMS Pharma Limited.	Issued for consideration Other than cash	28-Apr-06	2,923,000	7,023,000
Pre - IPO placement to Gulf Pharmaceutical Industries*	Cash	8-Jan-07	400,000	7,423,000
Issue shares to Public via IPO	**cash**	**22-Feb-07**	2,579,225	10,002,225
Balance as on		31-Mar-07	-	10,002,225
Allotment of shares to erstwhile Plant Organics Limited (POL) Shareholder's [@ 1 share of SMS Pharmaceuticals Ltd. for every 50 shares of POL]	Issued as per exchange ratio Other than cash	29-Nov-08	12,978	10,015,203
Balance as on		31-Mar-08	-	10,015,203
Buy Back of Shares [on various dates from 28/05/2013 to 25/07/2013]	cash		(1,550,000)	8,465,203
Balance as on		31-Mar-14	-	8,465,203
Balance as on		31-Mar-15	-	8,465,203
Sub–Division into ₹ 1/- per share [Splitting of ₹ 10 face value]**	Split @ 10:1	17-Dec-15	-	84,652,030
Allotment of Equity shares pursuant to conversion of 40,00,000 warrants in to 40,00,000 equity shares	Cash	27-Mar-25	40,00,000	88,652,030
Balance as on		**31-Mar-25**	**-**	**88,652,030**

Note: *Shares allotted as per MOU dated 24.12.2006.

**Record date 18.12.2015 whereas Ex-date17.12.2015

By the order of the Board

Ramesh Babu Potluri
Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 09.08.2025

Annexure-3

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: **NIL**

2. Details of contracts or arrangements or transactions **at Arm's length basis**

Sl. No.	Name (s) of the related party	Details			
		VKT Pharma Private Limited	**SMS Lifesciences India Limited**	**Eshwar Coal Movers**	**Raghavendra Engineering Industries (India) Private Limited**
a)	Nature of relationship	Associate Company with 34.83% stake, Common Directors & the Company along with its Promoters holding majority equity shares in VKT Pharma	Promoters holding more than 10% of total Equity.	Mr. Harikishore Potlluri is the Brother of Mr. Ramesh Babu Potluri	Mr. Suresh Babu Potluri, is the borther of Mr.Ramesh Babu Potluri
b)	Nature of contracts/ arrangements/transaction	Sale of material in the ordinary course of business. Purchase of material in the ordinary course of business. Receipt of Rent.	Sale & purchase of materials in the ordinary course of Business	Purchase of Coal in different grades in the ordinary course of Business	Procurement and sale of few tools, Capital equipment at plant and taking engineering services i.e. repair of equipment and fabrication of new pipelines as well as repair of existing pipelines and maintenance.
c)	Duration of the contracts / arrangements / transactions	Transactions made during FY 2024-25	Transactions made during FY 2024-25.	Transactions made during FY 2024-25	Transactions made during FY 2024-25
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Total amount of Sales was ₹3966.08/- Lakhs Receipt of Rent ₹28.11/- Lakhs	Total amount of purchases of ₹1924.05 /- Lakhs Total amount of Sales was ₹5.4 /- Lakhs	Total amount of purchases of ₹277.65/- Lakhs	Total Amount of Purchases were: ₹1456.74/- Lakhs
e)	Justification for entering into such contracts or arrangements or transactions	Transactions are made at prevailing market rate in the ordinary course of business.	Transactions are made at prevailing market rate in the ordinary course of business	Transactions are made at prevailing market rate in the ordinary course of business	Transactions are made at prevailing market rate in the ordinary course of business.

Sl. No.	Name (s) of the related party	Details			
		VKT Pharma Private Limited	SMS Lifesciences India Limited	Eshwar Coal Movers	Raghavendra Engineering Industries (India) Private Limited
f)	Date of approval/review by the Board	08.02.2024 29.05.2024 05.08.2024 08.11.2024 12.02.2025	08.02.2024 29.05.2024 05.08.2024 08.11.2024 12.02.2025	08.02.2024 29.05.2024 05.08.2024 08.11.2024 12.02.2025	08.02.2024 29.05.2024 05.08.2024 08.11.2024 12.02.2025
g)	Amount paid as advances, if any	Nil	Nil	Nil	Nil

*All the above related party transactions entered by the Company are in the ordinary course of business at prevailing market rates.

By the order of the Board

Ramesh Babu Potluri
Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 09.08.2025

Annexure-4

Annual Report on Corporate Social Responsibility (CSR) Activities for the financial year 2024-25

1. A brief outline of the CSR policy of the Company:

SMS Pharmaceuticals Limited ("SMS Pharma" or the "Company") is committed to conducting business with the highest standards of social responsibility, ethics, and environmental stewardship. We strive to uplift the quality of life in communities surrounding our operations through focused and sustainable CSR initiatives. Central to our efforts are advancing health and education by providing essential healthcare services, promoting preventive care, and building and supporting educational infrastructure year after year. In parallel, we enhance access to safe drinking water through infrastructure development, contribute to rural development, and foster long-term community empowerment. This Policy serves as our guiding framework to ensure our CSR actions are consistent, impactful, and fully aligned with our values. The more details of the CSR Policy can be accessed on www.smspharma.com

2. Composition of the CSR Committee:

Sl. 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. Ramesh Babu potluri	Chairman of the Committee-Executive Director	3	3
2.	Mr. Sarath Kumar Pakalapati	Member - Independent Director	1	1
3.	Mr. Sarvepalli Srinivas	Member - Independent Director	3	2
4.	Mr. Shravan Kudaravalli	Member - Independent Director	3	3

Mr. Sarath Kumar Pakalapati ceased to be the member of the Committee w.e.f. 11.08.2024 due to completion of his tenure as an Independent Director.

3. Web-link provided 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 and CSR projects approved by the board : https://smspharma.com/corporate-governance/corporate-social-responsibility/

CSR Policy : https://smspharma.com/company-announcements/downloads/

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 for the year under review.

5. (a) Average net profit of the Company as per Section 135(5) for the last three financial years: **₹4685.04 Lakhs**

(b) Two percent of average net profit of the Company as per Section 135(5) : **₹93.70 Lakhs**

(c) Surplus arising out of the CSR Projects or programs or activities of the previous financial years: **Nil**

(d) Amount required to be set off for the financial year if any: **₹4.84 Lakhs**

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: **₹88.86 Lakhs**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **₹115.40 Lakhs**

   (b) Amount spent in Administrative Overheads: **NIL**

   (c) Amount spent on Impact Assessment, if applicable: **NIL**

   (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: **₹115.40 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
₹115.40 Lakhs	Nil	NA	NA	Nil	NA

Note: One ongoing projects related to construction of community hall has been temporarily deferred for next year due to the reallocation of funds for a newly approved project.

f) Excess amount for set off, if any

Sl. No.	Particulars	Amount (₹ in Lakhs)
I	Two percent of average net profit of the Company as per section 135(5)	93.70
ii	Total amount spent for the financial year	115.40
iii	Excess/(Shortfall) amount spent for the financial year (i-ii)	21.70
iv	Surplus arising out of the CSR Projects or programs or activities of the previous financial years, if any	4.84
v	Amount available for set off in succeeding financial years (iii+iv)	26.54

7. Details of unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding financial year	Amount transferred to unspent CSR Account under Section 135(6) (in ₹ lakhs)	Amount spent in the reporting financial year (in ₹ lakhs)	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 (in ₹ lakhs)
				Name of the fund	Amount in ₹ lakhs	Date of transfer	
NA							

8. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Not Applicable

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profits as per section 135(5): Not Applicable.

Ramesh Babu Potluri
(DIN: 00166381)
Chairman & Managing Director

Ramesh Babu Potluri
(DIN: 00166381)
Chairman of CSR Committee

Place: Hyderabad
Date: 09.08.2025

Annexure-5

Information in terms of Sec. 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name	Designation	Remuneration for the Financial Year (₹ In Lakhs)	% increase/decrease in remuneration during Financial Year	Ratio of remuneration of each director to the median remuneration of employees
Mr. Ramesh Babu Potluri	Executive Director (Chairman & Managing Director)	518.33	40.57	127:1
Mr. Vamsi Krishna Potluri	Executive Director	518.33	40.57	127:1
Mr. Trilok Potluri	Non-Executive & Non- Independent Director	-	-	-
Dr. Suresh Kumar G	Non-Executive & Independent Director	-	-	-
Mrs. Shanti Sree Bolleni	Non-Executive & Independent Director	-	-	-
Dr. SVSS Prasad	Non-Executive & Non- Independent Director	-	-	-
Mr. Sarath Kumar Pakalapati	Non-Executive & Independent Director	-	-	-
Dr. Neelaveni Thummala	Non-Executive & Independent Director	-	-	-
Mr. Shravan Kudaravalli	Non-Executive & Independent Director	-	-	-
Mr. Sarvepalli Srinivas	Non-Executive & Independent Director	-	-	-
Mr. Lakshmi Naryana Tammineedi	Chief Financial Officer	35.83	55.80	9:1
Mr. Thirumalesh Tumma	Company Secretary	17.5	17.32	4:1

1. The percentage increase in the median remuneration of employees: 15.17%
2. The number of permanent employees on the rolls of company: 1470 employees as on 31st March, 2025.
3. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year was : 17.12%
4. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
5. The Non-Executive Directors of the Company are entitled for sitting fees as per the statutory provisions. Hence, ratio of remuneration and percentage increase for Non- Executive Directors Remuneration is therefore not provided.

By the order of the Board

Ramesh Babu Potluri
Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 09.08.2025

Annexure-6

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]

CONSERVATION OF ENERGY

Energy Conservation continues to receive priority within the Company and the Company is continuously monitoring energy Consumptions across various locations, has resulted in improvement in maintenance systems and reduction in Distribution losses.

1. **Steps taken by the Company for utilizing the alternate sources of energy:**

   i. Dedicated feeder Facility created to minimize the power Failures and purchase power through open access during the power holiday time to avoid the running of diesel generator sets and reduce the HSD consumption. 73586 Liters of Disel saved PA and Rs.71.5 lakhs saved.

   ii. Units Purchased through Open Access platforms Saved in cost Rs.56.10 lakhs.

2. **Energy Conservation Measures taken:**

   Energy Conservation continues to receive priority within the Company. The continuous monitoring of the energy Consumptions across the Company's locations, has resulted in improvement in maintenance systems and reduction in Distribution losses

   i. Installed Steam Condensate Recovery Pumps (Pressure Powered Pump) Steam Condensate Water pumping purpose, so there are centrifugal pumps are replaced with Pressure Powered Pump, so power saved 5184 KW/PM.

   ii. Installed online tube cleaning systems (ECO MAX) for Chilling plants condensers tube cleaning purpose and improve the Condenser Heat Transfer Area and Reduce the discharge pressures and Maintain the Standard of KW/TR. saved 10,800 KW/PM.

   iii. Installed Steam Condensate Recovery System so as to achieve increased efficiency of the boilers & reduce the fuel consumption saved Rs.6.28 lakhs/PM.

   iv. * Evaluation and pilot trials of bio-fuel alternatives for thermal energy generation

   * Participation in state and national renewable energy initiatives and incentives

   * Inclusion of renewable energy targets in the sustainability strategy and road-map.

TECHNOLOGY ABSORPTION

1. **Efforts in brief, made towards technology absorption:**

   The Company operates a state-of-the-art Research and Development (R&D) Centre that is actively engaged in the innovation of new products as well as the enhancement of existing processes. As part of its commitment to continuous improvement, the Company places strong emphasis on process optimization, quality enhancement, and cost efficiency across its product portfolio.

   Through rigorous R&D efforts, the Company has successfully reduced production costs, improved product consistency, and maintained a strong presence in international markets. Furthermore, the R&D Centre plays a pivotal role in integrating advanced technologies and sustainable practices, ensuring that the Company remains competitive in an evolving global landscape.

2. **Benefits derived as a result of the above efforts:**

   The Company constantly reviews, optimizes and improves its processes for its product range. These efforts have resulted improved in quality, lower cost of production, be competitive in the global market and yield improvement in production.

3. **R&D Expenditure**

   For the details of expenditure incurred in R&D centre of the Company for the FY 2024-25 are furnished vide Note number 41.

4. **Foreign Exchange Earnings and Outgo**

(₹ in Lakhs)

Particulars	2024-25	2023-2024
Earnings		
FOB Value of Exports	31,268.18	30,245.53
Outgo		
Sales Commission	687.27	17.25
Travelling Expenses	-	-
CIF Value of Imports		
Raw Materials	9342.98	10,553.87
Capital Goods	239.80	414.15

By the order of the Board

Ramesh Babu Potluri
Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 09.08.2025

Annexure-7

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2025

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

To the Members,
SMS Pharmaceuticals Limited,
Hyderabad

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SMS Pharmaceuticals 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 from1st April, 2024 to 31st March, 2025 ("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, 2025 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);

(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 term of office of the Independent Directors i.e., Mr. Sarath Kumar Pakalapati and Ms. Neelaveni Thummala has expired with effect from 11th August, 2024.

ii) The Board of Directors has appointed two Independent Directors i.e., Mr. Suresh Kumar Gangavarapu and Ms. Shanti Sree Bolleni with effect from 12th August, 2024 and approved by the Shareholders at the Annual General Meeting.

iii) Further, the Board appointed Mr. Trilok Potluri and Mr. Sunkara Venkata Satya Shiva Prasad as Directors of the Company with effect from 12th August, 2024 and approved by the Shareholders at the Annual General Meeting.

iv) The Company has received notices from BSE Limited and NSE for non-compliance of Regulation 19(1)(c) of SEBI (LODR) Regulations, 2015 with regard to composition of Nomination and Remuneration Committee imposing a fine of ₹2,000/- per day from 12th August, 2024 to 30th September, 2024 and 1st October, 2024 to 7th November, 2024 on 21st November, 2024 and 17th March, 2025 respectively. Payment of the fine was made on 5th December, 2024 and 27th March, 2025 respectively by the Company.

v) The Securities Allotment Committee of the Company has allotted 40,00,000 Equity Shares on 27th March, 2025, upon conversion of Convertible Warrants on Preferential basis to Mr. Ramesh Babu Potluri and M/s. Potluri Infra Projects LLP i.e., 25,00,000 and 15,00,000 Equity Shares respectively.

For **SVVS & Associates**
Company Secretaries LLP

C. SUDHIR BABU
Designated Partner
FCS: 2724; C P No.: 7666
UDIN: F002724G000514488
Peer Review No.: 6514/2025

Place: Hyderabad
Date: 30-05-2025

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,
SMS Pharmaceuticals 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: F002724G000514488
Peer Review No.: 6514/2025

Place: Hyderabad
Date: 30-05-2025

Management Discussion and Analysis

Economic Environment

Global Economic Overview

The global economy expanded by 3.3% in CY 2024, supported by robust growth in the US, although this was partially offset by slower growth in Europe. Inflation decelerated to 5.7%, from 6.6% in CY 2023, driven by declining price pressures in advanced economies. To support liquidity and economic activity, the US Federal Reserve reduced interest rates by 100 basis points during the year, bringing them to a range of 4.25-4.50%. Governments around the world adopted selective policy measures, including increased investments in public infrastructure, expanded social welfare programmes and business incentives, to insulate their economies from geopolitical disruptions.

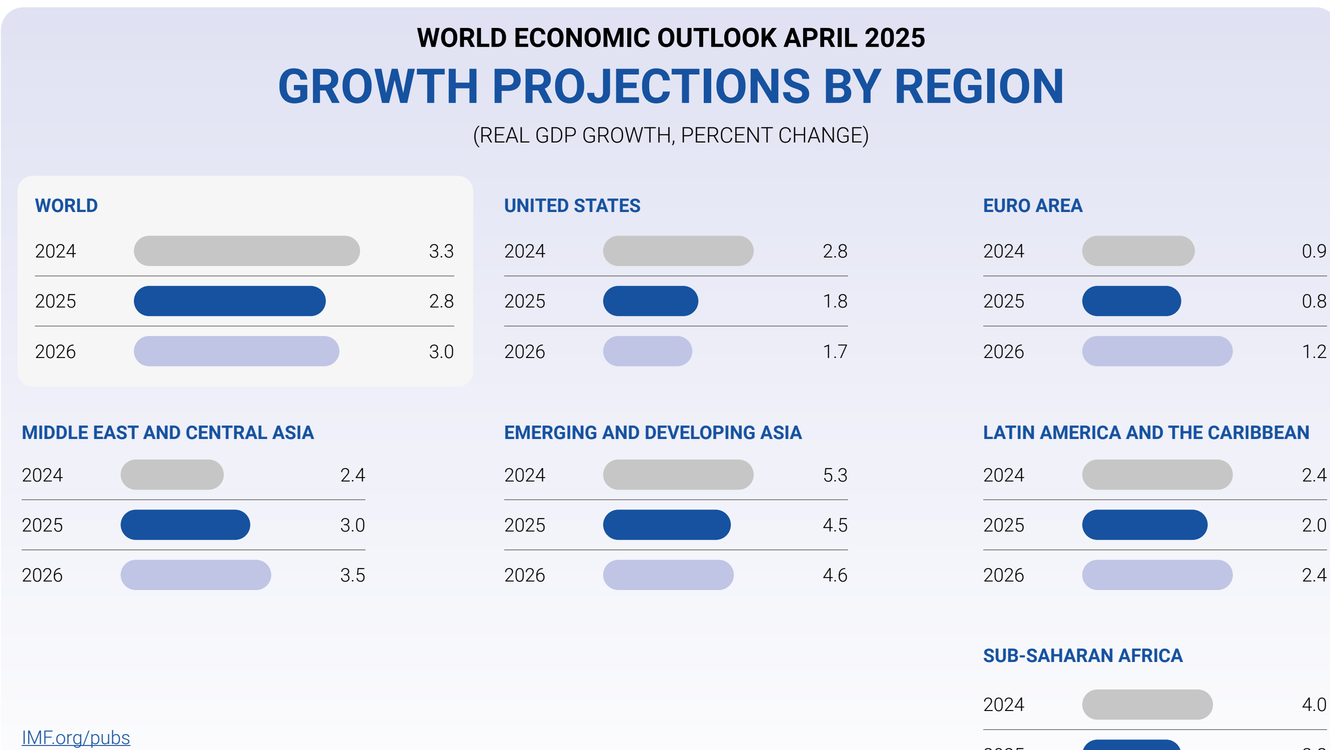
Investor sentiment, however, remained subdued due to a combination of geopolitical tensions in the Middle East and Europe, slower economic growth in China and evolving US policies. This cautious outlook was reflected in higher bond yields across advanced economies. Meanwhile, developed nations continued to invest in green technologies and digital infrastructure to address long-term structural issues such as aging populations and declining productivity. In contrast, numerous emerging and developing nations maintained growth momentum due to moderating inflation and a solid foundation in manufacturing and industrial output.

Outlook

Global economic growth is projected to moderate to 2.8% in CY 2025, before rebounding modestly to 3.0% in CY 2026. This moderation is likely to persist due to the continued impact of policy uncertainty and trade tensions. As disinflation trends continue, particularly due to slowing labour markets and falling oil prices, European central banks are anticipated to cut interest rates further, while the Federal Reserve treads carefully to avoid reigniting inflation through trade-related pressures. Escalating protectionist policies could further decelerate trade and investment, deepening the divergence in growth rate between economies.

Structural reforms such as promoting healthy ageing policies, increasing female and senior workforce participation and nurturing innovation can help mitigate fiscal pressures and enhance long-term economic resilience. Maintaining strong monetary and fiscal frameworks, ensuring prudent public expenditure and prioritising infrastructure investments will be vital in anchoring inflation, creating financial buffers and increasing long-term productivity. Enhanced international cooperation will be crucial in supporting both domestic and international economic stability.

Global Growth Projections



Source: IMF, World Economic Outlook, Apni 2025.

Note: Order of bars for each group indicates (left to right): 2024, 2025 projections, and 2026 projections

Indian Economic Overview

India's GDP increased 6.5% in FY2025, showing resilience amid global macroeconomic uncertainties. While rural demand remained robust, supported by a healthy agricultural output, urban consumption witnessed some moderation. The services sector continued to be the key driver of growth and demand for high-end manufacturing exports, especially electronics, semiconductors, defence equipment and drugs, remained strong despite supply-chain woes. Fiscal discipline played a critical role in sustaining momentum. The fiscal deficit was contained at around 4.4-4.5% of GDP, enabling ongoing public spending.

During the year, government initiatives, including the Pradhan Mantri Jan Arogya Yojana, expanded health-insurance coverage and supported healthcare demand. Infrastructure investments surged, with spending increasing by 38.8% between FY2020 and FY2025, laying the groundwork for continued private sector participation.

Outlook

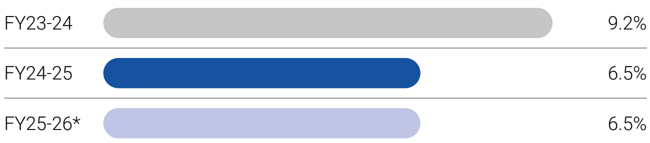
India is expected to remain one of the world's fastest-growing economies, with GDP growth of 6.5% projected for FY2026. With the nation becoming the third largest economy in the world by gross output, its outlook is supported by moderating inflation, benign monsoons and robust consumption trends. Retail inflation is expected to hover near 4%, aligning with the Reserve Bank's target.

Continued global trade tensions and unpredictable tariffs will restrain exports and discourage new investment, necessitating the resilience of supply chains and diversification of foreign-direct-investment sources. As nations increasingly adopt 'China plus one' strategies to fortify supply chains, India is well-positioned to emerge as the manufacturing hub of the world.

Moving forward, enhancing labour-force participation, upskilling the workforce and raising rural incomes will be crucial in boosting domestic productivity and countering demographic challenges.

Prudent financial management, increased financial inclusion and strong digital infrastructure will enable India to absorb shocks. Concerted international effort on trade and investment, such as the Free Trade Agreement with the UK, combined with transparent policy frameworks, will help ensure the maintenance of external stability and inclusive and sustainable growth.

LATIN AMERICA AND THE CARIBBEAN



*(projected)

Source: RBI Bulletin April 2025

Industry Overview

Global Pharmaceutical Industry[1]

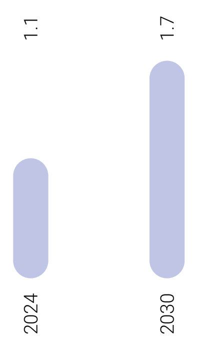
Global prescription drug sales totalled around $1.1 trillion in 2024.[2] That same year, pharmaceutical companies invested over $300 billion in research and development. The industry continues to leverage technology to expand access, raise awareness and enhance screening techniques, enabling earlier diagnosis and treatment. Partnerships with other healthcare stakeholders allow companies deliver patient-centric solutions, such as personalised support mobile apps and educational programmes, that improve both clinical outcomes and quality of life.

Outlook

The sector is expected to focus on accelerating the approval of new treatments, particularly personalised medicines, while navigating pricing pressures and seeking growth in emerging markets. Oncology is anticipated to remain the leading therapeutic area in terms of value, with immunomodulators also experiencing strong growth. Treatments for obesity and central nervous system disorders are also likely to become significant drivers of expansion.

As populations grow in regions such as Asia, the Middle East and Latin America, biopharmaceutical companies are targeting these underserved markets, each with distinct regulatory and economic environments, for introducing innovative therapies. Global prescription drug sales are estimated to grow at a yearly rate of 7.7% each year over the next five years, reaching more than $1.7 trillion by 2030.

Global Pharmaceutical Sales Outlook (in trillion $)



Source: https://www.evaluate.com/thought-leadership/world-preview-2024-report/

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[1] https://www.evaluate.com/thought-leadership/world-preview-2024-report/

[2] https://www.spglobal.com/ratings/en/research/articles/250203-pharmaceutical-industry-2025-credit-outlook-is-stable-as-healthy-revenue-growth-mitigates-pressures-13394024

Global API Market[3]

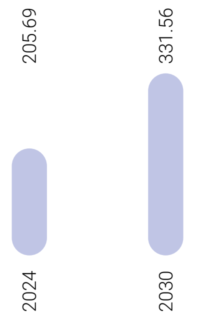
Global Active Pharmaceutical Ingredient (API) use is approximately $240 billion and is expected to increase at 6% annually to hit $350 billion by 2030. Drivers of growth in this segment are, an aging population, increasing incidence of lifestyle and genetic conditions, need for advanced formulations to treat specified diseases (e.g., cytotoxins and antibody–drug conjugates for cancer) and growing demand for generics as patents run out.

Outsourced APIs currently make up half of global API demand and are projected to grow at 7% a year from 2023 to 2030, compared to 4% growth anticipated for captive manufacturing facilities. This growth is driven by the cost of efficiencies of large-scale production hubs in India and China, along with the rising demand for generics worldwide.

Small Molecule API Market[4]

The global small molecule API market is valued at $205.69 billion in 2025, driven by increased prevalence of chronic diseases such as cancer, diabetes, arthritis, cardiovascular, neurological and respiratory diseases along with increasing small molecule efficiency and improved healthcare facilities. Augmenting research on COVID-19 vaccines and continuous drug discovery with small molecules, fuelled by demand from pharmaceutical industries and chronically ill patients, further drives the market. Increased government investments and incentive policies stimulating the development of small molecule API further increase research, improve efficiency and increase revenue. Moving forward, the market is anticipated to reach $331.56 billion by 2034, exhibiting a Compound Annual Growth Rate (CAGR) of 5.45% from 2025-2034.

Global Small Molecule API Market Outlook (in billion $)



Source: Small Molecule API Market Size to Surpass USD 331.56 Billion by 2034

Indian Pharmaceutical Industry

Often referred to as the ‘Pharmacy of the World’, India played a critical role during the COVID-19 pandemic, supplying vaccines, essential medicines and critical medical equipment to countries globally. As of 2024, the Indian pharmaceutical market was valued at approximately $58 billion, making it is the third largest in terms of volume and fourteenth in terms of value, with exports reaching over 200 countries and territories.

India is home to the highest number of US FDA-approved plants outside the US, boasting over 3,000 companies having over 10,500 manufacturing facilities. Product types vary from generics and bulk drugs to vaccines, over-the-counter drugs, formulations, biosimilars and biologics.

India also contributes 57% of the World Health Organization’s prequalified Active Pharmaceutical Ingredients (APIs), with its market size valued at $18 billion in 2024. Moving forward, India’s pharmaceutical industry is poised for substantial growth, with projections placing the industry’s value between $120-130 billion by 2030, potentially raising India's share of the global pharmaceuticals market from 3% to almost 5%.

Exports and Imports: A Strategic Pivot in the Indian Pharmaceutical Sector

Geopolitical shifts and legislative changes, such as the US Biosecure Act, which limits collaboration with major Chinese biotech firms, are encouraging pharmaceutical supply diversification. India stands to benefit significantly, offering superior service levels, competitive manufacturing costs and a large and skilled talent pool.

Quality standards have improved, with Indian firms outperforming top Chinese producers in US-FDA inspections. Indian companies received a seven percentage points higher No Action Indicated (NIA) rate compared to the top Chinese counterparts.

Growth Drivers

Domestic Market Growth

A recovering economy and growing per capita income are fuelling domestic drug demand. Increased household incomes increase both the value and volume of the domestic market.

Expanded Health Coverage

Government initiatives such as Ayushman Bharat and the expansion of private medical plans, are enrolling more individuals into formal healthcare systems, enhancing access to medicines and therapies.

Improved Service Accessibility

Ayushman Bharat Digital Mission platform and the emergence of several digital healthcare services are simplifying patient registration, prescription management and teleconsultation. These developments enhance service delivery, particularly for marginalised sections.

Innovation and Export Orientation

Concentration on high-value products such as complex generics, biosimilars, new chemical and biological entities and advanced therapies such as antibody-drug conjugates and gene or RNA medicines—is increasing India's export competitiveness. As pharmaceutical companies move up the value chain, new international opportunities keep unfolding.

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[3] Healing the World: A Roadmap for Making India a Global Pharma Exports Hub | Bain & Company

[4] Small Molecule API Market Size to Surpass USD 331.56 Billion by 2034

Outlook

India's pharma prospects appear optimistic, powered by domestic demand, international market opportunities and strategic changes toward innovation and high-value products. Exports are forecasted to grow from $27 billion in 2023 to $65 billion by 2030 and possibly up to $350 billion by 2047. A shift from volume-based to value-based growth will highlight areas such as specialty generics, biosimilars, new drugs and innovative gene and cell therapies.

Growth of Contract Development and Manufacturing Organisations (CDMOs) and Contract Research Organisations (CROs) is unfolding India's presence along the pharma value chain, from research and clinical trials to manufacturing. Digitalisation and use of Artificial Intelligence (AI) and Machine Learning (ML) are likely to revamp drug discovery, clinical development, manufacturing and supply chain operations. Regulatory reforms, quality enhancements and green manufacturing practices will be the key enablers of this evolution.

At the same time, the rising burden of conditions such as Metabolic Dysfunction-Associated Steatotic Liver Disease (MASLD), stimulated by obesity, diabetes, physical inactivity and insulin resistance, even among the non-drinkers, will fuel medication demand. India's API exports are projected to grow to $22 billion by 2030 at an 8.3% CAGR, backed by evolving global supply chains and pro-policies. The biotech industry, with more than 800 core companies and a dynamic start-up ecosystem, is positioned for remarkable growth. Private equity and venture capital investments continue to accelerate innovation and capacity building, reinforcing India's position as a global pharmaceutical powerhouse.

Company Overview

SMS Pharmaceuticals Ltd. is one of India's leading pharmaceutical manufacturers, equipped with state-of-the-art facilities and a wide array of process equipment that fully complies with cGMP and WHO norms. Backed by a well-established research and manufacturing team, along with advanced infrastructure, the Company has positioned itself as a global player in Active Pharmaceutical Ingredients (API) manufacturing.

Established in 1990 as a single-product, single-location manufacturing company, SMS Pharmaceuticals has evolved into a multi-location enterprise with a diversified product portfolio across various therapeutic areas. During 1997-98, the Company attained Export-House status, marking its foray into global markets.

At present, SMS Pharmaceuticals is a listed company with an increasing base of both domestic and international customers. The Company operates two multi-product plants and research facility and has more than 1,400 professionals on its payroll.

Segmental Overview

Domestic API Business

SMS Pharmaceuticals leverages its robust research and manufacturing capabilities to develop and commercialise APIs that meet rigorous market standards. The API segment generates ~98% of the Company's total sales and includes more than 55 products across 24 therapeutic categories. It is also the leading exporter of anti-migraine triptans , anti-diabetic and anti-inflammatory . SMS has two plants with several international authorities' approvals, including the USFDA. Exhibiting its competence in both high-volume and niche molecules, the Company has established one of Asia's largest production blocks to manufacture ibuprofen at its Vishakhapatnam facility, with a reactor capacity of 3,000 KL.

55+

Product Portfolio

International Business

SMS Pharmaceuticals specialises in niche molecules, maintaining stringent regulatory compliance and adhering to the highest quality norms. It holds over 120 Drug Master Files (DMFs) with regulatory agencies such as the USFDA, PMDA, ANVISA, EU and KFDA and has obtained a CEP certification for multi products including ibuprofen, enabling its access into the European markets. The Company has achieved significant sales milestones in Bangladesh, Indonesia, Brazil, the MENA region and the US. With strong manufacturing processes and a competent workforce, SMS Pharmaceuticals continues to enhance its reputation among European customers while striving to strengthen its presence worldwide.

75+

Countries associated to the business of the Company

120+

Drug Master Files

Strategy

The Company's growth strategy is built on achieving scale, leveraging portfolio strength, driving integration, expanding capacity, and accelerating product development. The Company is targeting global leadership in Ibuprofen by ramping up production to 1,000 MT per month, supported by competitive cost structures and process excellence. Alongside this, its diversified portfolio of high-value and high-volume APIs provides a strong platform for sustainable earnings and market leadership. Backward integration of key APIs has been successfully commissioned, strengthening supply security and driving profitability through improved efficiencies.

The Company aims to further introduce eight to ten products in existing and emerging therapeutic areas, while significantly stepping up investments in research and development, with plans to double R&D spend over the next 18 months. A robust pipeline of high-potential molecules will be supported by multiple DMF, CEP, and dossier filings, along with new infrastructure including a dedicated peptide-focused R&D facility and a CDMO greenfield site in Andhra Pradesh.

To sustain future growth, SMS Pharma is executing a ₹250 crore capacity expansion programme to scale manufacturing, strengthen environmental systems, and support new product introductions. Strategic collaborations remain another cornerstone of its growth journey, with the joint venture with Chemo and its investment in VKT Pharma broadening the product basket, deepening presence in Europe, and unlocking opportunities in formulations. Underpinned by disciplined capital allocation, balancing internal accruals and debt to fund expansion while maintaining industry-leading asset turnover ratios, these initiatives ensure that SMS Pharma has a long runway for growth—delivering high-quality APIs with precision, efficiency, and innovation while creating long-term value for stakeholders across global healthcare.

Competitive advantage

Cost Leadership enabled by Vertical Integration

A strong foundation and sound setup from procurement to sales with backward integration facilitate raw material security and cost-efficient manufacturing.

Innovation and R&D

The Company's focus on a diverse array of high-value products is driven by a strong culture of innovation and robust R&D capabilities.

World class Manufacturing

The Company's leadership in key products, combined with integrated operations, support scale efficiencies and give competitive advantage.

Strong Domain Expertise

Promoters and senior leadership bring deep expertise in APIs and Intermediates, ensuring strategic alignment across the organisation. The Company's proven capabilities in key therapeutic areas and decades of in-house technical proficiency facilitate accelerated time-to-market.

Global Presence

The Company established an expansive footprint in 75 countries across five continents. With a turnover of more than 80%, export revenue helps reduce reliance on any single country or region.

Long-standing Relationships

Enduring partnerships with suppliers and customers across diverse geographies and therapeutic areas help reinforce SMS Pharmaceuticals' role as a trusted industry player.

Product Portfolio

SMS Pharmaceuticals operates in several high-margin, specialised therapeutic areas, including Anti-Epileptics, Anti-Migraine and Anti-Fungals. The Company's product portfolio includes:

Anti-Retrovirals: Tenofovir, Dolutegravir, Raltegravir, Lamivudine, Efavirenz

Anti-Inflammatories: Ibuprofen, Dexibuprofen, Ibuprofen Sodium, Ibuprofen Aragine, Ibupofen Lysinate, Fenoprofen Calcium

Anti-Virals: Penciclovir, Valaciclovir

Anti-Diabetics: Vildagliptin, Sitagliptin, Rosiglitazone, Empagliflozin, Dapagliflozin

Anti-Ulcers: Famotidine, Pantoprazole Sodium, Ranitidine and others

Anti-Fungals: Itraconazole, Lanoconazole, Luliconazole

Anti-Epileptics: Levetiracetam, Perampanel, Lamotrigine

Anti-Migraine: Sumatriptan, Almotriptan, Zolmitriptan, Rizatriptan, Eletriptan

Anti-Coagulants: Apixaban, Rivaroxaban

Anti-Psychotics: Aripiprazole, Clozapine, Pimavanserin

Financial Highlights

(INR in crore except EPS)

Particulars	FY 2024-25	FY 2023-24	YoY Changes (in %)
Net Revenue from Operations (Net of Excise) (₹ in crore)	782.75	709.26	10.36%
EBITDA (₹ in crore)	146.20	121.30	20.52%
PAT (₹ in crore)	68.38	49.42	38.35%
EPS (in ₹)	8.07	5.84	38.26%
Net worth (₹ in crore)	673.07	570.49	17.98%

Details of significant changes in key financial ratios, net worth along with detailed explanations therefore:

Financial Ratios

(As at 31st March, 2025 vs. 31st March, 2024)

Particulars	As at 31st March, 2025	As at 31st March, 2024	% Change	Reason for Change (if > 25%)
Debtors Turnover Ratio	3.56	3.67	-3%	The Variance is due to increase in Average Trade Receivables.
Inventory Turnover Ratio	3.02	3.03	0%	The Variance is due to increase in turnover
Interest Coverage Ratio (Times)	7.89	5.35	47%	The Variance is due to increase in EBITDA
Current Ratio	1.71	1.61	6%	
Debt Equity Ratio	0.46	0.49	-6%	
Operating Profit Margin	18.68%	17.10%	9%	The Variance is due to increase in EBITDA
Net Profit Margin	8.74%	6.97%	25%	The Variance is due to increase in profits
Return on Net worth	11.00%	9.28%	19%	The Variance is due to increase in profits

Research and Development (R&D)

SMS Pharmaceuticals continues to drive innovation through substantial R&D investments and strategic global collaborations. With a team of more than 63 scientists and technical staff, the R&D division has incorporated 20 new products into its portfolio in recent years. The Company's joint venture with Chemo SMS Enterprises S.L., Spain, further enhances its research capabilities worldwide. Notably, the Company has enhanced a number of anti-migraine APIs, gaining leadership in the therapeutic segment. In FY 2025, the Company allocated 2.4% of sales for R&D.

With its state-of-the-art technology and advanced equipment, the R&D centre is equipped with a kilo lab support by 4,500-litre scale-up pilot plant in Plant. These units facilitate process development and the preparation of regulatory dossiers. The Company has submitted over 120 Drug Master Files (DMFs) and owns over 35 process patents, highlighting its technical competence and regulatory strength.

In its pursuit of sustainable chemistry, the Company has developed a process for recycling methyl mercaptan gas to dimethyl sulfoxide (DMSO) in ranitidine manufacture. The Company's green-chemistry innovation was awarded the Indo-US Green Chemistry Network (GCNC) Award.

Quality and Compliance

SMS Pharmaceuticals upholds global quality management systems and ensures products consistently meet or surpass market specifications. On-going improvements coupled with adherence to compliance standards maintains SMS Pharmaceuticals' leadership in terms of quality and compliance.

Human Resources (HR)

SMS Pharmaceuticals continues to promote a supportive and growth-oriented work environment, recognising the potential of its employees as its valuable assets. The Company's human-resource policy emphasises on comprehensive training programmes, continuous learning opportunities and skill-enhancement initiatives.

SMS Pharma ensures every employee's contribution is respected and valued, with a focus on work-life balance, a healthy work environment and adherence to strict health and safety standards. The HR plays a pivotal role in aligning individual aspirations with organisational goals, ensuring high levels of productivity and engagement.

As of 31 March 2025, the Company employed more than 1400 personnel across its operations.

Health, Safety and Environment (HSE)

SMS Pharmaceuticals places a strong emphasis on employee well-being. Unit II operates in compliance with ISO safety standards, with regular training programmes in place to enhance workforce preparedness and capability. The facility is equipped with basic firefighting equipment, personal protective gear and specially trained first-aid squads, while on-site medical personnel and on-premises ambulance ensure rapid emergency response. These precautions are integral to the Company's overall safety policy.

The Company has implemented sustainable practices across systems to reduce environmental footprint. The Company carries out awareness programmes, offers employee training, uses latest technology and optimises use of resources. It has commissioned Zero Liquid Discharge plants at all locations and actively engages with suppliers to uphold the same environmental standards. The Company has an integrated management system that is certified to both ISO 14001 (environmental) and ISO 45001 (occupational health and safety) standards. The Company's innovative green-chemistry initiatives earned recognition through the Indo-US Green Chemistry Network Award.

Corporate Social Responsibility (CSR)

SMS Pharmaceuticals is dedicated to achieve positive social and environmental outcomes through well-structured CSR programmes. With a focus on disadvantaged and underprivileged communities, the Company facilitates inclusive developments by improving access to healthcare and education. Its initiatives range from constructing schools and infrastructure, supporting healthcare growth, equipping villages with drinking-water facilities and stimulating rural livelihood. Through these efforts, SMS Pharmaceuticals contributes to holistic community development and fosters shared prosperity across its areas of operation.

Outlook

Moving forward, the Company will establish a global presence in ibuprofen with a continued leadership in both high-margin and high-volume markets. It is leveraging a diversified product portfolio along with vertical and backward integration of some products to improve profitability.

The Company also aims to add 8-10 products in the next 12-18 months in existing and new therapeutic areas. Capacity expansion comprises new capex of ₹250 crore to drive new products and the CMO business.

Internal Control Systems

SMS Pharmaceuticals has implemented robust internal control systems and processes across all of its financial and business activities. The Company's strong control framework supports its corporate governance, providing assurance of accurate record maintenance and credible reporting of financial and business information, compliance with relevant regulations, safeguarding of assets against misuse or loss, adequate authorisation of transactions and adherence to corporate policies. To put these practices into writing, the Company has an exhaustive delegation-of-authority document for authorisation of expenditures and revenues and is committed to continuously enhancing its controls.

The Audit Committee is central to this function. It regularly examines internal procedures, advises corrective actions when necessary and reports to the Board of Directors periodically on major findings, thus aiding in the provision of an effective and secure environment of controls.

Cautionary Statement

The management of SMS Pharmaceuticals Ltd. has carefully prepared and takes full responsibility for the financial statements included in this report. These statements comply with Indian Accounting Standards and other relevant regulations, reflecting well-considered judgments and estimates.

Some sections of this report may contain forward-looking statements intended to help investors understand potential future opportunities and make informed investment decisions. However, these statements are subject to risks and uncertainties, such as regulatory changes, political or economic developments, technological challenges and other factors that could result in actual outcomes differing from those projected.

While the Company aims to make prudent assumptions, it cannot guarantee the realisation of these forward-looking statements. Various factors, including economic conditions affecting demand, supply and pricing in domestic and international markets, changes in regulations and other unforeseen events, may impact the Company's performance. Readers should consider these factors when evaluating the statements. The Company is not obligated to publicly update or revise any forward-looking statements based on new information, future events, or other circumstances.

Report on Corporate Governance

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Our Corporate Governance philosophy is rooted in enduring values: integrity, ethics, accountability, fairness, transparency, and professionalism. These principles form the very foundation of our identity and reinforce our leadership in the pharmaceutical sector.

We are unwavering in our commitment to uphold the highest standards of governance and ethical conduct across the organization. With a zero tolerance stance toward any deviation, our ethical framework is centered on long term shareholder value through responsible decision making.

We uphold governance excellence by ensuring timely and transparent disclosures, implementing meticulous and robust accounting practices, and cultivating a strong, independent Board that steers our vision. These efforts are geared toward sustainable value creation for all stakeholders.

For us, Corporate Governance means internalizing best practices at every level from associates and customers to vendors, regulators, and shareholders. It encompasses the evolution of a system that integrates our values, principles, and policies into everyday operations.

We believe that good corporate governance is integral to our existence and fiduciary responsibility as a conscientious corporate citizen. Beyond mere legal compliance, we pursue ethical values and best practices, recognizing that voluntary adherence to global governance norms is critical to attracting and retaining global investors.

Corporate Governance in the Company is predicated upon an ethos of transparency, accountability, fairness and overall sustainability. It aims at the following:

- Achieve long-term strategic goals.
- Maintain strong relationships with customers and suppliers.
- Safeguard the interests and welfare of our associates.
- Prioritize environmental stewardship and contribute actively to our local communities.
- Ensure compliance with all applicable legal and regulatory mandates.
- Strengthen transparency, accountability, and fairness to support overall organizational sustainability.

Good Governance Policies

The Company is dedicated to conducting its business and nurturing its relationships with dignity, distinctiveness, and responsibility. We live by our Values FIRST—Fairness, Integrity, Respect, Sincerity, and Transparency—and strive to embody these principles in every aspect of our operations and interactions. To support this commitment, we have established a suite of ethical policies and guidelines that uphold and reinforce transparent, principled conduct throughout our organization. These include:

- Code of conduct for Board of Directors and Senior Management
- Code of conduct for prevention of insider trading
- Policy on Prevention of Sexual Harassment
- Minimum standards for code of conduct regulation to regulate monitor and report trading by designated employees.
- Whistle Blower Protection Policy
- Archival Policy
- Code of practice and procedures for Fair Disclosure
- Policy on Related Party Transactions.
- Code of business conduct and ethics for other stakeholders.
- Dividend Distribution Policy
- Policy on Determining Material Subsidiary

Compliances with SEBI Regulations on Corporate Governance

The Company complies with the Corporate Governance provisions as specified in Chapter IV of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015. The Company lives by the principles of corporate governance and implements them in a manner so as to achieve the following avowed objectives:

Rights of shareholders

- Right to participate in, and to be sufficiently informed of, decisions concerning fundamental corporate changes.
- Opportunity to participate effectively and vote in general meetings
- Opportunity to ask questions to the Board of Directors, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable and statutory limitations.

- Adequate mechanism to address the grievances of the shareholders
- Exercise of ownership rights by all shareholders including institutional investors

BOARD OF DIRECTORS:

The Board of Directors is accountable not only to the shareholders but also to a broader range of stakeholders as it works to safeguard and enhance sustainable, long-term value creation. In fulfilling its responsibilities effectively, the Board of Directors of the Company:

- Guide, review and approve corporate strategy and financial planning, including major capital expenditures, acquisitions and divestments.
- Monitor the effectiveness of the Company's governance practices, environmental practices, and social practices, and adherence to applicable laws;
- Embody high standards of business ethics and oversee the implementation of codes of conduct that engender a corporate culture of integrity;
- Oversee the management of potential conflicts of interest, such as those which may arise around related party transactions.
- Oversee the integrity of the Company's accounting and reporting systems, its compliance with internationally accepted standards, the effectiveness of its systems of internal control and independence of the external audit process.
- Conduct an objective Board Evaluation on a regular basis, consistently seeking to enhance Board Effectiveness.

The role of the Board includes responsibility for entrepreneurial leadership, strategy, securing the necessary financial and human resources and performance review. The Board also sets the Company's values and standards, and ensures it meets its obligations to shareholders and others.

GOVERNANCE STRUCTURE

The Corporate Governance structure of the Company is as follows:

1. **Board of Directors:** The Board is entrusted with an ultimate responsibility of the management and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's Management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosures.

2. **Committees of the Board:** The Board of Directors has constituted various Board Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Board Committees are formed with approval of the Board and function under their respective Charters. These Committees play an important role in the overall management of day-to-day affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The Minutes of the Committee meetings are placed before the Board for noting.

A. Composition of Board

The Board of Directors of your Company consists of individuals having considerable professional expertise and a wide range of experience in their areas of specialization. The Company has an optimum combination of Executive, Non-executive and Independent Directors on its Board which is in conformity with the Companies Act, 2013 and SEBI Listing Regulations.

As on 31st March, 2025 the Company's Board consists of Eight (8) members out of which four (4) members Independent Directors, who are leading professionals in their respective fields, Two (2) Non-Executive & Non-Independent Directors and Two (2) Executive Directors who are Promoter Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013. The Board consists of one women independent director.

In accordance with the provisions of the Section 165 of the Companies Act, 2013, none of the Directors on the Board hold directorships in more than ten (10) public companies. Further, as per Regulation 26(1) of the SEBI (LODR) Regulations none of them is a member of more than ten (10) Committees or Chairman of more than five (5) Committees across all the public companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2025 have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on 31st March, 2025 are given herein below:

Name of Director & DIN	Category (Designation)	No. of Board Meetings during the Year 2024-25		Attended Last AGM 30.09.2024	No. of Directorships in other Public Companies and category	No. of Committee Position held in Public Companies (including this company)		No. of shares held
		Held	Attended			Chairman	Member	
Mr. Ramesh Babu Potluri, DIN: 00166381	Executive Director (Chairman & Managing Director)	4	4	Yes	0	0	0	1,81,53,060
Mr. Sarvepalli Srinivas DIN: 02292051	Non-Executive and Independent Director	4	3	Yes	0	0	1	0
Mr. Shravan Kudaravalli, DIN: 06905851	Non-Executive and Independent Director	4	4	Yes	M/s. CMH Tools Limited	1	1	30000
Dr. Suresh Kumar Gangavarapu DIN: 00183128 (Appointed w.e.f. 12.08.2024	Non-Executive and Independent Director	2	2	Yes	0	0	1	20120
Mrs. Shanti Sree Bolleni DIN: 07092258 (Appointed w.e.f. 12.08.2024	Non-Executive and Independent Director	2	2	Yes	8*	1	8	20
Mr. Trilok Potluri, DIN: 07634613 (Appointed w.e.f. 12.08.2024)	Non-Executive and Non- Independent Director	2	2	Yes	0	0	1	21,88,000
Dr. Sunkara Venkata Satya Shiva Prasad, DIN: 10404277 (Appointed w.e.f. 12.08.2024)	Non-Executive and Non- Independent Director	2	2	Yes	M/s. Avanti Feeds Limited-Independent Director	1	1	15,255
Mr. Vamsi Krishna Potluri, DIN: 06956498	Executive Director	4	4	Yes	0	0	1	1,33,28,370

Note: Number of directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. The Chairmanships/Memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee.

*Mrs. Shanti Sree Bolleni holding Directorships in other Public Companies and category:

Nava Limited -Independent Director

Nava Bharat Energy India Limited-Independent Director

Nava Bharat Projects Limited-Independent Director

Rain Cements Limited -Independent Director

Rain CII Carbon (Vizag) Limited-Independent Director

Rain Industries Limited-Independent Director

Nile Limited-Independent Director

Lakshmi Finance and Industrial Corporation Ltd- Independent Director

Disclosure of relationships between directors inter-se:

Mr. Vamsi Krishna Potluri is the eldest son of Mr. Ramesh Babu Potluri, Chairman and Managing Director of the Company and he is also brother of Mr. Trilok Potluri Non-Executive Director of the Company.

Dr. Sunkara Venkata Satya Shiva Prasad is father-in law of Mr. Vamsi Krishna Potluri who is an Executive Director of the Company.

Other than these three directors, none of the directors are related to any other director.

Board Procedure

The Board periodically reviews the Company's overall strategy, annual business plan, subsidiary performance, capital expenditure budgets, and risk management, safety, and environmental initiatives. It also monitors quality and customer centric efforts, ensuring that internal financial controls, financial reporting systems, and quarterly, half yearly, and annual results are effectively managed.

In addition, the Board reviews compliance with applicable laws, internal audit findings, and minutes from meetings of the Audit Committee and other key Board Committees.

Beyond the information mandated under Regulation 17(7) read with Part A of Schedule II of the Listing Regulations, the Board is also regularly apprised of significant developments and approvals as needed.

Disclosure of relationship between Directors inter-se

Mr. Ramesh Babu Potluri, Mr. Vamsi Krishna Potluri and Mr. Trilok Potluri are related to each other in accordance with the provisions of Section 2(77) of the Companies Act, 2013 and none of the other Directors are in any way related to each other.

Appointment / Re-appointment of Directors

As required under Regulation 36(3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standards - 2 on General Meetings issued by the Institute of Company Secretaries of India (ICSI), particulars of Directors seeking appointment / re-appointment at this AGM are given in the Notice of the AGM which forms part of this Annual Report.

Selection criteria for Board Members

The Nomination and Remuneration Committee works with the Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual members. The Company has adopted guidelines on selection criteria of Board members, which is available on the website of the Company. (https://smspharma.com/company-announcements/downloads/).

Independent Directors

Your Company's Independent Directors are renowned people having expertise/ experience in their respective field/profession. None of the Independent Directors are neither Promoters nor in any way related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company. None of the Independent Directors of the Company is a Non-Independent Director of another company on the Board of which any Non-Independent Director of the Listed Entity is an Independent Director.

In the opinion of the Board, all the Independent Directors fulfill the conditions specified in the Companies Act, 2013, including amendments there under and SEBI Listing Regulations, 2015, as amended from time to time, and are independent of the management.

Pursuant to Section 150 read with of Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 of the Companies Act, 2013, your Company's Independent Directors have registered themselves on the portal of "Indian Institute of Corporate Affairs" as Independent Director, within the prescribed timelines.

List of Board's skills / expertise / competencies fundamental for the effective functioning of the Company:

Your Board aims to be comprised of Directors with the appropriate mix of skills, experience, expertise and diversity relevant to the Company's business and the Board's responsibilities. The skills matrix adopted by the Board vis-à-vis the skills / expertise / competencies of respective Directors are as under:-

Name of Director & Designation	Industry Expertise (Pharmaceutical Industry)	Leadership and Board Experience	Corporate Governance	Strategy and Risk Management	Expertise in Financial Matters	Health, Safety, Environment and Sustainability
Mr. Ramesh Babu Potluri	✓	✓	✓	✓	✓	✓
Mr. Sarath Kumar Pakalapati (up to 11.08.2024)	✓	✓	✓	✓	✓	✓
Dr. Neelaveni Thummala (up to 11.08.2024)	✓	✓	✓	✓	✓	✓
Mr. Sarvepalli Srinivas	✓	✓	✓	✓	✓	✓
Mr. Shravan Kudaravalli	✓	✓	✓	✓	✓	✓
Mr. Vamsi Krishna Potluri	✓	✓	✓	✓	✓	✓
Mr. Trilok Potluri (w.e.f. 12.08.2024)		✓	✓	✓	✓	✓
Dr. Sunkara Venkata Satya Shiva Prasad (w.e.f. 12.08.2024)	✓	✓	✓	✓	✓	✓
Dr. Suresh Kumar Gangavarapu (w.e.f. 12.08.2024)	✓	✓	✓	✓	✓	✓
Mrs. Shanti Sree Bolleni (w.e.f. 12.08.2024)	✓	✓	✓	✓	✓	✓

Board Meetings:

The Board of Directors of the Company meets at least four times in a year with a maximum time gap of not more than 120 days between two consecutive meetings. Additional meetings of the Board of Directors are held as and when deemed necessary by the Board of Directors.

During the year under the review Four (4) Board Meeting were held, at which proper quorum was present. The dates on which the said meetings held are:

29th May, 2024, 05th August, 2024, 08th November, 2024 and 12th February, 2025

During the year three circular resolutions were passed on 18th October, 2024, 11th December, 2024, 26th March, 2025 by the Board of Directors of the Company.

During the year, the Securities Allotment Committee of Board of Directors met once on 27th March, 2025.

During the year under review, information as mentioned in Schedule II Part A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, had been placed before the Board for its consideration.

The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company at the following link: https://smspharma.com/company-announcements/downloads/

During the year, two meetings of the Independent Directors were held on 05th August, 2024 and 12th February, 2025. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole.

The Board periodically reviews the compliance reports of all laws applicable to the Company.

The Board Members are provided with necessary documents/reports on internal policies to enable them to familiarize to the Company's procedures and practices. Periodic presentations are made at the Board and its Committee Meetings, on business and performance updates of the Company. The senior management personnel of the Company regularly make presentations to the Board members on the operations of the Company, its plans, strategy, risks involved, new initiatives etc., and seek their views and suggestions on the same. Site visits to various plant locations are organized to the Directors to enable them to understand the operations of the Company.

During the year, the Company had converted 40,00,000 convertible warrants into 40,00,000 equity shares of ₹1/- each to the promoters and promoters' groups of the Company. Details of equity shares and convertible instruments of the Company held by the Directors as on 31st March, 2025 are given below:

Name of Director	No. of Equity Shares held as on 31-03-2025	No. of convertible warrants held as on 31-03-2025
Mr. Ramesh Babu Potluri	1,81,53,060	0
Mr. Vamsi Krishna Potluri	1,33,28,370	25,00,000
Mr. Trilok Potluri	21,88,000	25,00,000
Mr. Shravan Kudaravalli	30000	0
Dr. Suresh Kumar Gangavarapu	20120	0
Dr. Sunkara Venkata Satya Siva Prasad	15255	0
Mrs. Shanti Sree Bollleni	20	0

Familiarisation Programme for Independent Directors:

All Directors including Independent Directors go through a structured orientation/ familiarization programme to make them familiar with their roles, rights and responsibilities in the Company at the time of appointment and also on a recurrent basis. The details of various programmes undertaken for familiarizing the Independent Directors are available on the website of the Company at https://smspharma.com/wp-content/uploads/2024/05/Familiarisation-Program-For-Independent-Directors-Policy.pdf

BOARD COMMITTEES

The Company has Five Board level committees, namely Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee and Risk Management Committee.

Further, the Company has formed a Securities Allotment Committee with Board members of the Board for the purpose of issue and allotment of shares.

The Constitution, terms of reference and the functioning of the existing Committees of the Board is explained herein.

A. AUDIT COMMITTEE:

Management is responsible for establishing and maintaining robust internal controls and ensuring the accuracy and integrity of the financial reporting process. Statutory auditors, in turn, conduct independent audits of the company's financial statements in accordance with generally accepted auditing standards, and issue their audit report based on such work. To safeguard transparency, reliability, and quality in financial reporting, the Board of Directors has formed an Audit Committee specifically tasked with overseeing and supervising these processes. The Audit Committee's composition and mandate are fully aligned with Section 177 of the Companies Act, 2013 (as read with the applicable Rules), and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Brief description of terms of Reference:

The terms of reference on the Audit Committee are as under:

a) Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

b) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company,

c) Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors.

d) Reviewing with the management, the quarterly financial statements before submission to the Board for approval

e) Review and monitor the auditor's independence and performance and effectiveness of audit process.

f) Reviewing with the management, performance of statutory and internal auditor's adequacy of the internal control systems.

g) Discussion with internal auditors of any significant findings and follow up there on.

h) Review the statement of significant related party transactions.

During the financial year 2024-25, the Audit Committee met four (4) times on 28th May, 2024, 05th August, 2024, 07th November, 2024 and 11th February, 2025, at which proper quorum was present and the gap between two meetings did not exceed one hundred and twenty days.

The composition of the Audit Committee and attendance of each member of the Committee is as mentioned below: -

Sl. No.	Name of the Director	Designation	Category	Committee Meetings	
				Held	Attended
1	Mr. Shravan Kudaravalli	Chairman	Independent Director	4	4
2	Dr. Neelaveni Thummala (up to 11.08.2024)	Member	Independent Director	2	2
3	Mr. Ramesh Babu Potluri (up to 11.08.2024)	Member	Chairman & Managing Director	2	2
4	Dr. Suresh Kumar Gangavarapu (w.e.f. 12.08.2024)	Member	Independent Director	2	2
5	Mr. Vamsi Krishna Potluri (w.e.f. 12.08.2024)	Member	Executive Director	2	2
6	Mrs. Shanti Sree Bolleni (w.e.f. 30.05.2025)	Member	Independent Director	-	-

Change in Committee Composition :

Dr. Neelaveni Thummala ceased to be member due to completion of her tenure as Independent Director w.e.f. 11.08.2024 and Mr. Ramesh Babu Potluri ceased to be the member of the Committee w.e.f. 11.08.2024.

Mr. Vamsi Krishna Potluri and Dr. Suresh Kumar Gangavarapu became the member of the Committee w.e.f. 12.08.2024.

Mrs. Shanti Sree Bolleni has become the member of the company w.e.f. 30.05.2025.

The Chairman of the Committee was present at the Annual General Meeting to answer the Shareholders queries. The Company Secretary acts as the Secretary to the Committee.

The Minutes of the Audit Committee meetings were circulated to the Board, discussed and were taken note. The Audit Committee considered and reviewed the accounts for the year 2024-25, before it was placed to the Board. The Committee periodically interacts with the independent auditors, reviews the Company's financial and risk management policies and adequacy of internal controls with the management and is responsible for effective supervision of the financial reporting process and compliance with financial policies. The Internal Auditor reports directly to the Audit Committee.

B NOMINATION AND REMUNERATION COMMITTEE

The composition of Nomination and Remuneration Committee of the Company has been constituted in accordance with Section 178(1) of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015. The role of the Committee is to oversee the selection of Directors and Senior Management Personnel based on criteria related to the specific requirement of expertise and independence. The Committee evaluates the performance of Directors and Senior Management Personnel and recommends to the Board the remuneration payable to Directors and Senior Management Personnel of the Company.

During the financial year 2024-25, the Nomination and Remuneration Committee met one (1) time on 05th August, 2024 at which proper quorum was present.

The constitution of the Nomination and Remuneration Committee and attendance of each member of the Committee is mentioned below:-

Sl. No.	Name of the Director	Designation	Category	Committee Meetings	
				Held	Attended
1	Dr. Neelaveni Thummala (up to 11.08.2024)	Chairperson	Independent Director	1	1
2	Mr. Shravan Kudaravalli (up to 11.08.2024)	Member	Independent Director	1	1
3	Mr. Sarath Kumar Pakalapati (up to 11.08.2024)	Member	Independent Director	1	1
4	Mrs. Shanti Sree Bolleni (w.e.f. 12.08.2024)	Chairperson	Independent Director	0	0
5	Dr. Suresh Kumar Gangavarapu (w.e.f. 12.08.2024)	Member	Independent Director	0	0
6	Dr. Sunkara Venkata Satya Shiva Prasad (w.e.f. 12.08.2024)	Member	Non- Executive & Non-Independent Director	0	0

Changes in Committee Composition:

Dr. Neelaveni Thummala and Mr. Sarath Kumar Pakalapati ceased to be the member of the Committee w.e.f. 11.08.2024 due to completion of their tenure and Mr. Shravan Kudaravalli ceased to be the member w.e.f. 11.08.2024.

Mrs. Shanti Sree Bolleni, Dr. Suresh Kumar Gangavarapu, Dr. Sunkara Venkata Satya Shiva Prasad and Mr. Trilok Potluri became the member of the Committee. Later, Mr. Trilok Potluri ceased to be the member w.e.f. 08.11.2024

Note: Mr. Trilok Potluri was member from 12.08.2024 to 07.11.2024.

Performance Evaluation Criteria for Independent Directors:

The performance evaluation of the Independent Directors was carried out by the entire Board.

The criteria for performance evaluation is as follows:

Role & Accountability:

- Understanding the nature and role of Independent Directors' position.
- Understanding of risks associated with the business.
- Application of knowledge for rendering advice to management for resolution of business issues.
- Active engagement with the management and attentiveness to progress of decisions taken.

Objectivity:

- Non-partisan appraisal of issues.
- Own recommendations given professionally without tending to majority or popular views.

Leadership & Initiative:

- Heading Board Sub-committees.
- Driving any function or identified initiative based on domain knowledge and experience.

Personal Attributes:

- Commitment to role and fiduciary responsibilities as a Board member.
- Attendance and active participation.
- Proactive, strategic and lateral thinking.

REMUNERATION OF DIRECTORS

The remuneration to the directors for the year ended on 31st March, 2025 forms part of Annual Return hosted on the website of the Company https://smspharma.com/wp-content/uploads/2024/06/Nomination-an-Remuneration-Policy.pdf

The Company has Two (2) Promoter Executive Directors, Two (2) Non-Executive Non- Independent Directors and rest of the Board Contains four (4) Non-Executive Independent Directors. Non-Executive Independent Directors & Non-Executive Non-Independent Directors were paid only sitting fee. The Company does not have any Employee Stock Option Scheme. Payments made to Directors during the FY 2024-25 are mentioned hereunder:

Executive Directors

₹ in lakhs

Name of Director & Designation	Salary and Allowances	Remuneration based on profits	Perquisites	Bonus/Stock Options	Total
Mr Ramesh Babu Potluri (Chairman & Managing Director)	300.00	212.83	5.50	-	518.33
Mr. Vamsi Krishna Potluri	66.00	451.90	0.43	-	518.33

Independent Directors:

The details of remuneration to the Independent/ Nominee / Executive Directors for the year ended on 31st March, 2025 as given below:

(₹ in lakhs)

Name of the Independent Director	Sitting Fees
Mr. Sarath Kumar Pakalapati	1.30
Dr.Neelaveni Thummala	2.65
Mr. Sarvepalli Srinivas	1.95
Mr. Shravan Kudaravalli	5.75
Dr. Suresh Kumar Gangavarapu	2.50
Mrs. Shanti Sree Bolleni	1.30
Mr. Trilok Potluri	1.15
Dr. Sunkara Venkata Satya Shiva Prasad Prasad	1.15

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of Stakeholder Relationship Committee of the Company has been constituted in accordance with the provisions of Section 178(5) of the Companies Act, 2013. The Stakeholders Relationship Committee is empowered, inter alia, to review all matters connected with the Company's share transfers and transmissions and redressal of shareholders/ investors' complaints like non-transfer of shares, non-receipt of dividend, Annual Report, etc.

The composition and the terms of reference of Committee are in line with the requirements of provisions of Section 178(5) of the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee met on 08th November, 2024 at which proper quorum was present.

The constitution of the Stakeholder Relationship Committee & attendance of each member of the Committee is mentioned below: -

Sl. No.	Name of the Director	Designation	Category	Committee Meetings	
				Held	Attended
1	Mr. Sarath Kumar Pakalapati (up to 11.08.2024)	Chairman	Independent Director	0	0
2	Dr. Neelaveni Thummala (up to 11.08.2024)	Member	Independent Director	0	0
3	Mr. Ramesh Babu Potluri (up to 11.08.2024)	Member	Executive Director	0	0
4	Mr. Sarvepalli Srinivas	Member	Independent Director	1	1
5	Dr. Sunkara Venkata Satya Shiva Prasad (w.e.f. 12.08.2024)	Chairman	Non-Executive - Non Independent Director	1	1
6	Mr. Trilok Potluri (w.e.f. 12.08.2024)	Member	Non-Executive - Non Independent Director	1	1
7	Mrs. Shanti Sree Bolleni (w.e.f. 12.08.2024)	Member	Independent Director	1	1

Changes in Committee Composition

Dr. Neelaveni Thummala, and Mr. Sarath Kumar Pakalapati ceased to be the member of the Committee w.e.f. 11.08.2024 due to completion of their tenure and Mr. Ramesh Babu Potluri ceased to be the member w.e.f. 11.08.2024.

Dr. Sunkara Venkata Satya Shiva Prasad, Mr. Trilok Potluri and Mrs. Shanti Sree Bolleni became the members w.e.f. 12.08.2024

The Committee considers and resolves the grievances of shareholders, including the complaints related to transfer / transmission of shares, non-receipt of the Balance Sheet and non- receipt of declared dividends.

Mr. Thirumalesh Tumma, Company Secretary is the Compliance Officer of the Company for attending to complaints / grievances of the members.

During the year under review, all the complaints from investors were replied/resolved to the satisfaction of the investors and no complaints were outstanding.

However, a shareholder filed a case on the Company in June, 2021 in the matter of transfer of her shares and the case is pending before the Junior Civil Court, Hyderabad. Another shareholder filed a case on the Company in June, 2023 in the matter of transfer of his shares and the case is pending before the District Consumer Forum, Ahmedabad.

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE):

The composition of CSR Committee of the Company is constituted in accordance with the provisions of Section 135(2) of the Companies Act, 2013. The Company has formulated a "Corporate Social Responsibility Policy" in accordance to changing regulatory norms. The role of the Committee is as mentioned below:

a) Formulate and recommend the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified by law;

b) Recommend the amount of expenditure to be incurred on the activities specified; and

c) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

The Committee met on 29th May, 2024, 13th September, 2024 and 12th February, 2025 and all the members attended the meeting.

The constitution of the Corporate Social Responsibility Committee and attendance of each member of the Committee is mentioned below: -

Sl. No.	Name of the Director	Designation	Category	Committee Meetings	
				Held	Attended
1	Mr. Ramesh Babu Potluri	Chairperson	Executive Director	3	3
2	Mr. Sharath Kumar Pakalapati (up to 11.08.2024)	Member	Independent Director	1	1
3	Mr. Shravan Kudaravalli	Member	Independent Director	3	3
4	Mr. Sarvepalli Srinivas	Member	Independent Director	3	2

Mr. Sharath Kumar Pakalapati ceased to be the member of the Committee due to completion of his tenure w.e.f. 11.08.2024

E. RISK MANAGEMENT COMMITTEE

The Company has formally established a Risk Management Committee and adopted a comprehensive Risk Management Policy in line with leading standards. Currently, the Company's Risk Management approach comprises of the following:

- Governance of Risk
- Identification of Risk
- Assessment and Control of Risk
- Reporting & Continuous Improvement

The risks have been prioritized through a Companywide exercise. Members of senior management have undertaken the ownership and are working on mitigating the same through co-ordination among the various departments, insurance coverage, security policy and personal accident coverage for lives of all employees. The risks are identified and are discussed by representatives from various functions. The details of risks identified and mitigation measures undertaken are presented to the Board of Directors and the Audit Committee.

The Committee met on 03rd August, 2024 and 12th February, 2025 all the members attended the meetings.

The constitution of the Risk Management Committee and attendance of each member of the Committee is mentioned below: -

Sl. No.	Name of the Director	Designation	Category	Committee Meetings	
				Held	Attended
1	Mr. Ramesh Babu Potluri	Chairperson	Executive Director	2	2
2	Mr. Shravan Kudaravalli	Member	Independent Director	2	2
3	Mr. Vamsi Krishna Potluri	Member	Executive Director	2	2

F. SECURITIES ALLOTMENT COMMITTEE

The Company has initially constituted a Securities Allotment Committee on 08th February, 2024 for the convenience of operations and until the completion of the proposed preferential issue the Board have delegated powers to 'offer, issue and allot warrants' to the committee. Thereafter Company has re-constituted the Committee on 5th August, 2024 w.e.f. 12th August, 2024.

The Committee met on 27th March, 2025 all the members attended the meetings.

The constitution of the Securities Allotment Committee and attendance of each member of the Committee is mentioned below: -

Sl. No.	Name of the Director	Designation	Category	Committee Meetings	
				Held	Attended
1	Dr. Suresh Kumar Gangavarapu	Chairperson	Independent Director	1	1
2	Mr. Shravan Kudaravalli	Member	Independent Director	1	1
3	Mr. Srinivas Sarvepalli	Member	Independent Director	1	1

Mr. Sharath Kumar Pakalapati ceased to be the member of the Committee due to completion of his tenure w.e.f. 11.08.2024

Particulars of Senior Management Personnel:

Sl. No.	Name	Designation
1.	Mr. T. Lakshmi Narayana	Chief Financial Officer
2.	Mr. T. Thirumalesh	Company Secretary and Compliance Officer
3.	Mr. NHD Prasad	Vice President - Operations
4.	Mr.G. Srinivasa Rao	AGM Production
5.	Dr. T.V. Vidya Sagar	DGM- AR&D Central Laboratory

There is no change in the senior management from the date of closure of Financial Year till the date of this report.

Name, Designation and Address of Compliance Officer:

Mr. Thirumalesh Tumma

Company Secretary and Compliance Officer
SMS Pharmaceuticals Limited
Plot.No.72, H.No: 8-2-334/3&4,
Road No. 5, Opp. SBI Executive Enclave,
Banjara Hills, Hyderabad, Telanagana – 500034.
E-mail: complianceofficer@smspharma.com
Phone: + 91-40-3535 9999
Fax: + 91-40-2525 9889
Website: www.smspharma.com

Status of Investor Complaints as on 31st March, 2025 and Reported Under Regulation 13(3) of the Listing Regulations

Details of investor complaints received and redressed during the year 2024- 25 are as follows:

Opening Balance as on 1st April, 2024	Received during the year	Resolved during the year	Closing Balance as on 31st March, 2025
0	0	0	0

The Company has given the requisite information to the requests received from the shareholders.

SCORES: The Securities Exchange Board of India has initiated a platform for redressing the investor grievances through SCORES, a web-based complaints redressal system. The system processes complaints in a centralized web-based mechanism.

Nodal Officer: Mr. Thirumalesh Tumma, Company Secretary of the Company was appointed as Nodal Officer for the purpose of co-ordination with IEPF Authority in order to ensure processing and verification of claims by the Shareholders in time bound manner.

RECONCILIATION OF SHARE CAPITAL AUDIT REPORT:

As mandated by the Securities and Exchange Board of India (SEBI), a Practicing Company Secretary is required to conduct a Reconciliation of Share Capital Audit on a quarterly basis. The purpose of this audit is to reconcile the total issued and listed share capital of the Company with the aggregate of shares held in dematerialized form with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), as well as shares held in physical form. The audit report is submitted to the Stock Exchanges where the Company's equity shares are listed. This audit serves to confirm that the total listed and paid-up capital is consistent with the total number of shares in both dematerialized and physical form.

COMPLIANCE WITH GOVERNANCE FRAMEWORK

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the Listing Regulations. This Corporate Governance Report of the Company for the year 2024-25 is incompliance with the requirements of Corporate Governance under Regulation 27(2) of Listing Regulations.

CERTIFICATION FROM MANAGING DIRECTOR AND CFO

A certificate of the Managing Director and Chief Financial Officer of the Company on Financial Statements and applicable internal controls as stipulated under Regulation 17(8) of the SEBI (LODR), Regulations, 2015, a copy of the same is attached to this Report as **Annexure-A**.

ANNUAL SECRETARIAL COMPLIANCE REPORT

Pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained the Annual Secretarial Compliance Report for the financial year 2024-25 from Mr. C. Sudhir Babu, Practicing Company Secretary (Proprietor, CSB Associates). A copy of the said report is annexed to this Report as **Annexure-B** and has also been submitted to the stock exchanges where the Company's shares are listed.

CERTIFICATE OF NON DISQUALIFICATION OF DIRECTOR' UNDER REGULATION 34(3) OF SEBI (LODR) 2015

The Company has obtained a certificate from Mr. C. Sudhir Babu, Practicing Company Secretary (Proprietor, CSB Associates), confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any other statutory authority. The said certificate is annexed to this Report as **Annexure-C**.

GENERAL BODY MEETINGS:

The location and time of the Annual General Meetings held during the last 3 years are as follows:

AGM for FY	Date	Time	Venue	No. of Special Resolutions passed
2021-22	30th September, 2022	09.30 A.M.	Annual General Meeting held through Video Conferencing or other Audit-Visual means deemed venue at the registered office of the Company.	0
2022-23	30th September, 2023	10.00 A.M.	Annual General Meeting held through Video Conferencing or other Audit-Visual means deemed venue at the registered office of the Company.	1
2023-24	30th September, 2024	10.00 A.M.	Annual General Meeting held through Video Conferencing or other Audit-Visual means deemed venue at the registered office of the Company	3

Extraordinary General Meetings

The location and time of the Extra Ordinary General Meetings held during the last year as follows:

EGM for FY	Date	Time	Venue	No. of Special Resolutions passed
2022-23			No EGM	
2023-24	06th March, 2024	11.00 A.M.	Extra Ordinary General Meeting held through Video Conferencing or other Audit-Visual means deemed venue at the registered office of the Company.	1
2024-25			No EGM	

POSTAL BALLOT

The Company did not conduct any postal ballots during FY 2024-25.

MEANS OF COMMUNICATION

Publication of Results in Newspapers:

The Quarterly, half-yearly and annual financial results of the Company are published in leading English and vernacular (Telugu) language newspaper, viz., The Financial Express (All Editions) and Andhra Prabha (Hyderabad and Secunderabad Editions).

Website and News Papers:

Pursuant to Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investors' on the Company's website gives information on various announcements made by the Company, status of unclaimed dividend, stock quotes, Annual Report, Quarterly / Half yearly / Nine-months and Annual financial results along with the applicable policies of the Company are available on the Company's website https://smspharma.com/company-announcements/news-paper-publication/

No specific presentations made to the institutional investors and analysts after the declaration of the results.

Annual Results:

The Audited Annual Results form an integral part of the Annual Report, which is circulated to the Members well in advance of the Annual General Meeting (AGM), enabling them to review the Company's financial and operational performance. In compliance with regulatory requirements, the Company also disseminates these results through intimation to the Stock Exchange(s) and makes them available on its official website at www.smspharma.com for public access.

In addition to financial results, the Company ensures timely disclosure of all material information, including the Corporate Governance Report, Shareholding Pattern, and other price-sensitive disclosures, which in the opinion of the Board, are of significance to stakeholders. Such information is promptly communicated to the Stock Exchange(s) and concurrently uploaded on the Company's website.

The Company remains committed to maintaining transparency and adhering to the highest standards of corporate governance. All disclosures are made in accordance with applicable laws and regulations to ensure that shareholders and investors are well-informed and empowered to make prudent decisions.

E-voting

Pursuant to the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), 2015, Company is providing e-voting facility to its shareholders, in respect of all resolutions to be passed at the General Meetings.

Stock Exchange:

The Company makes timely disclosures of necessary information to BSE Limited and the National Stock Exchange of India Limited in terms of the Listing Regulations and other rules and regulations issued by the SEBI.

GENERAL SHAREHOLDERS INFORMATION

Financial calendar: 1st April 2024 to 31st March, 2025

37th Annual General Meeting

Day and Date	:	Monday, 29th September, 2025
Financial Year	:	2024-25
Time	:	11.00 AM
Mode	:	Video Conferencing and Other Audio Visual Means
Deemed Venue	:	Registered Office situated at Plot.No.72, H.No. 8-2-334/3&4, Road No. 5, Opp. SBI Executive Enclave, Banjara hills, Hyderabad, Telangana, India 500034
Dividend Payment date	:	within 30 days from the date of approval of the shareholders.

As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Directors seeking re-appointment at the forthcoming AGM are given herein and in the Annexure to the Notice of the AGM to be held on 29th September, 2025.

Date of book closure: Tuesday, 23rd September, 2025 to Monday 29th September, 2025 (both days inclusive) for the purpose of AGM.

Listing on Stock Exchange & Stock Code:

BSE Limited "BSE" Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001.	National Stock Exchange of India Limited "NSE" Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.
Stock Code: BSE: 532815	**Stock Symbol:** NSE : SMSPHARMA
ISIN for equity shares: INE812G01025	

Listing Fees for the financial year 2025-26 has been paid to both the Stock Exchanges.

Stock market data: The Stock of the Company was listed in the Month of February, 2007.

Market price data - monthly high and low price on the BSE Limited during the year 2024-25.

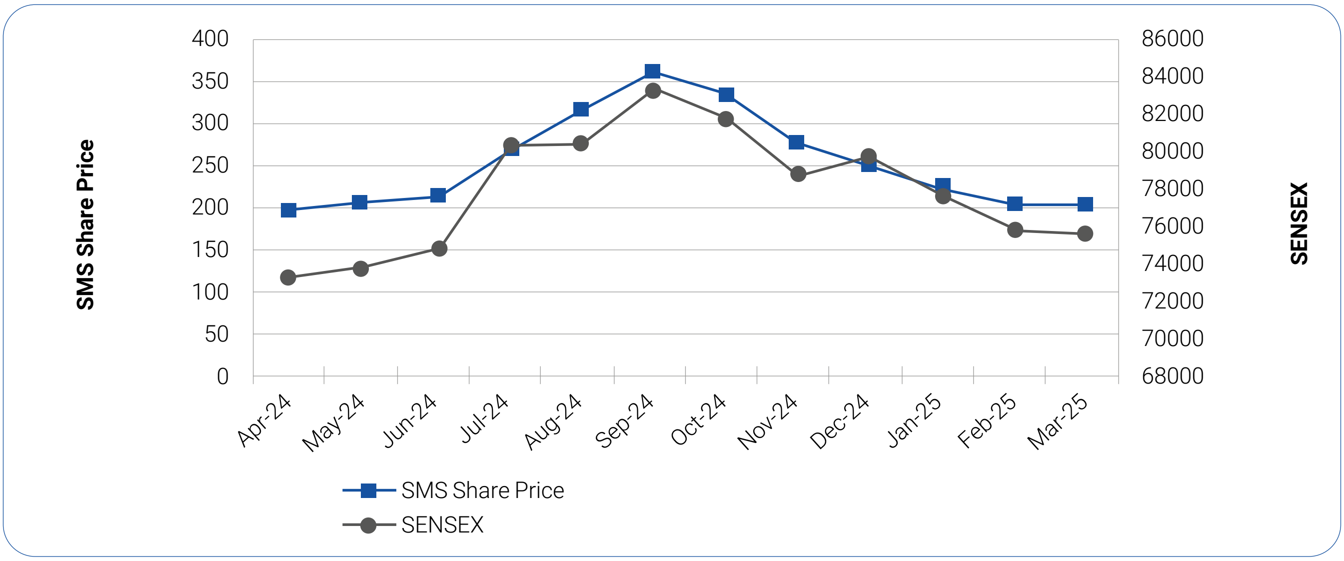
Month	BSE		
	High (₹)	Low (₹)	Volume
April, 2024	219.30	178.20	15,81,951
May, 2024	221.90	194.15	10,51,411
June, 2024	249.90	176.00	7,44,095
July, 2024	306.70	223.95	14,63,538
August, 2024	363.10	271.35	9,38,179
September, 2024	398.00	325.10	11,60,292
October, 2024	390.00	278.00	7,10,065
November, 2024	318.80	234.00	2,98,004
December, 2024	270.00	226.45	3,01,998
January, 2025	260.15	182.90	3,20,116
February, 2025	224.60	181.65	2,03,082
March, 2025	230.00	177.00	2,32,717

Market price data - the monthly high and low price on the NSE Limited during the year 2024-25.

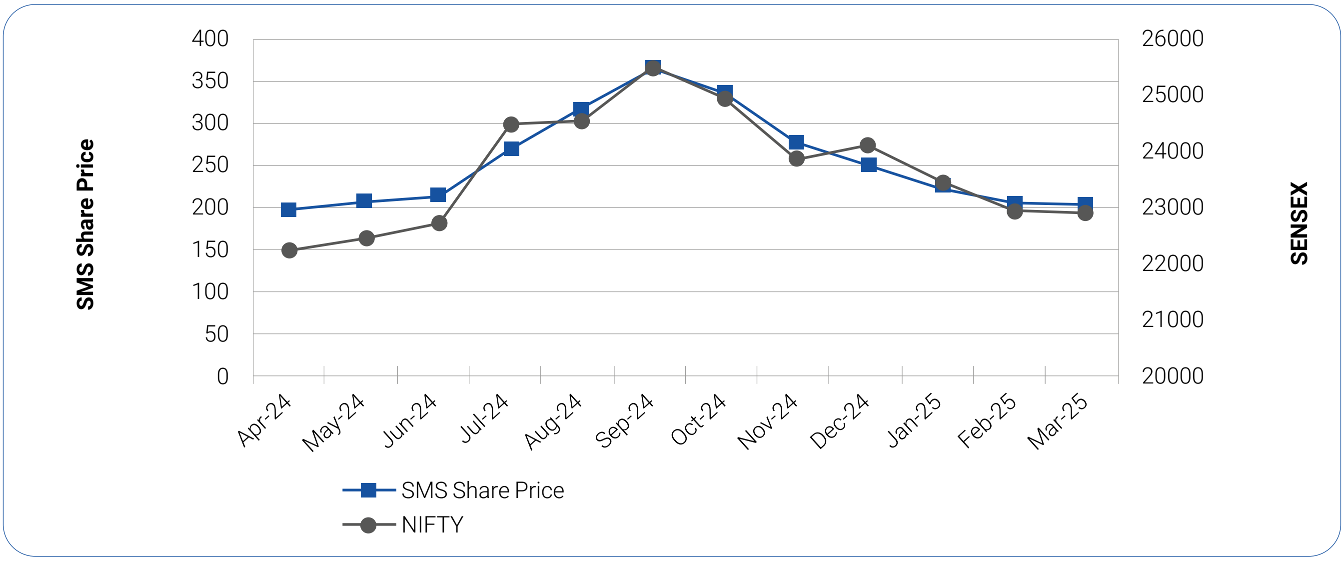
Month	NSE		
	High (₹)	Low (₹)	Volume
April, 2024	219.40	177.90	86,02,636
May, 2024	221.90	194.15	58,73,746
June, 2024	249.40	175.25	78,10,640
July, 2024	306.72	224.61	1,01,43,505
August, 2024	363.75	271.35	1,15,91,669
September, 2024	398.00	326.65	1,21,77,395
October, 2024	390.85	275.60	58,14,213
November, 2024	315.90	233.35	31,50,783
December, 2024	271.70	227.00	33,12,363
January, 2025	259.98	183.00	25,94,518
February, 2025	225.00	181.22	23,65,504
March, 2025	230.49	176.05	26,43,666

Performance in comparison to broad-based indices such as BSE Sensex, NSE Nifty

SMS Pharmaceuticals Limited Vs. BSE Sensex (FY 2024-25)



SMS Pharmaceuticals Limited Vs. NSE Nifty (FY 2024-25)



Share Transfer Agents:

Mr. G Jagn Mohan,
General Manager
M/s. Aarthi Consultants Private Limited
1-2-285, Domalguda, Hyderabad-500 029, Telangana State
Phone: 040-27638111, 27642217, 27634445
Fax : 040-27632184
Email : info@aarthiconsultants.com

Share Transfers System

Pursuant to Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialised form.

Pursuant to SEBI Circular dated January 25, 2022, the listed companies shall issue the securities in dematerialised form only, for processing any service requests from shareholders vis., issue of duplicate share certificates, endorsement, transmission, transposition, etc. After processing the service request, a letter of confirmation will be issued to the shareholders and shall be valid for a period of 120 days, within which the shareholder shall make a request to the Depository Participant for dematerialising those shares. If the shareholders fail to submit the dematerialisation request within 120 days, then the Company shall credit those shares in the Suspense Escrow Demat Account held by the Company. Shareholders can claim these shares transferred to Suspense Escrow Demat Account on submission of necessary documentation.

The Stakeholders Relationship Committee meets as often as required to approve share transfers and to attend to any grievances or complaints received from the members.

Distribution of Equity Shareholding

The table below shows the distribution of shareholding of various groups as on 31st March, 2025.

Total Nominal Value ₹ 8,86,52,030 (i.e. Re. 1/- Nominal and Paid-up value of each share comprising total Number of Shares 8,86,52,030).

Slab of shareholdings	Shareholders	%	No. of Shares	%
1 – 5000	34,868	98.69	78,91,926	8.90
5001 – 10000	213	0.60	16,21,746	1.83
10001 – 20000	102	0.29	15,05,216	1.70
20001 – 30000	44	0.12	10,82,158	1.22
30001 – 40000	19	0.05	6,91,330	0.78
40001 – 50000	18	0.05	8,45,644	0.95
50001 – 100000	23	0.07	17,21,743	1.94
100001 and above	45	0.13	7,32,92,267	82.67
TOTAL	**35,332**	**100.00**	**8,86,52,030**	**100.00**

Pattern of shareholding as on 31st March, 2025

Category	No. of Shares	% of shareholding
Promoters	4,86,78,270	54.91
Other Entities of the Promoters Group	1,00,66,740	11.36
Mutual Funds and UTI	21,54,962	2.43
Banks and Financial Institutions	0	0.00
Insurance Companies	0	0.00
NBFC registered with RBI	400	0.00
Foreign Institutional Investors Foreign Portfolio Investors-Corporate	71,041	0.08
Indian Public	2,39,49,009	27.01
NRI – Repatriable& Non Repatriable	22,40,012	2.53
Bodies Corporate	14,21,336	1.60
Clearing Members	226	0.00
Foreign Nationals		0.00
Unclaimed Suspense Ac & Trust	500	0.00
IEPF	69,263	0.08
Total	**8,86,52,030**	**100.00**

Dematerialization of Shares and liquidity

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) for dematerialization facility. **95.49 %** of equity shares representing **8,44,29,449** equity shares have been dematerialized as on 31st March, 2025.

The breakup as on 31st March, 2025 as follows:

Particulars	No. of Shares	Percentage of shares
NSDL	2,02,90,167	
CDSL	6,41,39,282	75.35
Physical	2,22,581	0.25
Total	**8,46,52,030**	**95.49**

*on 27th March, 2025 the Company converted 40,00,000 warrants into 40,00,000 equity shares which were not credit to the respective shareholders accounts as on the financial year ending 31st March, 2025.

Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ ADRs in the past. During the year, the Company has allotted 40,00,000 equity shares on 27th March, 2025 pursuant to conversion of warrants out of 90,00,000 convertible warrants issued on 19th March, 2024 to the promoters and promoters group, which were convertible into equity shares within 18 months from the date of allotment, which may have impact upon conversion of warrants in to equity shares.

OTHER DISCLOSURES:

Related party transactions

During the year under review, no materially significant transactions entered between the Company and related parties as defined under Section 185 or 188 of the Companies Act, 2013 along with Regulation 23 of SEBI Listing Regulations, which might had/ may have potential conflict with the interest of the Company at large. All the related party transactions for the year ended on 31st March, 2025 formed part of the Board's Report in Form AOC-2. Further the Company has presented the related party transactions before the Audit Committee on quarterly basis and also before the Board. The "Policy on Related Party Transactions" is hosted on the website of the Company at the following link: https://smspharma.com/wp-content/uploads/2024/11/updated-Policy-on-Related-Party-Transactions-08.11.2024.pdf

None of the transactions with Related Parties were in conflict with the interest of Company. All the transactions are in the ordinary course of business and have no potential conflict with the interest of the Company at large and are carried out on an arm's length or fair value basis.

Auditors' Certificate on Corporate Governance

In accordance with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Certificate on Corporate Governance issued by the Statutory Auditors has been appended as **Annexure-D**.

Prohibition of Insider Trading:

The Company has adopted a Code of Conduct pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time. This Code governs all Directors, Senior Management Personnel, members of the Promoter/Promoter Group, and other designated employees who may have access to Unpublished Price Sensitive Information (UPSI) of the Company. During the year under review, the Company has ensured due compliance with the provisions of the said Regulations. The Code of Conduct is available on the Company's website.

Further, in accordance with Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Managing Director and Chief Financial Officer have provided the requisite CEO/CFO certification for the financial year ended 31st March, 2025, which forms part of this Report.

The Company has complied with all mandatory requirements prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Strictures and Penalties:

During the Financial Year 2024-25, the Company was levied a fine of ₹2,000 per day by each of the stock exchanges (BSE and NSE) for the period from August 12, 2024, to November 7, 2024. This penalty was imposed due to non-compliance with the requirements relating to the composition of the Nomination and Remuneration Committee under Regulation 19(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The non-compliance was purely unintentional and occurred due to an inadvertent oversight. Upon identification, the Company promptly rectified the composition of the Committee and has submitted an application to the stock exchanges requesting a waiver of the fines, which is currently under consideration.

Vigil mechanism / Whistle Blower Policy:

Pursuant to the provision of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time the Company has a Vigil Mechanism & Whistle Blower Policy under which the Employees & Directors are free to report violations of applicable laws, regulations and the Code of Conduct without fear of any retaliation. The reportable matters may be disclosed as per the procedure mentioned in the Whistle Blower Policy of the Company. During the year under review, no personnel of the Company was denied access to the Audit Committee.

The said policy is also hosted on the website of the Company at the following link: https://smspharma.com/investor-relations/download/

Fees paid for the services of Auditors

₹ in lakhs

Particulars	Current Year 2024-25	Previous Year 2023-24
Audit Fee	14.00	14.00
Certification Fee	2.00	2.00
Total Payments to Auditors	**16.00**	**16.00**

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. number of complaints filed during the financial year: NIL

b. number of complaints disposed of during the financial year: NIL

c. number of complaints pending as on end of the financial year: NIL

Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of Listing Regulations:

During the previous financial year, pursuant to the approval accorded by the members, at their Extraordinary General Meeting held on 06th March, 2024 and the in-Principle approval received from both Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited, the Company has issued the following securities on preferential basis:

90,00,000 (Ninety Lakh) Convertible Warrants at an issue price of ₹127/- (Rupees One Hundred and Twenty-Seven only) each per Warrant aggregating up to ₹114,30,00,000/- (One Hundred Fourteen Crores and Thirty Lakhs only) to promoters/promoters group of the Company.

Upon receipt of the upfront money of 25% of issue price i.e., ₹31.75/- per warrant aggregating to ₹28,57,50,000/- (Rupees Twenty-Eight Crore Fifty-Seven Lakhs Fifty Thousand only) the Company allotted 90,00,000 warrants on 19th March, 2024.

Subsequently, the Company has received balance 75% of the issue price i.e., ₹ 95.25/- per warrant amounting to ₹ 38,10,00,000/-(Rupees Thirty-Eight Crore Ten Lakhs Only) from two members of warrants holders and the Securities Allotment Committee on its meeting on 27th March, 2025 Company has allotted 40,00,000 equity shares pursuant to its conversion 40,00,000 warrants.

The proceeds of the Preferential issue shall be utilized to meet the Capital Expenditure requirement for Expansion of production capacities in phased manner and installation of additional utility equipment's as well as recovery systems. Proposed to start backward integration of Key Starting Materials (KSM) for existing as well as new products under pipeline at R&D by setting up new production blocks. Further, it may be utilized to meet Working Capital Requirement and General Purpose also.

As on 31st March, 2025, the details of utilization of funds raised through preferential issue and utilization as follows:

(Amount in ₹)

Sl. No.	Amount Raised	Funds Utilized	Amount of Deviation or variation	Remarks, if any
1	28,57,50,000	28,57,00,000	Nil	-
2	38,10,00,000	-	Nil	-
Total	**66,67,50,000**	**28,57,00,000**	**Nil**	**-**

During the year under review, there has been no deviation or variation in the utilization of the proceeds of the preferential issue.

Compliance to requirements of corporate governance report:

The company has duly complied with the requirements of the Corporate Governance Report of Sub-paras (2) to (10) of Part C of Schedule V of the Listing Regulations.

Adoption of discretionary requirements as specified in part-e of schedule-ii of the listing regulations:

The following discretionary requirements have been adopted by the Company pursuant to Part E of Schedule II of the Listing Regulations:

Modified Opinion(s) in Audit Report: The Auditors have expressed an unmodified opinion in their report on the financial statements of the Company.

Reporting of Internal Auditor: The Internal Auditor of the Company directly reports to the Audit Committee.

Policy for Determination of Materiality for Disclosures:

The Company is following the mandatory disclosure requirement under Schedule II of the SEBI Listing Regulations.

The Company had also adopted Policy for Determination of Materiality for Disclosures. The said policy has been also hosted on the website of the Company at the following link: https://smspharma.com/investor-relations/download/

Details of Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of the Corporate Governance as per the Listing Regulations. Reporting of Internal Auditors to the Audit Committee has been adopted from discretionary requirements.

Disclosure with Respect to Demat Suspense Account/ Unclaimed Suspense Account

Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund, established by the Central Government under the provisions of Section 125 of the Companies Act, 2013.

Shareholders of the Company who have either not received or have not en-cashed their dividend warrants, for the financial years 2017-18, 2018-19, 2019-2020, 2020-2021, 2021-2022, 2022-23 and 2023-2024 are requested to claim the unpaid/ unclaimed dividend from the Company before effecting transfer to the fund.

Details of shares held in demat suspense account with HSE Securities Ltd. (IN302734-10034023) for the period from 01/04/2024 to 31/03/2025.

(i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the **beginning of the year**.	No. of shareholders No. of shares	: 2 : 500
(ii)	Number of shareholders who approached issuer for transfer of shares from suspense account **during the year**.	No. of shareholders No. of shares	: Nil : Nil
(iii)	Number of shareholders to whom shares were transferred from suspense account **during the year**.	No. of shareholders No. of shares	: Nil : Nil
(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the **end of the year**.	No. of shareholders No. of shares	: 2 : 500
(v)	That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	Yes	

Investors Correspondence : For institutional investors / analysts queries

Email : complianceofficer@smspharma.com

(For queries relating to Financial Performance and Announcement made by Management only)

Address of the Manufacturing Plants		Research and Development Center
Plot.No.24 & 24B and 36 & 37 S.V. Co-Operative Industrial Estate, Buchupally, Medchal- Malkajgiri District, Hyderabad, Telangana – 500090, Ph.No. 9100072351/52/54 Email: admin_unit2@smspharma.com	Sy. No. 160, 161, 163 to 168, Kandivalasa Village, Poosaptirega Mandal, Vizianagaram District, Andhra Pradesh. 535204. Ph.No. 91- 08922 – 258051/ 53/544 Email: admin_unit7@smspharma.com	Sy. No. 186, 189 & 190, Gagillapur Village, Dundigal- Gandimaisamma Mandal, Medchal-Malkajgiri District Telangana – 500043, Ph.No. + 91 – 8418 – 257337 / 8 email: rnd@smspharma.com

By the Order of the Board

Ramesh Babu Potluri
Chairman & Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 09.08.2025

DECLARATION ON CODE OF CONDUCT

The Members of
SMS Pharmaceuticals Limited
Hyderabad

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and senior management personnel of the Company. The code of conduct has also been posted on the website of the Company. It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31st March, 2025 as envisaged in Listing Regulations.

For SMS Pharmaceuticals Limited

Ramesh Babu Potluri
Chairman & Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 29.05.2025

Annexure-A

COMPLIANCE CERTIFICATE

[As per SEBI (LODR) Regulation 17(8)]

A) We have reviewed annual audited financial statements and cash flow statement for the year ended 31st March, 2025 and that to the best of our knowledge and belief:

1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B) We are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended on 31st March, 2025 which are fraudulent, illegal or violate of 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 pertaining to 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 they have taken or propose to take to rectify these deficiencies.

D) We have indicated to the Auditors and the Audit Committee

1) Significant changes in internal control over financial reporting during the said financial year;

2) Significant changes in accounting policies during the said financial year and that the same have been disclosed in the notes to the financial statements; and

3) There are no instances of fraud of which we have become aware and the involvement thereof by the Management or an employee having a significant role in the Company's internal control system over financial reporting.

For SMS Pharmaceuticals Limited

T. Lakshmi Narayana Tammineedi
Chief Financial Officer

For SMS Pharmaceuticals Limited

Ramesh Babu Potluri
Chairman & Managing Director
(DIN: 00166381)

Place: Hyderabad
Date: 09.08.2025

Annexure-B

SECRETARIAL COMPLIANCE REPORT OF SMS PHARMACEUTICALS LIMITED

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2025

We have examined:

(a) all the documents and records made available to us and explanation provided by **SMS Pharmaceuticals 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, 2025 ("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:

Sl. 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
1.	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	Regulation 19(1)(c) of SEBI (LODR) Regulations, 2015	Non-Compliance pertaining to the composition of Nomination and Remuneration Committee.	Bombay Stock Exchange and National Stock Exchange	Fine	Non-compliance pertaining to the composition of Nomination and Remuneration Committee of the Board for the period from 12th August, 2024 to 07th November, 2024.	Fine of ₹ 2,000/- per day by each stock exchange from 12th August 2024 to 7th November, 2024.	The Company has complied with the said provision w.e.f. 7th November, 2024	It was an inadvertent and isolated oversight and unintentional nature prompt corrective actions taken immediately.	The Company has paid the fine to Stock Exchanges for non-compliance.

NIL

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

Sl. 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
			NIL			

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)	Observations/ 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)	Observations/ 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.	i) Notice dated 21st November, 2024, for non-compliance with Regulation 19(1)(c) of SEBI(LODR) Regulations, 2015, with regard to composition of Nomination and Remuneration Committee from BSE Limited and NSE imposing a fine of ₹2,000/- per day from 12th August, 2024 to 30th September, 2024. ii) Notice dated 17th March, 2025, for non-compliance with Regulation 19(1)(c) of SEBI(LODR) Regulations, 2015, with regard to composition of Nomination and Remuneration Committee from BSE Limited and NSE imposing a fine of ₹2,000/- per day from 1st October, 2024 to 7th November, 2024.	i) The Company has paid the fine to Stock Exchanges for non-compliance ii) The Company has paid the fine to Stock Exchanges for non-compliance
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.		

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.

C. Sudhir Babu
FCS No.: 2724; CP No.: 7666
UDIN: F002724G000514367
Peer Review No.: 6514/2025

Place: Hyderabad
Date: 30-05-2025

Annexure-C

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,
SMS Pharmaceuticals Limited,
Regd. Office: Plot No. 72, H. No. 8-2-334/3&4,
Road No. 5, Opp. SBI Executive Enclave,
Banjara Hills, Hyderabad – 500034.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SMS Pharmaceuticals Limited** having **CIN: L24239TG1987PLC008066** and having Registered Office at Plot No. 72, H. No. 8-2-334/3&4, Road No. 5, Opp. SBI Executive Enclave, Banjara Hills, Hyderabad 500034, (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 Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our 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, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2025, have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	Ramesh Babu Potluri	00166381	01-12-2008
2.	Sarvepalli Srinivas	02292051	12-08-2019
3.	Shravan Kudaravalli	06905851	26-05-2018
4.	Vamsi Krishna Potluri	06956498	05-06-2020
5.	Trilok Poturi	07634613	12-08-2024
6.	Shanti Sree Bolleni	07092258	12-08-2024
7.	Suresh Kumar Gangavarapu	00183128	12-08-2024
8.	Sunkara Venkata Satya Shiva Prasad	10404277	12-08-2024

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.

C. Sudhir Babu
Practicing Company Secretary,
Proprietor, CSB Associates,
Membership No.:2724, C.P. No.:7666.
UDIN: F002724G000970570

Place: Hyderabad
Date: 09-08-2025

Annexure-D

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
SMS Pharmaceuticals Limited.
Hyderabad

We have examined the compliance of conditions of Corporate Governance by SMS Pharmaceuticals Limited ('the Company') for the year ended 31st March 2025, as per the relevant provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st April, 2024 to 31st March, 2025.

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.

For Suryanarayana & Suresh
Chartered Accountants
Firm Reg. No: 006631S

Muktha Prabhakar
Partner
M.No. 200247
UDIN: 25200247BMUJKK1562

Place: Hyderabad
Date: 09.08.2025

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR) – 2024-25

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity	:	L24239TG1987PLC008066
2. Name of the Listed Entity	:	SMS Pharmaceuticals Limited
3. Year of incorporation	:	14th December, 1987
4. Registered office address	:	Plot. No. 72, H.No: 8-2-334/3&4, Road No: 5, Opp. SBI Executive Enclave, Banjara Hills, Hyderabad – 5000034, Telangana, India
5. Corporate address	:	Plot. No. 72, H.No: 8-2-334/3&4, Road No: 5, Opp. SBI Executive Enclave, Banjara Hills, Hyderabad – 5000034, Telangana, India
6. E-mail	:	cs@smspharma.com
7. Telephone	:	+91-40-35359999
8. Website	:	www.smspharma.com
9. Financial year for which reporting is being done	:	01st April, 2024 to 31st March, 2025
10. Name of the Stock Exchange(s) where shares are listed	:	BSE Limited (BSE), National Stock Exchange of India Limited (NSE)
11. Paid-up Capital	:	Rs.886.52 lakhs
12. Name and contact details telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	:	Mr. Thirumalesh Tumma, Company Secretary and Compliance Officer, Tele: +91-40-35359999, Email:Complianceofficer@smspharma.com
13. Reporting boundary - Are the disclosures under this Report made on a standalone basis or on a consolidated basis.	:	The disclosure under BRSR is on Standalone basis unless otherwise stated.
14. Name of assurance provider	:	-
15. Type of assurance obtained	:	-

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing	Manufacture of Active Pharmaceutical Ingredients (APIs)	99.21

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover Contributed
1	Manufacture of Active pharma ingredients, intermediates, custom pharmaceutical services and nutraceuticals	21001	100

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	3*	1	4
International	0	0	0

*The plants include the Company's manufacturing locations and R&D centers.

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	21
International (No. of Countries)	47

b. What is the contribution of exports as a percentage of the total turnover of the entity?

69%

c. A brief on types of customers

We serve a diverse range of pharmaceutical companies worldwide.

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	EMPLOYEES					
1.	Permanent (D)	1173	1107	94.37	66	5.63
2.	Other than Permanent (E)	0	0	0	0	0.00
3.	**Total employees (D + E)**	**1173**	**1107**	**94.37**	**66**	**5.63**
	WORKERS					
4.	Permanent (F)	297	297	100.00	0	0
5.	Other than Permanent (G)	396	363	91.67	33	8.33
6.	**Total workers (F + G)**	**693**	**660**	**95.24**	**33**	**4.76**

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	DIFFERENTLY ABLED EMPLOYEES					
1.	Permanent (D)	0	0	0	0	0
2.	Other than Permanent (E)	0	0	0	0	0
3.	**Total differently abled employees (D + E)**	**0**	**0**	**0**	**0**	**0**
	DIFFERENTLY ABLED WORKERS					
4.	Permanent (F)	0	0	0	0	0
5.	Other than permanent (G)	0	0	0	0	0
6.	**Total differently abled workers (F + G)**	**0**	**0**	**0**	**0**	**0**

21. Participation/ Inclusion/representation of Women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	8	1	12.5
Key Management Personnel	4	0	0

22. **Turnover rate for permanent employees and workers**

(Disclose trends for the past 3 years)

	Turnover rate in current FY 2024-25			Turnover rate in previous FY 2023-24			Turnover rate in the FY prior to previous FY 2022-23		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	5.68	9.58	15.26	22.99	25.24	48.23	23.3	23.4	46.7
Permanent Workers	8.99	0	8.99	26.75	0	26.75	1.42	0	1.42

V. Holding, subsidiary and Associate Companies (including Joint Ventures)

23. **(a) Names of holding / subsidiary / associate companies / joint ventures**

S. No.	Name of the holding/ subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	SMS Peptides Private Limited	Subsidiary	93.00	No
2	VKT Pharma Private Limited	Associate	34.83	No
3	CHEMO SMS ENTERPRISES SL (55% held by Chemo 45% held by SMS)	Joint Venture	45.00	No

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

a. Turnover (in Rs.) 782,74,81,188/-

b. Net worth (in Rs.) 673,06,97,288/-

VII. Transparency and Disclosures Compliances

25. **Complaints/Grievance on any of the principles (Principles1 to 9) under the National Guidelines on Responsible Business conduct**

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)*	FY 2024-25			FY 2023-24		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Y	-	-	-	-	-	-
Investors (other than shareholders)	Y	-	-	-	-	-	-
Shareholders	Y	-	-	-	-	-	-
Employees and workers	Y	-	-	-	-	-	-
Customers	Y	-	-	-	-	-	-
Value Chain Partners	Y	-	-	-	-	-	-
Other (please specify)	Y	-	-	-	-	-	-

* Various policies of the Company for redressing the grievances of its stakeholders are available at https://smspharma.com/company-announcements/downloads/ In addition there are internal policies placed on intranet of the Company.

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications per the following format:

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	ESG compliance	Risk and Opportunity	In the evolving business environment, ESG compliance has emerged as a critical factor for long-term sustainability and investor confidence. For the company, ESG considerations are particularly significant due to: Stringent global regulatory expectations from importing countries (e.g., US FDA, EMA) around environment and ethical practices. Increasing scrutiny from institutional investors and global supply chain partners on ESG performance. Rising expectations around waste management, carbon footprint reduction, energy efficiency, and responsible sourcing. Greater public focus on ethical business conduct, clinical trial transparency, employee welfare, and community engagement. Non-compliance may result in reputational damage, regulatory penalties, and loss of market access. Conversely, proactive ESG alignment offers strategic opportunities. Therefore, ESG compliance is not only a risk mitigation measure but also a strategic enabler of sustainable growth for the Company.	To address the identified ESG-related risks, the Company has adopted a structured and proactive approach, including: **1. Policy Alignment:** Development and periodic review of internal policies aligned with global ESG standards such as ensuring compliance with SEBI's BRSR guidelines. **2. Sustainable Operations:** Investment in energy-efficient equipment and green manufacturing practices Improved waste segregation and safe disposal of hazardous pharma waste Water conservation initiatives and effluent treatment systems **3. Ethical and Inclusive Workforce Practices:** a. Implementation of fair labour practices, POSH policy, and DEI (Diversity, Equity & Inclusion) initiatives b. Periodic training on ethical business conduct, data privacy, and workplace safety **4. Stakeholder Engagement:** Regular engagement with investors, regulators, suppliers, and community stakeholders to address ESG expectations and disclosures transparently. Through these measures, the Company aims to mitigate ESG compliance risks, enhance operational resilience, and create long-term value for all stakeholders.	**Positive: Access to ESG & Sustainability-Linked Capital:** Strong ESG compliance can enable access to green bonds, sustainability-linked loans, and lower interest rates from ESG-focused investors and banks. **Long-term Cost Efficiency:** Energy-efficient and sustainable manufacturing practices can reduce utility bills, waste disposal costs, and overall resource usage over time. **Market Differentiation & Brand Premium:** Strong ESG compliance enhances brand reputation, attracts ESG-conscious customers, and opens opportunities for export to regulated markets. **Improved Investor & Stakeholder Confidence:** Transparent ESG practices increase investor trust, employee satisfaction, and alignment with global supply chain ESG norms — potentially increasing firm valuation.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2	Regulatory compliance	Risk and opportunity	The company operates in a highly regulated environment, governed by multiple national and international regulations. Failure to comply with such evolving and stringent regulatory frameworks can result in severe operational, financial, and reputational consequences such as product recalls, license suspensions, import bans, and loss of customer and investor trust. Conversely, proactive and robust compliance systems not only mitigate these risks but also present opportunities for enhanced global market access, long-term business sustainability, and stakeholder confidence. Hence, regulatory compliance is identified as both a critical risk and a strategic opportunity in the company's business and sustainability planning.	To effectively manage the risks associated with evolving regulatory landscapes, the company has adopted a proactive, multi-layered compliance strategy: **Standard Operating Procedures (SOPs):** All operations are governed by well-documented SOPs aligned with Good Manufacturing Practices (GMP) and global quality standards. Regular updates are made based on regulatory revisions. **Internal Audits and Mock Inspections:** Periodic internal audits are conducted to assess compliance readiness, identify gaps, and implement corrective actions. **Training and Capacity Building:** Regular training sessions are held for all levels of staff—including production, R&D, quality assurance, and compliance—on regulatory requirements, ESG mandates.	**Positive & Negative:** **Fines and Penalties:** Non-compliance with domestic regulations may result in hefty penalties, warning letters, or even suspension of licenses. **Market Access Restrictions:** Regulatory violations can lead to import bans, product recalls, or delisting in critical export markets, leading to revenue losses and reputational damage. **Increased Compliance Costs:** Delayed adaptation to changing regulations can lead to urgent remediation costs, legal expenses, and consultancy fees. **Operational Disruptions:** Non-compliance may cause temporary plant shutdowns, delayed product approvals, or loss of key supply chain certifications affecting business continuity. **Positive Implications** **Access to Global Markets:** Compliance with international regulatory standards enhances eligibility for exports to highly regulated markets boosting revenue. **Investor Confidence:** Strong compliance records improve ESG ratings and stakeholder trust, attracting institutional investors and long-term capital. **Reputation and Brand Value:** A robust compliance framework strengthens brand credibility and market position. **Cost Optimization:** Proactive compliance helps avoid costly litigation, reputational loss, and remediation, resulting in better financial planning and risk-adjusted returns.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3	Changing global political and economic conditions	Risk	The global political and economic environment plays a critical role in shaping the operations, market access, supply chain stability, and growth prospects of pharmaceutical companies. Given the sector's heavy dependence on international markets for both raw materials (APIs, intermediates) and finished goods exports, shifts in geopolitical dynamics and macroeconomic policies can significantly impact business sustainability. **Risk Considerations:** Trade barriers or sanctions in key export or import countries could disrupt the supply chain or restrict market access. Currency volatility, inflationary trends, or recessionary pressures in major markets (e.g., US, EU) can affect profitability and pricing strategies. Regulatory shifts in global jurisdictions may lead to re-certifications, delays in product approvals, or additional compliance costs. Geopolitical conflicts or instability, especially in countries with manufacturing bases or sourcing dependencies, could result in operational disruptions.	**1. Reducing Supply Chain Diversification** dependency on single-country by diversifying suppliers across geographies. Establishing alternate vendors and strategic inventory buffers for critical APIs and raw materials. **2. Regulatory Preparedness** Maintaining a dedicated Regulatory Affairs Team to monitor and comply with evolving global regulatory requirements. Engaging with consultants and experts for faster product registration and compliance **3. Active participation in** industry bodies and trade associations to stay updated on policy changes and influence regulatory dialogue	**Negative:** Geopolitical events like wars, internal conflict, changes in governments and polices can have effect the way we do our business in distribution and client deliveries and possibility in increase in costs

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4	Supply chain sustainability	Risk	The Company operates in a highly regulated and sensitive ecosystem, where supply chain sustainability plays a pivotal role in ensuring uninterrupted manufacturing, quality assurance, and timely delivery of essential medicines. Given the increasing dependence on global supply networks, especially for Active Pharmaceutical Ingredients (APIs), excipients, and packaging materials, any disruption—whether due to geopolitical tensions, pandemics, trade barriers, environmental regulations, or supplier non-compliance—poses a significant operational and reputational risk. At the same time, strengthening and diversifying the supply chain in alignment with ESG criteria presents an opportunity to build long-term resilience, improve supplier collaboration, reduce carbon footprint, and meet evolving stakeholder and regulatory expectations. Sustainable sourcing, ethical labour practices, and transparency throughout the value chain are increasingly becoming key differentiators in the pharmaceutical sector.	The company has adopted a multi-pronged and proactive approach: **Supplier Diversification & Localization:** Reducing over-dependence on a supplier by identifying alternate sources, encouraging domestic sourcing, and leveraging government schemes. **Inventory Buffering & Critical Stocking:** Maintaining safety stock of critical raw materials to mitigate the impact of supply delays or quality issues. By implementing the above measures, the company aims to strengthen its supply chain continuity, ensure regulatory compliance, and advance long-term sustainability objectives.	**Negative: Increased procurement costs** due to diversification of suppliers and ESG-compliant sourcing practices. **Higher operational expenses** from inventory holding, real-time monitoring systems, supplier audits, and compliance training. **Potential revenue loss** due to supply disruptions caused by geopolitical tensions, environmental factors, or non-compliant suppliers.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5	Product and quality risk	Risk	In the pharmaceutical sector, product and quality risk is a critical consideration due to its direct impact on patient safety, brand reputation, regulatory compliance, and market access. Strict regulatory environments demand consistent adherence to quality protocols and manufacturing standards. Any deviation or lapse in quality can result in product recalls, regulatory action, and loss of consumer trust.	To mitigate product and quality risks, the company has adopted a multi-layered quality assurance and compliance framework, which includes: **Stringent Quality Control (QC) and Quality Assurance (QA) Systems** Implementation of Good Manufacturing Practices (GMP) aligned with global standards. Use of validated and automated quality testing procedures to minimize human error. Robust Standard Operating Procedures (SOPs) Regular review and updating of SOPs across manufacturing, packaging, and storage. Continuous training programs for employees to ensure adherence. **Regulatory Surveillance and Internal Audits** Periodic internal audits and third-party inspections to proactively detect non-compliance. Monitoring of regulatory changes across all active markets.	**Negative:** **Regulatory Fines & Penalties:** Non-adherence to GMP or pharmacovigilance norms can attract substantial fines, warning letters, or import bans, impacting revenue. **Market Access Loss:** Suspension of approvals in key markets (US/EU) disrupts sales, leading to lost contracts and revenue shortfalls. **Reputational Damage:** Brand erosion following quality incidents can depress share price, reduce market share, and increase customer acquisition costs.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1 a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	The policies have been approved by the Chairman and Managing Director and certain policies are approved by the Board								
c. Web Link of the Policies, if available	Many of the policies are available on the website of the Company https://smspharma.com/company-announcements/downloads/ and the policies which are internal to the Company are available on the Intranet of the Company								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	N	N	Y
4. Name of the national and international codes/ certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	P 2 = Y P3: The company has Environmental Management System Accreditation ISO 14001. P6: The company has Occupational Health and Safety Accreditation ISO 45001								
5. Specific commitments, goals and targets set by the entity with defined timelines if any.	SMS Pharmaceuticals Ltd. has planned to establish 1.3 MW rooftop solar in next financial year. This marks a key step in the company's commitment to: • Accelerating its renewable energy transition • Reducing Scope 2 emissions and overall carbon footprint • Enhancing energy self-reliance and operational sustainability.								
6. Performance of the entity against the specific commitments, goals and targets along with reasons in case the same are not met.	1. During FY 2024–25, the unit commissioned 07 additional distillation columns to Solvent recovery block to further optimize solvent recovery performance and strengthen our environmental management efforts: To ensure environmental safety and pollution control, the facility has implemented: • VOC absorption media columns installed in both SRB-I and SRB-II • All process vents are connected to these columns, which are placed at a height of 6 meters above rooftop level to ensure effective dispersion and capture • VOC monitors are installed to track and control volatile organic compound emissions in real time. 2. As part of our commitment to reducing environmental impact and advancing sustainable production practices, we successfully eliminated the use of Tetrahydrofuran (THF) and Dichloromethane (DCM) from the Sitagliptin API synthesis process								

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9

3. Following a comprehensive evaluation of solvent utility, process efficiency, and environmental impact, we adopted a refined solvent approach that eliminated:
   - 1,4-Dioxane
   - Ethyl Acetate
   - n-Heptane
4. Environmental and Safety Advancements
   - **1,4-Dioxane**, a probable human carcinogen and long-lived environmental contaminant, was successfully eliminated, mitigating risks related to fugitive emissions and regulatory non-compliance.
   - **Ethyl Acetate** and **n-Heptane**, volatile organic compounds with high vapor pressure, were removed—leading to a measurable improvement in air quality and site safety standards.
   - Annual conservation:
     - Ethyl Acetate: 518,400 L
     - N-Heptane: 792,000 L
     - 1,4-Dioxane: 158,400 L

Governance, leadership, and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure).

At SMS Pharmaceuticals, we aim to minimise our impact on the communities and the environment. As the first Indian pharmaceutical Company to receive the Indo-US GCNC award for green chemistry, we have always committed to advancing growth with sustainability. We efficiently convert by-products from production into

valuable materials and operate as a Zero Liquid Discharge (ZLD) unit at Hyderabad, employing advanced water recycling technologies in both the units. We continually invest in our people by fostering a supportive work environment that encourages growth, career advancement and continuous learning. Our focus on open communication, employee recognition and inclusion drive innovation within our organisation. Through our Corporate Social Responsibility (CSR) initiatives, we contribute to healthcare, education, and rural development. Significant projects include establishing an R.O. water plant in nearby villages at Vizianagaram and construction of school buildings at AP Balayogi Gurukulam (APSWRS) Premises at Kopperla Village, Poosapatirega (M), Vizianagaram District and health care support in Andhra Pradesh and Telangana.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies)	Name: Ramesh Babu Potluri Designation: Chairman and Managing Director DIN: 00166381
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	No

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies	The policies of the Company are reviewed periodically / on a need basis by department heads									Periodically/need based basis								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Status of compliance with all applicable statutory requirements is reviewed by the Board on a quarterly basis.									Ongoing basis								

		P1	P2	P3	P4	P5	P6	P7	P8	P9
11	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	No, the Company internally reviews the working of the above-mentioned policies The working of the policy is also ensured by the various department heads / director / wherever applicable								

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)	-	-	-	-	-	-	-	-	
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	-	-	-	-	-	-	-	-	-
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	-	-	-	-	-	-	-	-	-
It is planned to be done in the next financial year (Yes/No)	-	-	-	-	-	-	-	-	-
Any other reason (please specify)	-	-	-	-	-	-	-	-	-

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership." While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors and Key Managerial Personnel (KMP)	2	Familiarisation programs for the Board of Directors/ KMPs of the Company are done periodically. Presentations given to Board of Directors and KMP regarding the updates on Companies Act, SEBI Regulations. Further few Directors and KMPs attended various programs conducted by various bodies the programmes include business and industry updates, risk management, environmental, social and governance parameters, and compliances of various statutory requirements, updating on various Codes/ Policies of the Company, etc.,	100
Employees other than BoD and KMPs and workers	177	Employees undergo various training programs throughout the year based on their roles. These include technical training, functional SOP training, safety training, on-the-job training, and health, safety, and environmental training.	100

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format.

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed one entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	**P1**	BSE Limited & National Stock Exchange of India Limited	352000/-	Non-compliance of Regulation 19(1)(c) of SEBI LODR, with the requirements 'at least two-thirds of the Directors shall be Independent Directors' pertaining to the composition of Nomination and Remuneration Committee of the Board for the period from 12th August, 2024 to 07th November, 2024.	No
Settlement	-	-	-	-	-
Compounding fee	-	-	-	-	-

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	-	-	-	-
Punishment	-	-	-	-

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases were monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
NA	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available provide a web-link to the policy.

No Company does not have an independent anti-bribery policy but Our employees and those representing us, including agents and intermediaries, shall not, directly, or indirectly, offer or receive any illegal or improper payments or comparable benefits that are intended or perceived to obtain undue favors for the conduct of our business. The Company has zero tolerance approach towards corruption and bribery.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2024-25	FY 2023-24
Directors	-	-
KMPs	-	-
Employees	-	-
Workers	-	-

6. **Details of complaints with regard to conflict of interest:**

	FY 2024-25		FY 2023-24	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	-		-	
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	-		-	

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable

8. **Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:**

	FY 2024-25	FY 2023-24
No. of days of accounts payable	85	127

9. **Open-ness of business**

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2024-25	FY 2023-24
Concentration of Purchases	a. Purchases from trading houses as % of the total purchases	27.36%	27.96%
	b. Number of trading houses where purchases are made from	617	550
	c. Purchases from top 10 trading houses as %of total purchases from trading houses	47.31%	50.31%
Concentration of sales	a. Sales to dealers/ distributors as %of total sales	11.13%	16.42%
	b. Number of dealers / distributors to whom sales are made	24	29
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	58.07%	57.68%
Share of RPTs in	• Purchases (Purchases with related parties / total purchases	7.51%	3.12%
	• Sales (sales to related parties / total sales	5.06%	3.17%
	• Loans & advances (Loans & Advances given to related parties / Total Loans & Advances	0.00	0.00
	• Investments (Investments in related parties / Total investments made	99.78%	99.78%

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the principles during the financial year:**

Total Number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (By value of Business done with such partners) under the awareness programmes
0	0	0

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.**

   Yes, SMS Pharma has policy on Code of Conduct in place and expects all its Personnel (Members of the Board) to refrain from engaging in any activity or having a personal interest that presents a conflict of interest. The Company ensures that all its Board Members and Senior Management adhere to the code of conduct to avoid situations of conflict of interest. https://smspharma.com/wp-content/uploads/2024/06/Code-of-business-conduct-and-ethics-for-Directors-Sr-Mgt-Personnel-New.pdf

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2024-25	FY 2023-24	Details of improvements in environmental and social impacts
R&D	0	0	Reduced number of process steps to reduce the carbon footprint and reduce production process life cycle
Capex	69%	57%	

2 a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No) b. If yes, what percentage of inputs were sourced sustainably?**

   No

3. **Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

   SMS Pharmaceuticals Ltd, Unit-VII implements a comprehensive hazardous waste & other wastes management system across all departments and production blocks. Each department maintains a dedicated waste storage area, where waste is segregated into Separate containers based on type and source of generation.

   Hazardous waste is generated primarily from:

   - Process operations
   - Filter press sludge's
   - Stripper and ATFD (Agitated Thin Film Dryer) systems
   - Distillation columns in the Solvent Recovery Block

   All hazardous wastes are securely stored in a waste storage area with appropriate labelling, containment, and safety precautions. Waste is disposed in compliance with Hazardous Waste Management Rules:

   - Sent to APEMC-authorized TSDFs (Treatment, Storage and Disposal Facilities), co-processing units, or cement industries
   - Disposal is conducted within 90 days, as per regulatory norms
   - Transport is tracked through online manifests and GPS-enabled vehicles, ensuring transparency and traceability
   - SMS Pharma also conducts regular internal audits and ensures CPCB and APPCB compliance in handling, storage, and disposal.

   During FY 2024–25, the company continued to strengthen its waste management practices to align with environmental regulations and reduce its ecological footprint. Key initiatives and improvements include:

   - **Segregation at Source:** Implementation of strict protocols to ensure systematic segregation of hazardous and non-hazardous waste at source for appropriate disposal or recycling.
   - **Recycling and Reuse:** Enhanced efforts to recycle packaging materials, scrap, and other industrial waste. Where feasible, non-hazardous waste was reused internally or sent to authorized recyclers.
   - **Hazardous Waste Handling:** Hazardous waste was stored, labeled, and transported in compliance with the Hazardous Waste Management Rules. The company continued working with authorized handlers for safe treatment and disposal.

- **Process Waste Optimization:** Process modifications were undertaken to reduce the generation of by-products and improve raw material utilization efficiency.
- **Digital Waste Tracking:** Introduction of digital tools to monitor waste generation trends, track disposal methods, and identify areas for improvement.
- **Training and Awareness:** Regular training programs for employees and contractors were conducted to build awareness around safe waste handling and sustainable practices

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

   Not Applicable

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

   NO

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same**

   We have not conducted LCA for any of our products

3. **Percentage of recycled or reused input material to total material (by value) used in Products (for manufacturing industry) or providing services (for service industry).**

   We do not recycle or reuse input material

4. **of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled, and safely disposed, as per the following format:**

   We do not reclaim products for reusing, recycling, and disposing them at the end of their life.

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category**

   Not Applicable

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. **Details of measures for the well-being of employees:**

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	1107	281	25.38	1107	100	0.00	0.00	0	0	0	0
Female	66	25	37.88	66	100	66	100	0	0	0	0
Total	**1173**	**306**	**26.09**	**1173**	**100**	**66**	**5.63**	**0**	**0**	**0**	**0**
Other than Permanent employees											
Male	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

b. **Details of measures for the well-being of workers:**

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	297	236	79.46	297	100	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
Total	**297**	**236**	**79.46**	**297**	**100**	**0**	**0**	**0**	**0**	**0**	**0**
Other than Permanent workers											
Male	363	363	100	363	100	0	0	0	0	0	0
Female	33	33	100	33	100	33	100	0	0	0	0
Total	**396**	**396**	**100**	**363**	**100**	**33**	**8.33**	**0**	**0**	**0**	**0**

c. **Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format:**

	FY 2024-25	FY 2023-24
Cost incurred on well- being measures as a % of the total revenue of the Company	0.32%	0.34%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

	FY 2024-25			FY 2023-24		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % Of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100.00%	100.00%	Y	100.00%	100.00%	Y
Gratuity	100.00%	100.00%	Y	100.00%	100.00%	Y
ESI	26.08%	79.46%	Y	39.07%	97.63%	Y

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

For differently abled employees, the infrastructure facilities across the offices and manufacturing and R&D facilities adhere to accessibility standards wherever it is required.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

While the Company has no a formal written policy in place, it is firmly committed to the principles of equal opportunity and inclusive employment practices. The Company is dedicated to fostering a work environment that is respectful, supportive, and free from all forms of discrimination.

SMS Pharma values diversity and strives to create an inclusive culture where all individuals are treated with dignity and respect. No employee or candidate will be treated less favorably on the basis of race, sex, religion or beliefs, disability, marital or civil partnership status, age, sexual orientation, gender identity or expression, caregiving responsibilities, or any other characteristic protected under applicable laws.

5 **Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	0	0	0	0
Female	0	0	0	0
Total	**0**	**0**	**0**	**0**

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

		Yes/No (If yes, then give details of the mechanism in brief)
1	Permanent Workers	The Company has always believed in open and transparent communication. Employees are encouraged to share their concerns with their business heads, HR or the members of the senior management as part of the Whistleblower Policy, the Company provides a grievance redressal mechanism and encourages its employees and workers to bring to attention any instances of unethical behavior, incidents, frauds or violation. The Company has a policy on prevention, prohibition, and redressal of sexual harassment of women at the workplace and has an Internal Complaints Committee (ICC) in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company's policy on the same is placed on the Company's website.
2	Other than Permanent Workers	Yes, the non-permanent employees and workers communicate their grievances through their respective supervisors. The grievances are further communicated to the Company for necessary action and resolution of the grievances.
3	Permanent Employees	A Grievance Redressal Mechanism has been constituted to hear and redress individual grievances. The Company has formulated Whistle Blower Policy for redressing grievances. The Policy can be accessed from https://smspharma.com/wp-content/uploads/2022/08/Whistel-Blower-Protection-Policy.pdf
4	Other than Permanent Employees	A Grievance Redressal Mechanism has been constituted to hear and redress individual grievances. The Company has formulated Whistle Blower Policy for redressing grievances. The Policy can be accessed from https://smspharma.com/wp-content/uploads/2022/08/Whistel-Blower-Protection-Policy.pdf

7. **Membership of employees and worker in association(s) or Unions recognized by the listed entity:**

The Company does not have any employee associations. The Company, however, recognizes the right to freedom of association.

8. **Details of training given to employees and workers:**

Category	FY 2024-25					FY 2023-24				
	Total (A)	On Health and safety measures		On Skill upgradation		Tota l (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	1107	1037	93.68	1093	98.74	973	942	96.81	246	25.28
Female	66	52	78.79	52	78.79	54	44	81.48	35	64.81
Total	**1173**	**1089**	**92.84**	**1145**	**97.61**	**1027**	**986**	**96.01**	**281**	**27.36**
Workers										
Male	297	187	62.96	286	96.29	170	170	100	170	100
Female	0	0	0	0	0	0	0	0	0	0
Total	**297**	**187**	**62.96**	**286**	**96.29**	**170**	**170**	**100**	**170**	**100**

9. Details of performance and career development reviews of employees and Workers

Category	FY 2024-25			FY 2023-24		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	1107	865	78.14	973	0	0
Female	66	35	53.03	54	0	0
Total	**1173**	**900**	**76.72**	**1027**	**0**	**0**
Workers						
Male	297	152	51.18	170	0	0
Female	0	0	0	0	0	0
Total	**297**	**152**	**51.18**	**170**	**0**	**0**

10. Health and safety management system:

a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Yes, all manufacturing locations under the entity have an Occupational Health and Safety management system in place, in accordance with the guidelines provided by OHSAS IS 14489 & ISO45001 :2018 standards and the legal requirements such as Factories Act, Indian Boilers Act, Environment Protection Act.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

The Company undertakes periodic internal and external audits to ensure the compliance of Occupational Health and Safety management system within the manufacturing operation. The EHS trainings, audits and inspections are carried out as per the guidelines of OHSAS IS 14489 & ISO45001 :2018 standard. The Company's Process Safety Management system facilitates the implementation of best safety practices.

c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**

Yes, The Company has well-established Standard Operating Procedures (SOP) for employees and workers to identify and report on work-related hazards and the subsequent steps to mitigate them. In addition, the Company trains all its employees and workers with occupational health and safety.

d. **Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes, the Company provides non-occupational medical and healthcare services to its employees and workers. Further, the Company ensures the provision of medical insurance to all its employees and workers and option is given to employees and permanent workers either to avail medical insurance or choose their own service provider.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2024-25	FY 2023-24
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

We have implemented strong health and safety systems at all our plants. These systems are guided and driven by our established policies and procedures. Periodic assessments are conducted to evaluate the effectiveness of the systems implemented and appropriate measures are taken to further improve our H&S performance continually

13. **Number of Complaints on the following made by employees and workers:**

	FY 2024-25			FY 2023-24		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NIL	0	0	NIL
Health &Safety	0	0	NIL	0	0	NIL

14. **Assessments for the year:**

	% of your plants and offices that were assessed (By entity or statutory authorities or third parties)
Health and safety practices	100
Working Conditions	100

15. **Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

All safety related accidents are being investigated and learnings from investigation reports are shared across organization for deployment of corrective actions to stop recurrence of such incidents.

Leadership Indicators

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

No (the company has accidental death insurance PA)

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

The Company collects proof of deposit for statutory dues, such as payment challans etc., from its service value chain partners prior to releasing their payments. This process ensures that the required statutory deductions have been made and deposited by the value chain partners with the relevant authorities. The Company also ensures that all statutory dues applicable to its transactions are duly deducted and deposited in compliance with prevailing regulations.

3. **Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable Employment	
	FY 2024 -25	FY 2023-24	FY 2024-25	FY 2023-24
Employees	0	0	0	0
Workers	0	0	0	0

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

The Company periodically provides skill-upgradation training programs to all its employees during their employment to enable the employees to pursue employment post-retirement or termination.

5. **Details on assessment of value chain partners:**

The value chain partners are expected to adhere to the principles of Health and safety practices, working conditions as per extant regulations. However, no independent assessment is carried out.

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

   There were no significant risks/concerns identified during the supplier assessments.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   Identifying key stakeholders is critical to align the business's sustainability efforts with stakeholder expectations regulatory requirements. The following approach is followed by the company to identify, engage with, and prioritize stakeholders:

   - Influence on the company (regulatory, operational, reputational, financial)
   - Dependence on the company (economic, social, or product dependence)
   - Impact of business operations on the stakeholder
   - Stakeholder expectations and concerns

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investor/ Shareholder	No	Email, newspaper advertisement, website, Annual General Meetings, intimation to stock exchanges, annual/ quarterly financials and investor meetings/ conferences	Need based	To update on the key developments and changes in the company.
Regulator & Government	No	one-on-one meetings, conferences	Need Based	In keeping with the latest and highest standards of compliance. With policy-makers, our engagement aims to understand and discuss matters pertaining to the industry
Supplier/ vendor/ third party manufacturer	No	Multiple channels – physical and digital	Frequent and need based	For seamless supply of raw materials and maintaining healthy business relationship
NGO /Community	No	Multiple channels – physical and digital	Frequent and need based	As part of Corporate social responsibility and for development and wellbeing of society through our business functioning and Support socially projects, Community Development

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customer B2B	No	Multiple channels – physical and digital	Frequent	We engage with our customers to ensure regular supply of the products, keep them informed about new products. Helps to increase reach and enhance business
Employees	No	Direct & other communication mechanisms	Quarterly	For promoting safe and inclusive workplace for its employees. Aim to provide employees inclusive workplace.

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   Energy Conservation continues to receive priority within the Company and the Company is continuously monitoring energy Consumptions across various locations, has resulted in improvement in maintenance systems and reduction in Distribution losses.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   The Company continuously monitors its energy usage, regulates the emissions released and waste generated, and makes sure it follows responsible water consumption practices. Our focus on environmental protection and occupational health and safety is enshrined in our policies

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   The Company through its CSR policies have taken up various initiatives and activities for the benefit of different segments of the society, with focus on the marginalized, poor, needy, deprived, under-privileged and differently abled persons, for further details https://smspharma.com/wp-content/uploads/2025/02/Corporate-Social-Responsibility-Policy.pdf

PRINCIPLE 5 Businesses should respect and promote human rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2024-25			FY 2023-24		
	Total (A)	No. employees' workers covered (B)	% (B / A)	Total (C)	No. employees' workers covered (D)	% (D / C)
Employees						
Permanent	1173	1173	100	1027	1027	100
Other than permanent	0	0		0	0	0
Total Employees	**1173**	**1173**	**100**	**1027**	**1027**	**100**
Workers						
Permanent	297	297	100	170	170	100
Other than permanent	396	396	100	558	558	100
Total Workers	**693**	**693**	**100**	**728**	**728**	**100**

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2024-25					FY 2023-24				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	1173	180	15.35	993	84.65	1027	100	9.74	927	90.26
Male	1107	145	13.10	962	86.90	973	95	9.76	878	90.24
Female	66	35	53.03	31	46.97	54	5	9.26	49	90.74
Other than Permanent	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
Workers										
Permanent	297	195	65.66	102	34.34	170	148	87.06	22	12.94
Male	297	195	65.66	102	34.34	170	148	87.06	22	12.94
Female	0					-	-	-	-	-
Other than Permanent	396	244	61.62	152	38.38	558	454	81.36	104	18.64
Male	363	215	59.23	148	40.77	522	418	80.08	104	19.92
Female	33	29	87.88	4	12.12	36	36	100.00	-	-

3. Details of remuneration/salary/wages, in the following format:

a. Median remuneration/ wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration salary/wages of respective category
Board of Directors (BoD)	8	2,22,500	2	3,72,500
Key Managerial Personnel	2	32,50,000	0	0
Employees other than BoD and KMP	1103	4,09,000	66	3,50,000
Workers	297	1,80,000	0	0

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2024-25	FY 2023-24
Gross wages paid to females as % of total wages	3.78%	3.17%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

HR Head along with the other Sr. executives are responsible for addressing any human rights issues caused or contributed by the business.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

SMS Pharmaceuticals Ltd. does not tolerate retaliation. We consider acts of retaliation to be misconduct. The Company regards respect for human rights as one of its fundamental and core values and strives to support, protect and promote human rights to ensure that fair and ethical business and employment practices are followed, we have a Grievance redressal mechanism for its employees in the form of Whistle blower policy and a formal grievance mechanism is available to all employees, to report or raise their concerns confidentially and anonymously, without fear of any retaliation.

Refer to https://smspharma.com/wp-content/uploads/2024/06/Code-of-business-conduct-and-ethics-for-Directors-Sr-Mgt-Personnel-New.pdf

6. **Number of Complaints on the following made by employees and workers:**

	FY 2024-25			FY 2023-24		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labour/Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

7. **Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

	FY 2024-25	FY 2023-24
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees / workers	0	0
Complaints on POSH upheld	0	0

8. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

Refer to: https://smspharma.com/wp-content/uploads/2024/06/Code-of-business-conduct-and-ethics-for-Directors-Sr-Mgt-Personnel-New.pdf

9. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

YES

10. **Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	0%
Forced/involuntary labour	0%
Sexual harassment	0%
Discrimination at workplace	0%
Wages	0%
Others – please specify	0%

11. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

Not Applicable

Leadership Indicators

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

There were no such grievances/complaints in the Company.

2. **Details of the scope and coverage of any Human rights due-diligence conducted.**

No such third-party due diligence was conducted.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

The premises/ offices of the Company, including the registered offices and plants have ramps or have elevators and relevant infrastructure for differently abled individuals where ever it is required based on the job location

4. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	The Company expects its value chain partners to adhere to the same values, principles and business ethics as upheld by the Group in all their dealings. No specific assessment in respect of value chain partners has been carried out other than certain elements covered in annual review of processes and controls.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

Not Applicable

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 2024-25	FY 2023-24
From renewable sources		
Total electricity consumption (A)	-	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumption from renewable sources (A+B+C)	-	-
From non-renewable sources		
Total electricity consumption (A)	199227	158920
Total fuel consumption (B)	363713.47	388395.59
Energy consumption through other sources (C)	0	0
Total energy consumption from non- renewable sources (A+B+C)	562940.47	547315.59
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	0.0000719185	0.000076685
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity PPP (Totalenergy consumption / revenue from operations adjusted for PPP)	0.001481520	0.001717744
Energy Intensity in terms of physical output	181.76GJ/M.Tonne	243.48GJ/M.Tonne
Energy intensity (optional) – the relevant metric may be selected by the entity		

@ conversion factor for purchasing power parity PPP) taken is 20.66 for the year 2024-25 and 22.4 for FY 2023-24

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, we have done assessment internal only, not engaged any external agency.

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

No, the Company does not have any sites/facilities identified as designated consumer under the Performance Achieve and Trade (PAT) Scheme of the Government of India.

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2024-25	FY 2023-24
Water withdrawal by source (in kiloliters)		
(i) Surface water	Nil	Nil
(ii) Groundwater	248666	87626
(iii) Third party water	3184.39	3183
(iv) Seawater / desalinated water	Nil	Nil
(v) Others	44726.56	75064
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	**296576.95**	**165873**
Total volume of water consumption (in kiloliters)	**296576.95**	**165873**
Water intensity per rupee of turnover (Water consumed / turnover)	0.000037889	0.0000232405
Water intensity per rupee of turnover adjusted for Purchasing Power Parity PPP (Total Water consumption /Revenue from operations adjusted for PPP)	0.0007805174	0.000520587
Water intensity in terms of physical output	95.76KL/M.Tonne	73.79KL/M.Tonne
Water intensity (optional) – the relevant metric may be selected by the entity		

Intensity in terms of physical output has been calculated on the basis of MT of APIs and their Intermediates produced for the relevant year.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

NO

4. **Provide the following details related to water discharged.**

	FY 2024-25	FY 2023-24
Water discharge by destination and level of treatment (in kiloliters)		
i) To Surface water	0	0
- No treatment	0	0
- With treatment – please specify level of treatment1	0	0
ii) To Groundwater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment1	0	0
iii) To Seawater	13297.31	6512.29
- No treatment	0	0
- With treatment – please specify level of treatment1	13297.31	6512.29
iv) Sent to third-parties	0	0
- No treatment	0	0
- With treatment – please specify level of treatment1	0	0
v) Others	0	0
- No treatment	0	0
- With treatment – please specify level of treatment1	0	0
Total water discharged (in kiloliters)	**13297.31**	**6512.29**

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

At SMS Pharma, we view water through the interconnected lenses of effective usage and conservation. We have to improve water conservation by recycling / condensate water and streamlining processes.

The Company adheres to environmental regulations and ensures the same regulations are followed by its suppliers as well. The Company has also introduced Zero Liquid Discharge plants across all our facilities

We efficiently convert by-products from production into valuable materials and operate as a Zero Liquid Discharge (ZLD) unit at Hyderabad, employing advanced water recycling technologies in both the units

In keeping with our commitment to reducing our water footprint, we have established a Zero Liquid Discharge (ZLD) unit. Additionally, we have implemented a Multiple Effect Evaporator (MEE) system to separate solids from liquid effluents, along with a reverse osmosis (RO) system and biological treatment. The water recovered from this process is reused after condensation, furthering our commitment to resource efficiency

6. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY 2024-25	FY 2023-24
NOx	Tons	5.59	5.08
SOx	Tons	7.36	6.97
Particulate matter (PM)	Tons	8.19	8.24
Persistent organic pollutants (POP)	Tons	NA	NA
Volatile organic compounds (VOC)	PPM	12.95	10.78
Hazardous air pollutants (HAP)	Tons	NA	NA
Others– please specify	Tons	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

YES, it was carried out SV ENVIRO LABS & CONSULTANTS, Environmental Engineers & Consultants in Pollution Control at unit-7

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2024-25	FY 2023-24
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes ofCO2 equivalent	37300.11	37382.48
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes ofCO2equivalent	52416.47	42378.97
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO2 equivalent	0.0000114617	0.0000059377
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)		0.000236120	0.000133004
Total Scope 1 and Scope 2 emissions in terms of physical output.		28.97 MT eqCO2	35.48 MT eqCO2
Total Scope 1 and Scope 2 emission intensity (optional)– the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

NO

8. **Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.**

Yes, various initiatives are implemented to reduce the Green House Gas emissions (GHG).

Key initiatives taken to reduce GHG emissions are:

- As part of our commitment to reducing environmental impact and advancing sustainable production practices, we successfully eliminated the use of Tetrahydrofuran (THF) and Dichloromethane (DCM) from the Sitagliptin API synthesis process.
- Emission Control using AOD Pumps
- Introduced degassing receivers followed by dump tanks for controlled hydrogen release.
- Transitioned DIPEA charging from drum-based manual handling to a permanent pipeline system.

9. **Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2024-25	FY 2023-24
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	42.07	21.74
E-waste **(B)**	0.01	0.23
Bio-medical waste **(C)**	0.56	0.51
Construction and demolition waste **(D)**	1.52	0.09
Battery waste **(E)**	0.98	Nil
Radioactive waste **(F)**	Nil	Nil
Other Hazardous waste. Please specify, if any. **(G)**	2720.99	1667.88
Other Non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	32.68	40.94
Total (A+B + C + D + E + F + G+ H)	2799.81	1731.40
Waste intensity per rupee of turnover (Total Waste generated /Revenue from operation)	0.000000358	0.000000244
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity PPP (Total Waste generated /Revenue from operations adjusted for PPP)	0.000007368	0.000004980
Waste intensity in terms of physical output	0.90 MT/MT	0.77 MT/MT
Waste intensity (optional) – the relevant metric may be selected by the entity		
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	44494.66	75064
(ii) Re-used	29.75	67.60
(iii) Other recovery operations	Nil	Nil
Total	**44524.41**	**75131.60**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	Nil	Nil
(ii) Landfilling	39.26	35.15
(iii) Other disposal operations	2790.57	1616.18
Total	**2829.83**	**1651.33**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

NO

10. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

During FY 2024–25, the company continued to strengthen its waste management practices to align with environmental regulations and reduce its ecological footprint. Key initiatives and improvements include:

- **Segregation at Source:** Implementation of strict protocols to ensure systematic segregation of hazardous and non-hazardous waste at source for appropriate disposal or recycling.
- **Recycling and Reuse:** Enhanced efforts to recycle packaging materials, scrap, and other industrial waste. Where feasible, non-hazardous waste was reused internally or sent to authorized recyclers.
- **Disposal Practices:** Hazardous and solid wastes are sent to authorized TSDFs, co-processors, or cement industries for disposal or resource recovery

All hazardous waste is handled with strict safety and regulatory protocols, including:

- Timely disposal within 90 days
- Online waste manifest tracking
- GPS-enabled transport systems for transparency and traceability

- **Process Waste Optimization:** Process modifications were undertaken to reduce the generation of by-products and improve raw material utilization efficiency.

- **Training and Awareness:** Regular training programs for employees and contractors were conducted to build awareness around safe waste handling and sustainable practices.

11. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

S. No.	Location of operations /offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
1	Kandivalasa Village, Vizianagaram (D)	Bulk Drug Manufacturing (API)	Yes

12 **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

No environmental impact assessments were undertaken in FY 2024-25

13 **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

All the manufacturing operations and R&D centers under the entity are in compliance with the applicable environmental laws/ regulations and guidelines as per the national and state level mandates

Leadership Indicators

1. **Water withdrawal, consumption, and discharge in areas of water stress (in kiloliters):**

Not Applicable. Our facilities are not located in areas of water stress.

2. **Please provide details of total Scope 3 emissions & its intensity, in the following format.**

Parameter	Unit	FY 2024-25	FY 2023-24
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	179.86	200.61
Total Scope 3 emissions per rupee of turnover		0.0000000230	0.0000000283
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

NO

3 **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

SMS Pharma adopts a robust and environmentally responsible approach to wastewater treatment, ensuring compliance with applicable standards while promoting resource conservation and safe discharge practices. Waste management is approached through an integrated strategy that prioritizes waste reduction, segregation, recycling, and safe disposal, supporting the organization's commitment to sustainable development.

SMS Pharma also conducts regular internal audits and ensures CPCB and APPCB compliance in handling, storage, and disposal.

We operate two dedicated Solvent Recovery Blocks (SRB-I and SRB-II), comprising a total of 22 distillation columns integrated with vent condensers. These systems are designed to enhance solvent recovery efficiency while significantly reducing atmospheric emissions.

4 If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	**Waste Management Practices** During FY 2024–25, waste management is approached through an integrated strategy that prioritizes waste reduction, segregation, recycling, and safe disposal, supporting the organization's commitment to sustainable development. SMS Pharma adopts a robust and environmentally responsible approach to wastewater treatment, ensuring compliance with applicable standards while promoting resource conservation and safe discharge practices. • **Segregation at Source:** Implementation of strict protocols to ensure systematic segregation of hazardous and non-hazardous waste at source for appropriate disposal or recycling. • **Recycling and Reuse:** Enhanced efforts to recycle packaging materials, scrap, and other industrial waste. Where feasible, non-hazardous waste was reused internally or sent to authorized recyclers. • **Disposal Practices:** Hazardous and solid wastes are sent to authorized TSDFs, co-processors, or cement industries for disposal or resource recovery All hazardous waste is handled with strict safety and regulatory protocols, including: • Timely disposal within 90 days • Online waste manifest tracking • GPS-enabled transport systems for transparency and traceability • **Process Waste Optimization:** Process modifications were undertaken to reduce the generation of by-products and improve raw material utilization efficiency. • **Training and Awareness:** Regular training programs for employees and contractors were conducted to build awareness around safe waste handling and sustainable practices.		recycled and reused 43,238 KL of treated water.

<table>
<tr><th>Sr. No</th><th>Initiative undertaken</th><th>Details of the initiative (Web-link, if any, may be provided along-with summary)</th><th>Outcome of the initiative</th></tr>
<tr><td>2</td><td>Solvent Distillation System
• Advanced recovery systems for solvents and Neo-Pentyl Glycol were commissioned, contributing to cost efficiency and sustainability through effective solvent reuse and waste reduction.
• During FY 2024–25, the unit commissioned 07 additional distillation columns to Solvent recovery block to further optimize solvent recovery performance and strengthen our environmental management efforts
• All solvent handling and recovery operations continued to follow strict safety standards and regulatory requirements related to VOC emissions, storage, and waste disposal.
• Recovered solvents were reused in applicable manufacturing processes, contributing to circular economy principles and reducing procurement costs.</td><td></td><td></td></tr>
<tr><td>3</td><td>Water Conservation Measures taken:
• Reduced water consumption from 5 KL to 2.5 KL per batch
• Implemented catalyst filter enabling 5% PDC recycling.
• The facility maintains structured rainwater harvesting pits and a storm water collection tank to capture natural runoff.
• Groundwater levels are tracked daily using calibrated measurement systems to ensure responsible extraction and recharge
• During FY 2024–25, the unit successfully recycled and reused 43,238 KL of water through in-house treatment processes.
Initiatives Undertaken to Improve Resource Efficiency and Reduce Emissions
• Implementation of process optimization techniques to reduce raw material consumption
• Adoption of closed-loop systems to minimize waste and maximize resource utilization
• Recovery and reuse of solvents, steam, and water in manufacturing processes
• Employee training programs focused on sustainability and responsible resource usage</td><td></td><td>Savings: 720 KL per year
Savings: 144 KL annually
recycled and reused 43,238 KL of water</td></tr>
</table>

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
	Enhanced Recovery Controls • Solvent Recovery Enhancement in Production Blocks. • De-scaling of condensers and installation of vent condensers increased MDC recovery rate from 70% to 75%. • Implemented catalyst filter enabling 5% PDC recycling. • During FY 2024–25, the unit commissioned 07 additional distillation columns to Solvent recovery block to further optimize solvent recovery performance and strengthen our environmental management efforts		Solvent savings achieved: 90,000 L annually. Reduced fresh PDC usage from 2880 kg/year to 120 kg/year
	Energy Conservation Measures. • Dedicated feeder Facility created to minimize the power Failures and purchase power through open access during the power holiday time to avoid the running of diesel generator sets and reduce the HSD consumption. • Units Purchased through Open Access in Kwh • Installed Common header for compressed air circuit for optimum utilization of air compressor So Saving in Power. • Installed Steam Condensate Recovery Pumps (Pressure Powered Pump) Steam Condensate Water pumping purpose, so there are centrifugal pumps are replaced with Pressure Powered Pump, so there are power Saving in Units. • Installed online tube cleaning systems (ECO MAX) for Chilling plants condensers tube cleaning purpose and improve the Condenser Heat Transfer Area and Reduce the discharge pressures and Maintain the Standard of KW/TR. • Installed Steam Condensate Recovery System so as to achieve increased efficiency of the boilers & reduce the fuel consumption		73586 Liters of Disel saved PA and Rs.71.5 lakhs saved. Saved in cost Rs.56.10 lakhs. Saved 5760 KW/ Month Saved 5184 KW/ Month Saved 10800 KW/Month Saved Rs.6.28/- Laksh/Month
	Steps Taken Towards the Adoption of Alternative Energy Sources • Evaluation and pilot trials of biofuel alternatives for thermal energy generation • Participation in state and national renewable energy initiatives and incentives • Inclusion of renewable energy targets in the sustainability strategy and roadmap.		
	Efforts Made Towards Absorption of New Technologies • Adoption of advanced process automation and control systems to enhance operational efficiency and safety • Training and upskilling programs for employees to adapt to new technologies and digital platforms.		

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
	Upgraded Effluent Treatment Plants & Deployed Emission Control Systems. Upgraded effluent treatment plants (ETP) and wastewater recycling units to enhance water recovery and meet regulatory standards 1. Installed: 350 KLD × 1 and 150 KLD × 1 of **Multiple Effect Evaporators (MEE) with Stripper**. 2. Installed: 37 KLD × 2 and 26 KLD × 1 of **Agitated Thin Film Dryer (ATFD)** 3. Installed: 300 KLD × 1 and 60 KLD × 1of **Biological Treatment Units** 4. Deployed emission control systems such as scrubbers and bag filters to ensure compliance with environmental norms. have installed double-stage scrubbers-14 units in total across all production blocks. This initiative is part of our commitment to maintaining environmental compliance and improving air quality within the facility. 5. We have installed SPM Analysers to 3TPH,6TPH, and 16 TPH Boilers and connected to online APPCB Server to measure and monitor SPM Parameters. 6. As part of our commitment to reducing environmental impact and advancing sustainable production practices, we successfully eliminated the use of Tetrahydrofuran (THF) and Dichloromethane (DCM) from the Sitagliptin API synthesis process		Reduces effluent volume and enhances recovery. Converts liquid waste into disposable solid waste (MEE Salts) Reduces BOD and COD levels in low TDS effluent.
	Third-Party Environmental Monitoring: We are conducting monthly environmental monitoring through an accredited third-party agency. The monitoring reports are regularly submitted to the Andhra Pradesh Pollution Control Board (APPCB) in compliance with regulatory requirements.		
	Ambient Air Quality Monitoring System (AAQMS): An Ambient Air Quality Monitoring Station (AAQMS) has been installed to continuously monitor ambient air quality parameters and also 04 no's of VOC Analysers installed. The system is integrated with the APPCB server, enabling real-time data transmission and live monitoring by regulatory authorities.		

5 Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

SMS Pharmaceuticals Ltd have prepared and maintained Onsite Emergency plan and submitted to Factories department. The plan will be revised as and when major changes / product changes and also in case of major accident occurrence. Plan will be periodically reviewed and updated as per recommendation of mock drill observations to bridge the gap. It reduces loss of life and property. It ensures a coordinated and efficient response to emergencies, protecting the safety and well-being of public.

6 Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Not applicable

7 Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

In the reporting period, the Company did not evaluate any of its value chain partners.

PRINCIPLE 7 Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations.**

   4

   b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industry	National
2	Bulk Drug Manufacturers Association	State
3	FTCCI	State
4	Pharmexcil	National

2. **Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.**

   For the reporting year, there were no cases issued against the Company.

Leadership Indicators

1. **Details of public policy positions advocated by the entity:**

   SMS is an active member of various trade and industry chambers, associations, and councils. We proactively participate in discussions and contribute to policy resolutions within these forums. The Company maintains strong, ongoing collaboration with trade and industry bodies, ensuring consistent engagement with government agencies and regulatory authorities. SMS is committed to providing timely, accurate information, constructive feedback on draft policies, and well-informed suggestions and recommendations to support effective decision-making.

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

   In the reporting year, the Company did not undertake any Social Impact Assessment

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

   In the reporting year, the Company did not undertake any ongoing Rehabilitation and Resettlement (R&R) project.

3. **Describe the mechanisms to receive and redress grievances of the community.**

   The communities can raise their grievances as per the mechanism provided in our Code of Conduct available on our website of the Company

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2024-25	FY 2023-24
Directly sourced from MSMEs/ small producers	1	6
Sourced directly from within the district and neighboring districts	41	39

5. **Jobs creations in small towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non- permanent / on contract basis) in the following locations , as % of total wage cost**

(place to be categorized as per RBI Classification system – rural/ semi-urban/ urban / metropolitan)

Location	FY 2024-25	FY 2023-24
Rural	59.85	57.14
Semi- Urban	16.58	17.19
Urban	9.24	9.35
Metropolitan	14.33	16.32

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

In FY 2024-25, no Social Impact Assessments conducted

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

S. No.	State	Aspirational District	Amount spent Lakhs (In INR)
1	Andhra Pradesh	Vizianagaram	5.40
2	Telangana	Hyderabad	10.00
3	Andhra Pradesh	Vijayawada	100.00

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

We encourage to procure raw materials and other material for operations from small-scale units and other sections of the society closely located in and around our plant location to help them grow and develop a viable eco systems for overall development of all sections of the society. Majority of daily services are executed through engaging neighborhood communities. We continuously strive to build local alternate vendors for other materials

(b) **From which marginalized /vulnerable groups do you procure?**

Not identifiable

(c) **What percentage of total procurement (by value) does it constitute?**

NA

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

The Company does not derive any benefits from intellectual properties owned or acquired based on traditional knowledge

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Not applicable.

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Support '*Campus Challenge*' (Association of Saikorian), an organization dedicated to working with disadvantaged children, particularly in the Coastal and Tribal regions of Andhra Pradesh. The primary objective of the initiative is to build capacity and empower individuals with disabilities, enabling them to lead independent and dignified lives. Organization located Konada Junction (On NH- 16), Kotha Kopperla (PO), Singavaram (SO), Vizianagaram Dist-5352 13.	5	100%
2	Continuing Support to poor people crippled with heart, lung and vascular diseases, through Dr. Alla Gopala Krishna Gokhale, Sahrudaya Health, Medical and Educational Trust	5	100%
3	Amount spent towards, donation to Andhra Pradesh State Disaster Management Authority (APSDMA). The contribution has been effectively utilized to provide essential aid and support the people affected by water floods in the state of Andhra Pradesh.	5000	80%

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   Communication received through Mail and same escalated concern team to solve the issue and proper CAPA

2. **Turnover of products and/ services as a percentage of turnover from all products /service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	-
Safe and responsible usage	15
Recycling and/or safe disposal	10

3. **Number of consumer complaints in respect of the following:**

	FY 2024-25		Remarks	FY 2023-24		Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

4. **Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	0	NA
Forced recalls	0	NA

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

No

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

There are no complaints received for issues pertaining to delivery of essential services, advertising, cyber security and data privacy of customers;

During the year one product recall was happened due to the project delay from customer end. Hence the material was recalled, after retesting and repacking of material has been diverted to another customer other than that no other recalled happened.

A Fine amount of Rs. 2000/- per day by each stock exchange i.e., was levied by BSE Limited and National Stock Exchange of India Limited due to non-compliance of Regulation 19(1)(c) of SEBI LODR, with the requirements 'at least two-thirds of the Directors shall be Independent Directors' pertaining to the composition of Nomination and Remuneration Committee of the Board for the period from 12th August, 2024 to 07th November, 2024.The Company has immediately taken the corrective action and fines paid.

7. **Provide the following information relating to data breaches:**

a. Number of instances of data breaches along-with impact - **NIL**

b. Percentage of data breaches involving personally identifiable information of customers - **NIL**

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (Provide web link, if available).**

https://smspharma.com/api/

https://smspharma.com/central-laboratory-analytical-services/

https://smspharma.com/crams/

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services**

Product information on Safety Data Sheet and Certificate of Analysis is enclosed during Transit

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

Not applicable

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey regarding consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

No

Independent Auditor's Report

To the members of **SMS Pharmaceuticals Limited**

Report on the Audit of the Ind AS Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **SMS Pharmaceuticals Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2025, 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 notes to the financial statements, including 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 prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025 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 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 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	Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)- Refer note-27 to the standalone financial statements	Principal Audit Procedures We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. 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 new revenue accounting standard. • 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, re-performance 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, Business Responsibility 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 under section 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 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 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.

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.

e) 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.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) 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 the managerial remuneration for the year ended March 31, 2025 has been paid by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company as detailed in note 48 to the Standalone Financial Statements, has disclosed the impact of pending litigations on its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2025.

iii. During the year ended March 31, 2025, the company has duly transferred an amount of ₹ 0.58 lakhs to Investor Education and Protection Fund, relating to the unclaimed dividends.

iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 52(vii) 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 52(viii) 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.

(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 2024, 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 declared or paid during the year by the company is in compliance with section 123 of the Act.

For **Suryanarayana & Suresh.,**
Chartered Accountants
Reg. No.006631S

Muktha Prabhakar
Partner
M.No.200247
UDIN: 25200247BMUJKA9919

Place: Hyderabad
Date: May 30, 2025

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 Pharmaceuticals 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 report 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 to cover all the assets once 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 favor 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 ended March 31, 2025.

(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 Prohibition of Benami Property Transactions Act, 1988 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 explanation 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.

(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 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. In our opinion and according to the information and explanations given to us and the records of the company examined by us during the course of audit, 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. During the year the Company has not made investments in, granted any loans or advance in the nature loans, guarantee or security, secured or unsecured, to any other 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 to the parties covered under 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. We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records 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 have generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, duty of Custom, Duty of Excise, 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, duty of Custom, duty of Excise, 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 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 (₹ Lakhs)	Amount Unpaid (₹ Lakhs)
1	Income Tax Department	Income Tax Department	Income Tax CIT (Appeals)	2022-23	4562.55	4562.55

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 term loans availed by the company, were applied for the same purpose for which the loans were 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 explanation given to us by the management and examination of the records of the Company, the Company has not raised any funds from any entity or person on account of or to meet the obligations of its associate/subsidiary/Joint Venture. 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 having investment in associate company. However, the Company has not raised any loan on pledge of securities held in associate 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 placements 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) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, 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, during the year the company has not received any whistle blower complaints.

xii. The Company is not a Nidhi Company and hence reporting under clause 3(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.

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 not incurred cash losses 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, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. (a) According to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with the second proviso to sub-section (5) of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b) In respect of ongoing projects, the company does not have any unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year and also at the end of the current financial year. Hence, reporting under this clause is not applicable for the year.

For **Suryanarayana & Suresh.,**
Chartered Accountants
Reg. No.006631S

Muktha Prabhakar
Partner
M.No.200247
UDIN: 25200247BMUJKA9919

Place: Hyderabad
Date: May 30, 2025

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SMS Pharmaceuticals 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 standalone financial statements of **SMS Pharmaceuticals Limited** (the "Company") as of March 31, 2025 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 control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 standalone 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 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 standalone 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 standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone 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 Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A company's internal financial controls with reference to Standalone 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 standalone 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 Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone 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 with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2025, based on the criteria for internal financial control with reference to standalone financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to standalone financial statements issued by the Institute of Chartered Accountants of India.

For **Suryanarayana & Suresh.,**
Chartered Accountants
Reg. No.006631S

Muktha Prabhakar
Partner
M.No.200247
UDIN: 25200247BMUJKA9919

Place: Hyderabad
Date: May 30, 2025

Standalone Balance Sheet

as at March 31, 2025

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S. No	Particulars	Note	As at 31.03.2025	As at 31.03.2024
I	**ASSETS**			
1	**Non-Current Assets**			
	(a) Property, Plant and Equipment	4	53,084.79	43,418.90
	(b) Capital Work-in-Progress	4	3,467.14	3,027.17
	(c) Right-of-use Assets	5A	-	40.98
	(d) Intangible Assets	6	212.96	265.95
	(e) Financial Assets:			
	(i) Investments	7	4,510.60	4,509.67
	(ii) Bank Balances	8	294.52	268.83
	(iii) Other Financial Assets	9	694.78	517.05
	(f) Other Non-Current Assets	10	899.23	1,387.12
	Total Non-Current Assets		**63,164.02**	**53,435.67**
2	**Current Assets**			
	(a) Inventories	11	28,472.92	23,369.78
	(b) Financial Assets			
	(i) Trade Receivables	12	20,323.36	23,623.32
	(ii) Cash and Cash Equivalents	13	4,139.27	3,603.95
	(iii) Bank Balances (Other than (ii) above)	14	18.70	16.30
	(iv) Other Financial Assets	15	989.26	327.86
	(c) Other Current Assets	16	1,463.94	2,275.45
	(d) Current Tax Asset (Net)	17	38.71	172.82
	Total Current Assets		**55,446.16**	**53,389.48**
	TOTAL ASSETS		**1,18,610.18**	**1,06,825.15**
II	**EQUITY AND LIABILITIES**			
1	**Equity:**			
	(a) Equity Share Capital	18	886.52	846.52
	(b) Other Equity	19	66,420.45	56,202.26
	Total Equity		**67,306.97**	**57,048.78**
2	**LIABILITIES**			
A	**Non-Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	20	13,936.42	12,208.63
	(b) Provisions	21	120.65	116.01
	(c) Deferred Tax Liabilities (Net)	22	4,809.76	4,279.89
	Total Non-Current Liabilities		**18,866.83**	**16,604.53**
B	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	23	17,139.15	15,809.24
	(ii) Lease Liabilities	5B	-	59.18
	(iii) Trade Payables:	24		
	(a) Trade Payables - MSME		9.64	95.79
	(b) Trade Payables Otherthan MSME		11,381.56	15,036.48
	(iv) Other Financial Liabilities	25	3,336.72	1,609.26
	(b) Provisions	21	110.80	103.04
	(c) Other Current Liabilities	26	458.51	458.85
	Total Current Liabilities		**32,436.38**	**33,171.84**
	Total Liabilities		**51,303.21**	**49,776.37**
	TOTAL EQUITY AND LIABILITIES		**1,18,610.18**	**1,06,825.15**
	Summary of Material Accounting Policies	3		

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

As per our report of even date
for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

MUKTHA PRABHAKAR
Partner
M.No. 200247

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

Place: Hyderabad
Date : May 30, 2025

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Standalone Audited Statement of Profit and Loss

for the Year ended March 31, 2025

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S. No	Particulars	Note	For the Yer Ended 31-03-2025	For the Yer Ended 31.03.2024
1	**Income**			
	Revenue from Operations	27	78,274.81	70,926.34
	Other Income	28	622.44	445.97
	Total Income		**78,897.25**	**71,372.31**
2	**Expenses**			
	Cost of Materials Consumed	29	50,089.77	42,504.00
	Changes in Inventories of finished goods, work-in-progress and stock-in-trade	30	(6,481.39)	(100.00)
	Manufacturing Expenses	31	8,635.04	7,344.30
	Employee Benefits Expense	32	8,008.42	6,414.97
	Finance Cost	33	1,854.09	2,345.68
	Depreciation and Amortization Expense	34	3,433.73	3,151.57
	Other Expenses	35	4,025.54	3,078.62
	Total Expenses		**69,565.20**	**64,739.14**
3	**Profit Before Tax (1-2)**		**9,332.05**	**6,633.17**
4	**Tax Expense**	36		
	(a) Current Tax			
	(i) relating to Current Year		1,990.00	1,500.00
	(ii) relating to Earlier Year		(25.94)	12.79
	(b) Deferred Tax		529.87	177.89
	Total Tax Expense		**2,493.93**	**1,690.68**
5	**Profit for the year (3-4)**		**6,838.12**	**4,942.49**
6	**Other Comprehensive Income / (Loss)**			
	Items that will not be reclassified to Profit/Loss	37		
	(a) Re-measurement gain/(loss) of the defined benefit plans		(67.28)	7.04
	(b) Tax on Re-measurement gain/(loss) of the defined benefit plans		16.93	(1.77)
	Other Comprehensive Income/(Loss), After Tax for the year		**(50.35)**	**5.27**
7	**Total Comprehensive Income for the Year(5+6)**		**6,787.77**	**4,947.76**
8	**Earnings Per Share (Face Value of Re.1 each)**	38		
	- Basic and Diluted		8.07	5.84
	Summary of Material Accounting Policies	3		

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

As per our report of even date
for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

MUKTHA PRABHAKAR
Partner
M.No. 200247

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

Place: Hyderabad
Date : May 30, 2025

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Standalone Statement of Changes in Equity

for the Year Ended March 31, 2025

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

a. Equity Share Capital

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number of Shares	Amount (₹)	Number of Shares	Amount (₹)
As at the Beginning of the Year	8,46,52,030	846.52	8,46,52,030	846.52
Changes in Equity Share Capital (refer note No. 18.1)	40,00,000	40.00	-	-
As at the End of the Year	**8,86,52,030**	**886.52**	**8,46,52,030**	**846.52**

b. Other Equity

Particulars	Reserves & Surplus					
	Securities Premium	Capital Redemption Reserve	General Reserve	Money Received against Share Warrants	Retained Earnings	Total Other Equity
Balance as at April 01, 2023	6,981.84	155.00	9,304.28	-	32,222.35	48,663.47
Profit for the Year					4,942.49	4,942.49
Other Comprehensive Income/(Loss), After Tax for the year					5.27	5.27
Total Comprehensive Income for the Year	**-**	**-**	**-**	**-**	**4,947.76**	**4,947.76**
Transfer to General Reserve			1,000.00	-	(1,000.00)	-
Money Received against Share warrants				2,857.50		2,857.50
Issue Expenses on Share Warrants					(12.51)	(12.51)
Payment of dividends (including tax)					(253.96)	(253.96)
Balance as at March 31, 2024	**6,981.84**	**155.00**	**10,304.28**	**2,857.50**	**35,903.64**	**56,202.26**
Balance as at April 01, 2024	6,981.84	155.00	10,304.28	2,857.50	35,903.64	56,202.26
Profit for the Year					6,838.12	6,838.12
Other Comprehensive Income/(Loss), After Tax for the year					(50.35)	(50.35)
Total Comprehensive Income for the Year					**6,787.77**	**6,787.77**
Transfer to General Reserve			1,000.00		(1,000.00)	-
Share warrants coverted in to 40,00,000 equity shares ₹1/- each fully paid up at an issue price ₹127/- (including premium ₹126/-)	5,040.00					5,040.00
Money Received against Share warrants				3,810.00		3,810.00
Less: Converted into shares during the current year				(5,080.00)		(5,080.00)
Issue Expenses on Share Warrants					(0.97)	(0.97)
Payment of dividends (including tax)					**(338.61)**	**(338.61)**
Balance as at March 31, 2025	**12,021.84**	**155.00**	**11,304.28**	**1,587.50**	**41,351.83**	**66,420.45**

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

As per our report of even date
for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

MUKTHA PRABHAKAR
Partner
M.No. 200247

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

Place: Hyderabad
Date : May 30, 2025

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Standalone Statement of Cash Flow

for the Year Ended March 31, 2025

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S No	Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
A	**Cash Flow from Operating Activities**		
	Profit Before Tax	9,332.05	6,633.17
	Adjustments for:		
	Depreciation and Amortisation Expense	3,433.73	3,151.57
	Interest Income	(20.78)	(16.77)
	Interest on lease liability	11.05	12.00
	Interest on Borrowings	1,732.09	2,235.79
	Provision for Employee Benefits	(37.94)	(20.33)
	Amortisation of Transaction Cost on Borrowings	14.68	15.55
	Profit on Sale of Assets	(3.33)	(4.27)
	Loss on Sale of Assets	1.28	0.54
		14,462.83	**12,007.25**
	Change in Operating Assets and Liabilities		
	(Increase)/Decrease in Trade Receivables	3,299.96	(8,784.70)
	(Increase)/Decrease in Inventories	(5,103.14)	(1,019.84)
	(Increase)/Decrease in Other Non Current Financial Assets	(177.73)	(8.55)
	(Increase)/Decrease in Other Non Current Asset	487.89	(826.08)
	(Increase)/Decrease in Other Current Financial Assets	(657.31)	331.15
	(Increase)/Decrease in Other Current Assets	811.51	(381.61)
	(Increase)/Decrease in Prepaid Taxes	153.39	430.64
	Increase/(Decrease) in Trade Payables	(3,741.07)	4,386.77
	Increase/(Decrease) in Other Financial Liabilities	618.57	224.61
	Increase/(Decrease) in Other Current Liabilities	(0.34)	192.83
		(4,308.27)	**(5,454.78)**
	Cash generated from Operations	**10,154.56**	**6,552.47**
	Income Taxes Paid	(1,983.34)	(1,540.00)
	Net Cash Inflow from Operating Activities "A"	**8,171.22**	**5,012.47**
B	**Cash flow from Investing Activities**		
	Purchase of Property, Plant and Equipment	(12,337.98)	(5,216.00)
	Sale of Property, Plant and Equipment	5.59	8.80
	Investment in LLP	(0.93)	-
	Investment in Deposits	(1.49)	(0.65)
	Margin Money Deposits	(25.69)	(15.22)
	Interest Received on Margin Money Deposit	16.68	15.87
	Net Cash Inflow (Outflow) from Investing Activities "B"	**(12,343.82)**	**(5,207.20)**

Standalone Statement of Cash Flow

for the Year Ended March 31, 2025
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S No	Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
C	**Cash Flow from Financing Activities**		
	Proceeds from Long Term Borrowings	6,372.38	4,508.63
	Repayment of Long Term Borrowings	(4,409.66)	(3,776.36)
	Proceeds from Short Term Borrowings	1,080.29	2,020.71
	Interest paid on Borrowings	(1,735.29)	(2,175.16)
	Repayment of Lease Liability	(70.22)	(103.74)
	Net Proceeds from issue / conversion of Share Warrants	3,809.03	2,847.78
	Dividend Paid to Company's Shareholders	(338.61)	(253.96)
	Net Cash Inflow (Outflow) from Financing Activities "C"	**4,707.92**	**3,067.90**
	Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C)	**535.32**	**2,873.17**
	Cash and Cash Equivalents at the beginning of the Financial Year	3,603.95	730.78
	Cash and Cash Equivalents at end of the Year	**4,139.27**	**3,603.95**

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

1. 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.

2. Previous year figures have been regrouped/reclassified to confirm to current year classification.

As per our report of even date

for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

MUKTHA PRABHAKAR
Partner
M.No. 200247

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

Place: Hyderabad
Date : May 30, 2025

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

1. Corporate Information:

SMS Pharmaceuticals Limited (SMS Pharma), (the 'Company') is a Company limited by Shares domiciled in India incorporated under the Provisions of Companies Act applicable in India. The registered office of the Company is Plot No.72, H.No.8-2-334/3&4, Road No.5, Opp. SBI Executive Enclave, Banjara Hills, Hyderabad-500 034, 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 Bachupally, Hyderabad in the State of Telangana and also at Kandivalasa Village, Poosapatirega Mandal, Vijayanagaram District in the State of Andhra Pradesh. Apart from manufacturing facilities, the Company is also having Research & Development Center at Gagillapur, Hyderabad in the State of Telangana.

2. Basis of preparation of Standalone Financial Statements

2.1 Statement of Compliance

The standalone 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 standalone financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2025. These Standalone Financial Statements for the year ended March 31, 2025 were authorized and approved for issue by the Board of Directors on May 30,2025.

3. Summary of Material Accounting Policies:

The standalone 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.

3.1 Basis of Measurement

The standalone 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.

3.2 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.

ASSETS:

i. 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:

(i) 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

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

- 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 non-current 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.

3.3 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.

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

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

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).

3.4 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.

3.5 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 ₹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

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

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.

(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.

3.6 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 is 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.

3.7 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

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

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.

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 remeasured 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.

3.8 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.

3.9 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.

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

3.10 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.

(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.

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(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 non-cash 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 realise the assets and settle the liabilities simultaneously.

(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.

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

3.11 Income Taxes:

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.

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.

3.12 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.

3.13 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.

3.14 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.

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

3.15 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.

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

3.16 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.

3.17 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.

3.18 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.

3.19 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 as 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,

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

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.

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.

3.20 Earnings per Share:

Basic earnings per share is 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.

3.21 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.

3.22 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.

3.23 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.

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

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.

3.24 Critical accounting Estimates and Judgements:

The Preparation of financial statements in conformity with Ind AS requires Management to make Judgements, 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.

3.25 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 year 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

3.26 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 to the Companies Act, 2013 unless otherwise stated.

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

4. Property, Plant and Equipment

Particulars	Land	Buidings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
I Year Ended March 31, 2024											
a Gross Carrying Amount											
1 Opening Gross Carrying Amount	421.30	13,078.11	41,587.33	720.88	213.75	244.46	126.82	421.26	152.75	56,966.66	3,319.05
2 Additions	-	332.75	3,306.21	1,646.03	54.49	31.11	4.86	103.16	-	5,478.61	5,093.16
3 Disposals/Transfers	-	-	(55.28)	-	-	-	-	-	-	(55.28)	(5,385.04)
4 Closing Gross Carrying Amount as at March 31, 2024 (1+2+3)	**421.30**	**13,410.86**	**44,838.26**	**2,366.91**	**268.24**	**275.57**	**131.68**	**524.42**	**152.75**	**62,389.99**	**3,027.17**
b Accumulated Depreciation and Impairment											
5 Opening Accumulated Depreciation	-	2,266.10	12,776.40	173.54	174.59	114.84	90.32	313.55	107.36	16,016.70	-
6 Depreciation Charge during the Year	-	450.89	2,404.67	39.26	20.86	21.15	19.13	18.57	26.07	3,000.60	-
7 Disposals	-	-	(46.21)	-	-	-	-	-	-	(46.21)	-
8 Closing Accumulated Depreciation and Impairment as at March 31, 2024 (5+6+7)	**-**	**2,716.99**	**15,134.86**	**212.80**	**195.45**	**135.99**	**109.45**	**332.12**	**133.43**	**18,971.09**	**-**
c Net Carrying Amount as at March 31, 2024 (4-8)	**421.30**	**10,693.87**	**29,703.40**	**2,154.11**	**72.79**	**139.58**	**22.23**	**192.30**	**19.32**	**43,418.90**	**3,027.17**
II Year Ended March 31, 2025											
a Gross Carrying Amount											
1 Opening Gross Carrying Amount	421.30	13,410.86	44,838.26	2,366.91	268.24	275.57	131.68	524.42	152.75	62,389.99	3,027.17
2 Additions	-	2,249.35	10,149.73	118.30	51.75	7.32	22.35	330.24	25.90	12,954.94	13,172.59
3 Disposals/Transfers	-	-	(3.91)	-	-	-	-	(33.38)	-	(37.29)	(12,732.62)
4 Closing Gross Carrying Amount as at March 31, 2025 (1+2+3)	**421.30**	**15,660.21**	**54,984.08**	**2,485.21**	**319.99**	**282.89**	**154.03**	**821.28**	**178.65**	**75,307.64**	**3,467.14**
b Accumulated Depreciation and Impairment											
5 Opening Accumulated Depreciation	-	2,716.99	15,134.86	212.80	195.45	135.99	109.45	332.12	133.43	18,971.09	-
6 Depreciation Charge during the Year	-	463.50	2,579.10	117.56	32.15	19.67	6.71	50.77	16.05	3,285.51	-
7 Disposals	-	-	(2.99)	-	-	-	-	(30.76)	-	(33.75)	-
8 Closing Accumulated Depreciation and Impairment as at March 31, 2025 (5+6+7)	**-**	**3,180.49**	**17,710.97**	**330.36**	**227.60**	**155.66**	**116.16**	**352.13**	**149.48**	**22,222.85**	**-**
c Net Carrying Amount as at March 31, 2025 (4-8)	**421.30**	**12,479.72**	**37,273.11**	**2,154.85**	**92.39**	**127.23**	**37.87**	**469.15**	**29.17**	**53,084.79**	**3,467.14**

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

4. Property, Plant and Equipment (Contd..)

4.1 Property, Plant and Equipment includes relating to Research and Development activities (Refer Note. 41).

4.2 The title deeds of all immovable properties are held in the name of the Company.The Company has not revalued its property,Plant and equipment during the year or in the previous year.

4.3 Refer note 49 for disclosure of contractual commitments for the acquisition of property, plant and equipment for an amount of ₹ 1,045.29 lakhs (31st March 2024 ₹ 4,424.65 lakhs)

4.4 Refer note 40 for information on Property, Plant and Equipment pledged as security by the Company

4.5 Capital work-in-progress (CWIP) ageing Schedule :

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
For the year ended March 31, 2025					
Projects in progress	1,952.61	-	1,479.53	35.00	3,467.14
Projects temporarily suspended	-	-	-	-	-

The amount of ₹35.00 Lakhs shown above under 'more than 3 years' category is the cost incurred towards purchase of software and the same was not yet installed.

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
For the year ended March 31, 2024					
Projects in progress	1,512.64	1,479.53	-	35.00	3,027.17
Projects temporarily suspended	-	-	-	-	-

The amount of ₹35.00 Lakhs shown above under 'more than 3 years' category is the cost incurred towards purchase of software and the same was not yet installed.

5. Right of Use Assets and Lease Liability

5A Right of Use Assets

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2025 and March 31,2024:

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	40.98	105.23
Reclassification on change in Lease liability		4.44
Depreciation	40.98	59.81
Closing Balance	**-**	**40.98**

The depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

5. Right of Use Assets and Lease Liability (Contd..)

5B Lease Liability

The following is the movement in lease liabilities during the year ended March 31,2025 and March 31,2024 :

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	59.18	155.35
Reclassification on change in Lease liability	-	(4.44)
Finance cost accrued during the year	-	12.00
Payment of lease liabilities	59.18	(103.74)
Closing Balance	**-**	**59.18**

The following is the breakup of current and non-current lease liabilities as at March 31,2025 and March 31,2024 :

Particulars	As at March 31, 2025	As at March 31, 2024
Non-current lease liabilities	-	-
Current lease liabilities	-	59.18
Total	**-**	**59.18**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31,2025 on an undiscounted basis

Particulars	As at March 31, 2025	As at March 31, 2024
Less than one year	-	61.45
One to five years	-	-
More than five years	-	-
Total	**-**	**61.45**

As at the reporting date, the lease terms and related conditions are under negotiation with the lessor.

The Company has also taken office premises for lease in Vishakapatnam and the said lease is revocable by either of the parties with one month prior intimation. During the year, the company has paid lease rental of ₹2.35 lakhs (Previous Year ₹2.24 lakhs). and recognised the lease rentals on a straight line basis over the lease term.

The above lease is no longer enforceable as per Ind AS 116 because the both parties has the right to terminate the lease without significant penalty. Hence, disclosure requirement under Ind AS 116 "Leases" is not required.

5.1 Operating Lease Commitments - Company as Lessor :

The Company has given on Lease of its part premises in Corporate office for an amount of 1.32 lakhs per month to an associate company . The company has also given for sub lease of part of its premises in R & D Gagilapur to associate company. The Company has recognized income for total amount of ₹23.83 lakhs (Previous Year ₹22.27 lakhs) under the head of other income.

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

6. Intangible Assets

Particulars	Computer Software	Patents	Total
(1)	(2)	(3)	(4)
I Year Ended March 31, 2024			
a Gross Carrying Amount			
1 Opening Gross Carrying Amount as at April 01, 2023	86.85	332.74	419.59
2 Additions	24.14	186.41	210.55
3 Closing Gross Carrying Amount as at March 31, 2024 (1+2)	**110.99**	**519.15**	**630.14**
b Accumulated Amortisation and Impairment			
4 Opening Accumulated Amortisation as at April 01, 2023	67.96	205.07	273.03
5 Amortisation Charge during the year	4.92	86.24	91.16
6 Closing Accumulated Amortisation and Impairment as at March 31, 2024 (4+5)	**72.88**	**291.31**	**364.19**
c Closing Net Carrying Amount as at March 31, 2024 (3-6)	**38.11**	**227.84**	**265.95**
II Year Ended March 31, 2025			
a Gross Carrying Amount			
1 Opening Gross Carrying Amount as at April 01, 2024	110.99	519.15	630.14
2 Additions	39.25	14.99	54.24
3 Closing Gross Carrying Amount as at March 31, 2025 (1+2)	**150.24**	**534.14**	**684.38**
b Accumulated Amortisation and Impairment			
4 Opening Accumulated Amortisation as at April 01, 2024	72.88	291.31	364.19
5 Amortisation Charge during the year	12.15	95.08	107.23
6 Closing Accumulated Amortisation and Impairment as at March 31, 2025 (4+5)	**85.03**	**386.39**	**471.42**
c Closing Net Carrying Amount as at March 31, 2025 (3-6)	**65.21**	**147.75**	**212.96**

6.1 The Company has not revalued its intangible assets during the year or in the previous year.

7. Non-Current Investments

Particulars	As at March 31, 2025		As at March 31, 2024	
	No. of Shares	Amount	No. of Shares	Amount
(Unquoted, carried at cost)				
(i) Investment in subsidiary				
Equity Shares of ₹10/- each in M/s. SMS Peptidies Pvt Ltd	9,300	0.93	-	-
(ii) Investment in Associates (fully paid up)				
Equity Shares of ₹10/- each in M/s. VKT Pharma Private Limited	38,50,165	4,499.87	38,50,165	4,499.87
(iii) Investment in LLP Provenio Astral International LLP	4.90%	9.80	4.90%	9.80
Total		**4,510.60**		**4,509.67**
Aggregate amount of unquoted investments		4,510.60		4,509.67
Aggregate amount of quoted investments and market value thereof		-		-
Aggregate amount of impairment in the value of investment		-		-

7.1.a As at March 31, 2025, the Company is holding 93% (March 31, 2024 Nil) of the total Paid up Equity Capital of the said subsidiary Company.

7.1.b As at March 31, 2025, the Company holds 34.83% of the total paid-up equity share capital of the said Associate Company (March 31, 2024: 36.55%). The reduction in the Company's shareholding is on account of dilution of equity consequent to fresh issuance of shares by the Associate Company.

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

8. Bank Balances

Particulars	As at March 31, 2025	As at March 31, 2024
Margin Money Deposits	294.52	268.83
Total	**294.52**	**268.83**

8.1 Margin Money Deposits are subject to the first charge against Bank guarantees and /are Letters of Credit.

9. Other Non-Current Financial Assets

Particulars	As at March 31, 2025	As at March 31, 2024
Security Deposits	694.78	517.05
Total	**694.78**	**517.05**

10 Other Non-Current Assets

Particulars	As at March 31, 2025	As at March 31, 2024
Capital Advances	899.23	1,387.12
Total	**899.23**	**1,387.12**

10.1 Capital Advances includes an amount of Nil (Previous Year ₹ 81.64 lakhs) paid to M/s Raghavendra Engineering Industries India Pvt Ltd who is a related party (Refer note. 46)

10.2 An amount of ₹304.91 lakhs was included in the Capital Advances paid on account of land admeasuring AC 23.00 in JNPC, Parwada, Visakhapatnam District, and the amount so paid is equivalent to 100% land cost to APIIC and about 80% of development cost to Ramky Pharmacity respectively. Due to the cancellation of part of land allotted to the company in earlier, 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.

11. Inventories

(Cost or Net Realisable Value, whichever is lower and as valued and certified by the management)

Particulars	As at March 31, 2025	As at March 31, 2024
Raw Materials	7,369.83	8,773.83
Stock-in-Process	12,612.76	9,046.59
Finished Goods	8,397.12	5,481.89
Coal & Fuel	93.21	67.47
Total	**28,472.92**	**23,369.78**

11.1 Raw material includes imported raw material of stock in transit of ₹317.12 lakhs (March 31,2024 ₹ 857.66 lakhs)

11.2 Finished Goods includes stock in transit of ₹431.18 lakhs (March 31, 2023 ₹671.53 lakhs)

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

12. Trade Receivables

Particulars	As at March 31, 2025	As at March 31, 2024
Current - Unsecured		
(i) Considered Good	17,304.81	22,131.05
(ii) Receivable from related parties (Refer note 46)	3,018.55	1,492.27
(iii) Credit Impaired	10.49	10.49
	20,333.85	**23,633.81**
Less: Allowance for Credit Impaired	10.49	10.49
Total	**20,323.36**	**23,623.32**

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) Of the trade receivables Amount, ₹ 9206.34 in aggregate (as at March 31, 2024 ₹13,786.87) is due from the Company's customers individually representing more than 5 % of the total trade receivables.

c) During the reporting period the company has not provided doubtful debts by considering the track record of receivables and continued the existing provision on doubtful debts.

Movement in the expected credit loss allowance

Particulars	As at March 31, 2025	As at March 31, 2024
Balance at the beginning of the year	10.49	10.49
Movement in expected credit loss allowance on trade receivables	-	-
Balance at the end of the year	**10.49**	**10.49**

Trade Receivables ageing Schedule for the year ended March 31, 2025 :

Particulars	Outstanding from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	
i) Undisputed Trade Receivables - Considered Good	15,798.77	4,278.65	245.94		-	-	20,323.36
ii) Undisputed Trade Receivables - Which have significant Increase in Credit Risk	-	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit Impaired	-	-	10.49	-	-	-	10.49
iv) Disputed Trade Receivables	-	-	-		-		-
Total	**15,798.77**	**4,278.65**	**256.43**	**-**	**-**	**-**	**20,333.85**

Trade Receivables ageing Schedule for the year ended March 31, 2024 :

Particulars	Outstanding from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	
i) Undisputed Trade Receivables - Considered Good	17,742.61	5,855.52	21.83	3.36	-	-	23,623.32
ii) Undisputed Trade Receivables - Which have significant Increase in Credit Risk	-	-	-	-	-	-	-

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

12. Trade Receivables (Contd..)

Particulars	Outstanding from due date of payment						Total
	Not Due	Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	
iii) Undisputed Trade Receivables - Credit Impaired	-	-	9.09	1.40	-	-	10.49
iv) Disputed Trade Receivables	-	-		-			-
Total	**17,742.61**	**5,855.52**	**30.92**	**4.76**	**-**	**-**	**23,633.81**

13. Cash and Cash Equivalents

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Balances with Banks		
- in Current Accounts	3,893.97	3,596.19
- in EEFC account	229.55	0.17
(ii) Cash on Hand	15.75	7.59
Total	**4,139.27**	**3,603.95**

14. Bank Balances Other than Cash and Cash Equivalents

Particulars	As at March 31, 2025	As at March 31, 2024
Unclaimed Dividend	9.56	8.65
Deposits with Banks	9.14	7.65
Total	**18.70**	**16.30**

15. Other Current Financial Assets

Particulars	As at March 31, 2025	As at March 31, 2024
(unsecured, considered good)		
Export Incentive Receivable	16.47	32.50
GST Refund Receivable	914.91	254.16
Interest Receivable	57.47	37.89
Other Advances and Receivables	0.41	3.31
Total	**989.26**	**327.86**

16. Other Current Assets

Particulars	As at March 31, 2025	As at March 31, 2024
(unsecured, considered good)		
GST Credit Receivable	482.49	780.36
Prepaid Expenses	705.20	525.37

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

16. Other Current Assets (Contd..)

Particulars	As at March 31, 2025	As at March 31, 2024
Advances to Suppliers	195.39	857.04
Export Incentives Receivable against RODTEP/MEIS	65.00	81.03
Other Advances and Receivables	15.86	31.65
Total	**1,463.94**	**2,275.45**

17. Current Tax Assets (Net)

17. Current Tax Assets (Net)	**38.71**	**172.82**

17.1 Current Tax Assets/(Liabilities)

Particulars	As at March 31, 2025	As at March 31, 2024
Advance Income Tax	1,983.34	1,601.10
TDS Receivable	65.98	70.90
TCS Receivable	2.73	0.82
Less: Provision for Income Tax *	2,013.34	1,500.00
Total	**38.71**	**172.82**

* Provision for income tax includes previous years adjustments

18. Equity Share Capital

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number of Shares	Amount	Number of Shares	Amount
Authorised Share Capital				
Equity Shares of Re. 1/- each	12,00,00,000	1,200.00	12,00,00,000	1,200.00
Issued, Subscribed and Fully Paid Up				
Equity Shares of Re. 1/- each	8,46,52,030	846.52	8,46,52,030	846.52
Additions				
Issued Equity Shares of Re. 1/- each	40,00,000	40.00	-	-
Total	**8,86,52,030**	**886.52**	**8,46,52,030**	**846.52**

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

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares				
At the Beginning of the Year	8,46,52,030	846.52	8,46,52,030	846.52
Add: Issued/(Reduced) during the Year*	40,00,000	40.00	-	-
At the End of the Year	**8,86,52,030**	**886.52**	**8,46,52,030**	**846.52**

*During the financial year 2024-25, the Company has converted 40,00,000 share warrants into 40,00,000 equity shares of Re. 1 each, issued at a premium of ₹126 per share, and allotted the same to the Promoters/Promoter Group.

18.2 Rights attached to Equity Shares

The Company has only one class of equity shares having face value of Re. 1 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

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

18. Equity Share Capital (Contd..)

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.

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

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number of Shares	% holding	Number of Shares	% holding
Sri. Ramesh Babu Potluri	1,81,53,060	20.48%	1,56,53,060.00	18.49%
Smt. Hima Bindu Potluri	1,50,08,840	16.93%	1,50,08,840.00	17.73%
Sri. Vamsi Krishna Potluri	1,33,28,370	15.03%	1,33,28,370.00	15.74%
M/s. Potluri Infra Projects LLP	88,46,420	9.98%	73,46,420.00	8.68%

18.4 Details of shares held by the promoters of the Company:

Equity Shares held by promoters as at March 31, 2025 and March 31, 2024

Promoter Name	As at March 31, 2025			As at March 31, 2024		
	No. of shares	% of total shares	% Change during the year	No. of shares	% of total shares	% Change during the year
Sri. Ramesh Babu Potluri *	1,81,53,060	20.48%	15.97%	1,56,53,060	18.49%	-
Smt. Hima Bindu Potluri	1,50,08,840	16.93%	-	1,50,08,840	17.73%	1.49%
Sri. Vamsi Krishna Potluri	1,33,28,370	15.03%	-	1,33,28,370	15.74%	-
M/s. Potluri Infra Projects LLP *	88,46,420	9.98%	20.42%	73,46,420	8.68%	-
Sri. Trilok Potluri	21,88,000	2.47%	-	21,88,000	2.58%	-
M/s. Potluri Laboratories Private Limited	11,20,320	1.26%	-	11,20,320	1.32%	-
M/s. TVT Infracon LLP	1,00,000	0.11%	-	1,00,000	0.12%	-

*During the financial year 2024-25, the Company has converted 40,00,000 share warrants into 40,00,000 equity shares of Re. 1 each, issued at a premium of ₹ 126 per share, and allotted the same to Sri Ramesh Babu Potluri 25,00,000 and M/s Potluri Infra Project LLP 15,00,000 promoters of the Company.

18.5 Dividends Paid and proposed

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Cash dividends on equity shares declared and paid:		
Final dividend for the financial year 2022-23:Re.0.30 per Share	-	253.96
Final dividend for the financial year 2023-24:Re.0.40 per Share	338.61	-
Total	**338.61**	**253.96**
Proposed dividends on equity shares:		
Dividend for the FY 2023-24 Re.0.40 per Share		338.61
Dividend for the FY 2024-25 Re.0.40 per Share	354.61	-
Total	**354.61**	**338.61**

*The Board of Directors of the Company in their meeting held on May 29, 2025 has recommended the dividend for distribution to equity shareholders of Re. 0.40 per each equity share (face value Re.1/-) for the financial year 2024-25.

Proposed dividend on equity shares are subject to approval at the Annual General Meeting, hence, the company has not recognised it as a liability as at March 31, 2025.

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19. Other Equity

Particulars	As at March 31, 2025	As at March 31, 2024
Reserves and Surplus		
Securities Premium	12,021.84	6,981.84
Capital Redemption Reserve	155.00	155.00
Money Received against Share Warrants	1,587.50	2,857.50
Retained Earnings	41,351.83	35,903.64
General Reserve	11,304.28	10,304.28
Total	**66,420.45**	**56,202.26**

19.1 Securities Premium Reserve

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	6,981.84	6,981.84
Additions		
Converted 40,00,000 warrants into equity share with security premium @ ₹126/- each	5,040.00	-
Closing Balance	**12,021.84**	**6,981.84**

During the financial year 2024-25, the Company has converted 40,00,000 share warrants into 40,00,000 equity shares of Re. 1 each, issued at a premium of ₹126 per share, and allotted the same to the Promoters/Promoter Group.

19.2 Capital Redemption Reserve

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	155.00	155.00
Adjustments	-	-
Closing Balance	**155.00**	**155.00**

19.3 Money Received against Share Warrants

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	2,857.50	-
Add: Money recevied during the Current year	3,810.00	2,857.50
Less: Converted into equity during the current year	5,080.00	-
Closing Balance	**1,587.50**	**2,857.50**

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19. Other Equity (Contd..)

19.4 Retained Earnings

Particulars	As at March 31, 2025	As at March 31, 2024
(a) Opening Balance	35,903.64	32,222.35
(b) Net Profit for the Year	6,838.12	4,942.49
(c) Transferred to General Reserve	(1,000.00)	(1,000.00)
(d) Dividends (Including Tax)	(338.61)	(253.96)
(e) Issue expenses on Share Warrants	(0.97)	(12.51)
(f) Items of Other Comprehensive Income		
Re-measurement Gain/(Loss) of the defined benefit plans	(50.35)	5.27
Closing Balance	**41,351.83**	**35,903.64**

19.5 General Reserve

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	10,304.28	9,304.28
Transferred from Statement of Profit & Loss	10,00.00	1,000.00
Closing Balance	**11,304.28**	**10,304.28**

19.6 Nature and Purpose of Reserves

(a) Securities Premium Reserve:

Securities Premium Reserve is to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the CompaniesAct, 2013.

(b) Capital Redemption Reserve:

The Company has recognized Capital Redemption reserve on buy back of equity shares. The amount in capital redemption reserve is equal to nominal amount of the equity shares bought back. This reserve will be utilized in accordance with Section 69 of the Companies Act, 2013.

(c) 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.

(d) General Reserve:

General Reserves represent amounts transferred from retained earnings in earlier years under the provisions of the erstwhile Companies Act, 1956 and any voluntary transfers made from retained earnings under the Companies Act,2013.Mandatory transfer to general reserve is not required under the Companies Act, 2013.

(e) Re-measurement Gain/(loss) of defined benefit obligations

These are the re measurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the company. The re-measurement gains/(losses) are recognised in other comprehensive income and are not reclassified to profit or loss.

19.7 Share Warrants

During the year ended March 31, 2024, the Board of Directors of the Company, at its meeting held on February 08, 2024, approved the raising of funds through the issue of Convertible Equity Share Warrants to the Promoters/Promoter Group by way of preferential issue, comprising up to 90,00,000 warrants convertible in one or more tranches into equity shares of Re. 1/- each of the Company at an

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19. Other Equity (Contd..)

issue price of ₹ 127/- per warrant (including a premium of ₹ 126/-), aggregating to ₹ 11,430.00 lakhs. The proposal was subsequently approved by the members through a special resolution passed at the Extraordinary General Meeting held on March 06, 2024.

Pursuant to the said approval, the Securities Allotment Committee of the Board, at its meeting held on March 19, 2024, allotted 90,00,000 Convertible Warrants at an issue price of ₹ 127/- each, which are convertible into equity shares within a period of 18 months from the date of allotment.

During the financial year 2023–24, the Company received ₹ 2,857.50 lakhs, being 25% of the total consideration payable towards subscription of the aforesaid warrants.

During the financial year 2024–25, the Company received ₹ 3,810.00 lakhs towards the balance 75% subscription amount in respect of 40,00,000 warrants, which were duly converted into equity shares and allotted to the Promoters/Promoter Group.

20. Non Current Borrowings - Financial Liabilities

20.1 Secured (Refer Note.20.1.1)

Particulars	As at March 31, 2025	As at March 31, 2024
Term Loans from Banks		
(a) IDBI Bank Ltd Loan-2	1,613.98	2,060.41
(b) Export Import Bank of India Loan WCTL	-	-
(c) Export Import Bank of India Loan RTL	613.78	1,896.15
(d) State Bank of India	467.66	1,451.18
(e) RBL Bank Limited -WCTL GECL	-	282.52
(f) IDBI Bank Limited- WCTL GECL -1	-	269.80
(g) IDBI Bank Limited-WCTL GECL -2	245.60	393.20
(h) Export-Import Bank of Inida -GECL	770.99	1,173.24
(i) State Bank of India- WCTL GECL	1,031.28	1,611.39
(j) Export-Impot Bank of India RTL	9,073.13	2,950.74
Sub Total	**13,816.42**	**12,088.63**

20.2 Unsecured (Refer Note.20.2.1)

Particulars	As at March 31, 2025	As at March 31, 2024
DSIR Assistance	120.00	120.00
Total	**13,936.42**	**12,208.63**

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

20. Non Current Borrowings - Financial Liabilities (Contd..)

20.3 Current Maturities of Non Current Borrowings

Secured

Particulars	As at March 31, 2025	As at March 31, 2024
Term Loans from Banks		
(a) IDBI Bank Ltd Loan-2	450.00	275.00
(b) Export Import Bank of India Loan WCTL	-	150.00
(c) Export Import Bank of India Loan RTL	1,287.00	1,287.00
(d) State Bank of India	990.00	990.00
(e) RBL Bank Limited -WCTL GECL	282.50	282.48
(f) IDBI Bank Limited- WCTL GECL -1	269.80	295.20
(g) IDBI Bank Limited-WCTL GECL -2	147.60	147.60
(h) Export-Import Bank of Inida -GECL	402.24	402.24
(i) State Bank of India- WCTL GECL	580.08	580.08
(j) Export-Impot Bank of India RTL	250.00	-
Total	**4,659.22**	**4,409.60**
Amount disclosed under the head "Current Borrowings"	(4,659.22)	(4,409.60)
Total	**-**	**-**

20.1.1 Security Terms

(a) Term Loans availed from IDBI Bank Limited (IDBI Bank), State Bank of India (SBI) and Export-Import Bank of India (Exim Bank) are secured by first charge on all movable and immovable fixed assets of the company both present and future on pari-passu basis. They are further secured by second charge on current assets both present and future on pari-passu basis. These facilities are guaranteed by Sri Ramesh Babu Potluri, Chairman & Managing Director and Sri Vamsi Krishna Potluri, Executive Director of the Company in their personal capacities

(b) Long Term Working Capital Term Loans (LTWCTL) availed from Exim Bank are secured by first charge on all movable and immovable fixed assets of the company both present and future on pari-passu basis. Further secured by second charge on current assets of the Company both present and future on pari-passu basis. These facilities are guaranteed by Sri Ramesh Babu Potluri, Chairman & Managing Director of the Company in his personal capacity

(c) Working Capital Term Loans (WCTL) under Guaranteed Emergency Credit Line (GECL) availed from IDBI Bank, RBL Bank Limited (RBL Bank), Exim Bank and SBI are secured by second charge on all movable and immovable fixed assets of the company both present and future on pari-passu basis . Further secured by second charge on current assets of the Company both present and future on pari-passu basis. These facilities are covered under GECL operated by National Credit Guarantee Trustee Company Limited (NCTC).

(d) Refer note 40 for the carrying amounts of financial and non-financial assets pledged as security for current and non - current borrowings

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

20. Non Current Borrowings - Financial Liabilities (Contd..)

20.1.2 Rate of Interest :

Name of the Bank	Rate of Interest
Term Loans	
Export Import Bank of India Loan RTL (LTMLR Minus 50 Basis points p.a)	8.85%
State Bank of India (Converted FCNB with fully hedged)	8.76%
IDBI Bank Limited (Converted FCNB with fully hedged)	8.85%
Export Import Bank of India (Exim MCLR + 0.50% p.a)	8.75%
Long Term Working Capital Loan	
Export Import Bank of India Loan WCTL (LTMLR Minus 50 Basis points p.a)	8.85%
RBL Bank Limited (GECL) (1M MCLR)	9.25%
IDBI Bank Limited (GECL1) (MCLR+0.15% p.a.)	7.95%
IDBI Bank Limited (GECL2) (MCLR+0.15% p.a.)	7.75%
State Bank of India GECL (MCLR-6M+0.70% p.a.)	9.25%
Export-Import Bank of Inida -GECL (LTMLR Minus 40 basis points p.a.)	8.15%

20.1.3 Terms of Repayment

(a) The loan availed from IDBI Bank amounting to ₹ 2,500 lakhs for funding the Expansion Project of Kandivalasa unit. The loan is repayable in 20 Structured Quarterly Installments commencing from July, 2023, as mentioned below.

First 4 Quarters	₹ 50 Lakhs each
Next 4 Quarters	₹ 75 Lakhs each
Next 4 Quarters	₹ 125 Lakhs each
Next 4 Quarters	₹ 175 Lakhs each
Next 4 Quarters	₹ 200 Lakhs each

(b) The Long Term Working Capital Loan availed from Exim Bank amounting ₹ 1,500 lakhs is repaid in 20 structured quarterly installments commencing from 1st october,2019 and concluding on 1st July 2024, as mentioned below:

First 4 Quarters	₹ 25 Lakhs each
Next 4 Quarters	₹ 25 Lakhs each
Next 4 Quarters	₹ 50 Lakhs each
Next 4 Quarters	₹ 125 Lakhs each
Next 4 Quarters	₹ 150 Lakhs each

(c) The loan availed from Exim Bank amounting to ₹6,500 lakhs for funding the Expansion Project of Kandivalasa unit. The loan is repayable in 24 Structured Quarterly Installments commencing from January, 2021, as mentioned below.

First 9 Quarters	₹ 188.50 Lakhs each
Next 14 Quarters	₹ 321.75 Lakhs each
Last 1 Quarter	₹ 299.00 Lakhs each

(d) The loan availed from State Bank of India amounting to ₹5,000 lakhs for funding the Expansion Project of Kandivalasa unit. The loan is repayable in 24 Structured Quarterly Installments commencing from January, 2021, as mentioned below.

First 9 Quarters	₹ 145.00 Lakhs each
Next 14 Quarters	₹ 247.50 Lakhs each
Last 1 Quarter	₹ 230.00 Lakhs each

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

20. Non Current Borrowings - Financial Liabilities (Contd..)

(e) The WCTL under GECL availed from IDBI Bank amounting ₹1,180 lakhs is to be repaid in 47 monthly equal principal repayment of ₹24.60 Lakhs and 48th monthly instalment of ₹23.80 lakhs after moratorium period of one year i.e. March 2022 onwards.

(f) The WCTL under GECL2 availed from IDBI Bank amounting ₹590 lakhs is to be repaid in 47 monthly equal principal repayment of ₹12.30 Lakhs and 48th monthly instalment of ₹11.90 lakhs after moratorium period of two years i.e. December 2023 onwards.

(g) The WCTL under GECL availed from RBL Bank amounting ₹1,130 lakhs is to be repaid in 47 monthly equal principal repayment of ₹23.54 Lakhs and 48th monthly instalment of ₹23.62 lakhs after moratorium period of one year i.e. April 2022 onwards.

(h) The WCTL under GECL availed from SBI amounting ₹2,320 lakhs is to be repaid in 48 equal monthly installments commencing after a moratorium of 2 years from the date of first disbursement i.e. March 2024.

(i) The WCTL under GECL availed from Exim Bank amounting ₹1,609 lakhs is to be repaid in 48 equal monthly installments commencing after a moratorium of 2 years from the date of first disbursement i.e. April 2024.

(j) The loan availed from Export-Import Bank of India amounting to ₹10,000 Lakhs for funding the Expansion project of kandivalasa unit.The loan is repayable in 20 Structured Quarterly installments Commencing from March, 2026, as mentioned below.

First 4 Quarters	₹ 250.00 Lakhs each
Next 4 Quarters	₹ 375.00 Lakhs each
Next 12 Quarters	₹ 625.00 Lakhs each

20.1.4 The Company has used the borrowings only for the purposes for which it was taken.

20.1.5 The quarterly returns of current assets filed by the Company with banks are in agreement with books of account.

20.2.1 During earlier years, the Company received financial assistance of ₹120.00 lakhs from Department of Scientific and Industrial Research (DSIR) sanctioned under PATSER Scheme of Technology Promotion Development and Utilization (TPDU) Programme for development of catalysts or Fine Chemicals apart from Active Pharmaceutical Ingredients (API's), and their intermediates viz. Metal Acetylacetonates, Diltiazem Hydrochloride and Taxol C-13 Side Chain. The Company has executed agreements with DSIR, NRDC, IICT Hyderabad, IICT Guwahati under the said programme.

As per the terms of agreement entered with DSIR, 1.3 times of the above amount is payable in 5 equal annual installments after commencement of commercial operations of the product(s) developed under PATSER scheme. The Company has not yet commenced the commercial operations of the said products

However, NRDC has filed an application before the Honourable High Court of Delhi at New Delhi for appointment of an Arbitral Tribunal and the Court referred the disputes to the Delhi International Arbitration Centre (DIAC), which would appoint an arbitrator to resolve the disputes. The Company has not yet received any communication from DIAC

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

21. Provisions

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for Employee Benefit Obligations		
(a) Non Current		
Gratuity	25.73	37.83
Leave Encashment	94.92	78.18
Sub Total	**120.65**	**116.01**
(b) Current		
Gratuity	69.73	63.24
Leave Encashment	41.07	39.80
Sub Total	**110.80**	**103.04**
(c) Total		
Gratuity	95.46	101.07
Leave Encashment	135.99	117.98
Grand Total	**231.45**	**219.05**

21.1 For details of Post Employment Benfits. Refer Note 39.

22. Deferred Tax Liabilities (net)

The Balance Comprises Temporary Differences Attributable to:

Particulars	As at March 31, 2025	As at March 31, 2024
(a) Deferred Tax Liability		
(i) Property, Plant and Equipment	4,904.18	4,502.39
(ii) Others	17.54	33.65
Total	**4,921.72**	**4,536.04**
(b) Deferred Tax Asset		
(i) Expenses allowable on Payment basis	58.25	61.19
(ii) Others	53.71	194.96
Total	**111.96**	**256.15**
Net Deferred Tax Liabilities (a) - (b)	**4,809.76**	**4,279.89**

(c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Other Items	Total
As at March 31, 2023	**4,348.58**	**40.41**	**4,388.99**
Charged/(Credited)	153.81	(6.76)	147.05
As at March 31, 2024	**4,502.39**	**33.65**	**4,536.04**
Charged/(Credited)	401.79	(16.11)	385.68
As at March 31, 2025	**4,904.18**	**17.54**	**4,921.72**

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

22. Deferred Tax Liabilities (net) (Contd..)

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on payment basis	Other items	Total
As at March 31, 2023	**67.14**	**219.85**	**286.99**
Charged/(Credited)	(5.95)	(24.89)	(30.84)
As at March 31, 2024	**61.19**	**194.96**	**256.15**
Charged/(Credited)	(2.94)	(141.25)	(144.19)
As at March 31, 2025	**58.25**	**53.71**	**111.96**

23. Current Borrowings

Particulars	As at March 31, 2025	As at March 31, 2024
Secured		
Working Capital Loans from Banks		
- State Bank of India	6,173.60	5,769.35
- RBL Bank Ltd	895.41	1,444.27
- IDBI Bank Ltd	5,410.92	4,186.02
Total	**12,479.93**	**11,399.64**
Current Maturities of Long-Term Debt (Refer Note.20.3)	4,659.22	4,409.60
Total	**17,139.15**	**15,809.24**

23.1 Security Terms

(a) Working Capital Facilities sanctioned by State Bank of India, IDBI Bank Limited and RBL Bank Limited are secured by first charge on all current assets of the Company both present and future on pari-passu basis. These facilities are further secured by second charge on all movable and immovable fixed assets of the Company both present and future on pari-passu basis and also guaranteed by Sri Ramesh Babu Potluri, Chairman and Managing Director and Sri Vamsi Krishna Potluri, Executive Director of the Company, in their personal capacities

(b) Refer note 40 for the carrying amounts of financial and non-financial assets pledged as security for current and noncurrent borrowings.

23.2 Rate of Interest is as follows:

Name of the Bank	Rate of Interest
State Bank of India	
Cash Credit	10.20%
Export Packing Credit	7.85%
Export Packing Credit (T Bill linked)	7.85%
Stand by Loan	7.85%
RBL Bank - WCDL	8.25%
IDBI Bank Limited - WCDL	8.75%
Cash Credit	9.30%
Export Packing Credit	7.55%
WCDL	8.85%

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

23. Current Borrowings (Contd..)

23.3 Terms of Repayment: The above working capital facilities are available for one year and will be renewed thereafter. All working capital facilities are repayable on demand

23.4 The outstandings of all working capital facilities are well within the sanctioned limits.

23.5 The Company has used the borrowings for the purposes for which it was taken.

23.6 The quarterly returns of current assets filed by the Company with banks are in agreement with books of account

24. Trade Payables

Particulars	As at March 31, 2025	As at March 31, 2024
(a) Creditor for Supply of Materials		
(i) Due to Micro and Small Enterprises	9.64	95.79
(ii) Due to Related Parties	843.82	453.14
(iii) Others	10,537.74	14,583.34
Total	**11,391.20**	**15,132.27**

Terms and conditions of the above financial liabilities:

For explanations on the company's credit risk management processes, refer note no.44.

24.1 Trade Payables includes an amount of ₹622.91 lakhs (March 31, 2024 ₹418.12 lakhs) payable to SMS Lifesciences India Limited, ₹18.29 lakhs (March 31, 2024 ₹28.31 lakhs) payable to Eshwar Coal Movers,₹202.61 lakhs (March 31, 2024 ₹6.71 Lakhs) payable to Raghavendra Engineering Industries India Pvt Ltd who are related parties (Refer Note 46) .

24.2 Trade Payables ageing schedule for the year ended March 31, 2025

Particulars	Not due	Outstanding from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	9.64	-	-	-	-	9.64
ii) Others		11,381.56	-	-	-	11,381.56
iii) Disputed dues - MSME & others	-	-	-	-	-	-
Total	**9.64**	**11,381.56**	**-**	**-**	**-**	**11,391.20**

Trade Payables ageing schedule for the year ended March 31, 2024

Particulars	Not due	Outstanding from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	95.79	-	-	-	-	95.79
ii) Others	9,549.14	5,385.63	56.14	36.95	8.62	15,036.48
iii) Disputed dues - MSME & others	-	-	-	-	-	-
Total	**9,644.93**	**5,385.63**	**56.14**	**36.95**	**8.62**	**15,132.27**

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

25. Other Financial Liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Creditors for Expenses	524.13	202.60
Capital Creditors	1,833.75	722.58
Employee Related Payables	914.98	617.94
Interest Accrued but not due	54.30	57.49
Unclaimed Dividend	9.56	8.65
Total	**3,336.72**	**1,609.26**

26. Other Current Liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory dues Payable	410.34	261.16
Advance from Customers	48.17	197.69
Total	**458.51**	**458.85**

27. Revenue from Operations

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(a) Sale of Products		
Gross Sales	82,392.24	73,406.91
Less: Goods and Service Tax	5,201.10	4,174.39
Net Revenue from Sales	**77,191.14**	**69,232.52**
(b) Income from Services		
(i) Conversion Charges	318.21	1,049.82
Less: Goods and Service Tax	36.77	112.48
Net Converstion Charges	**281.44**	**937.34**
(ii) Sale of Services	497.39	497.25
Less: Goods and Service Tax	42.57	21.46
Net Revenue from Sale of Services	**454.82**	**475.79**
Net Revenue from Services	**736.26**	**1,413.13**
(c Other Operating Income		
Export Incentives	347.41	280.69
Total Net Revenue from Operations (a+b+c)	**78,274.81**	**70,926.34**

Sales to related parties (Refer note 46)

a) Reconciliation of revenue as per contract price and as recognised in Statement of Profit and Loss:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue as per contracted price	79,459.15	72,303.48
Less: Sales Returns	1,184.34	1,377.14
Total Revenue from contracts with customers	**78,274.81**	**70,926.34**

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

27. Revenue from Operations (Contd..)

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Trade Receivables (Refer Note 12)	20,323.36	23,623.32
Contract Liabilities (Refer Note 26)	48.17	197.69

The contract liabilities primarily relate to the advance received from the customers.

c) Disaggregation of revenue:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Below is the disaggregation of the Company's revenue from contracts with customers.		
Rvenue from operations - Domestic	23,994.00	20,041.11
Rvenue from operations - Exports	54,280.81	50,885.23
(Exports includes Demmed Export, EOU ,SEZ and Export Incentive)		
Total	**78,274.81**	**70,926.34**
Timing of Revenue recognition		
Goods transferred as a point of time	77,538.55	69,513.21
Services transferred as a point of time	736.26	1,413.13
Total	**78,274.81**	**70,926.34**

28. Other Income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(i) Interest Income	68.69	75.79
(ii) Profit on Sale of Assets	3.33	4.26
(iii) Net Gain on Foreign Exchange Fluctuations	507.80	289.75
(iv) Miscellaneous Income (Net of GST)	42.62	76.17
Total	**622.44**	**445.97**

28.1 Miscellaneous Income includes Rent received from related parties of ₹23.83 lakhs (Previous year ₹22.27 lakhs)

29. Cost of Materials Consumed

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Raw Material & Packing Material		
Stock at the Beginning of the Year	8,773.83	7,865.76
Add: Purchases	48,685.77	43,412.07
Less: Stock at the End of the Year	7,369.83	8,773.83
Total Materials Consumed	**50,089.77**	**42,504.00**

Purchases from related parties (Refer note 46)

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

30. Changes in Inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(a) Opening Stock of Inventories:		
Finished Goods	5,481.89	3,838.26
Stock in Process	9,046.59	10,590.22
Sub Total (a)	**14,528.48**	**14,428.48**
(b) Closing Stock of Inventories:		
Finished Goods	8,397.12	5,481.89
Stock in Process	12,612.75	9,046.59
Sub Total (b)	**21,009.87**	**14,528.48**
(Increase)/Decrease in Stock (a-b)	**(6,481.39)**	**(100.00)**

31. Manufacturing Expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Power and Fuel	5,654.83	4,692.16
Consumable Stores	672.25	665.79
Testing Charges	29.29	21.82
Water Charges	20.71	19.61
Conversion Charges	90.21	55.66
Repairs & Maintenance to Buildings	156.72	183.73
Repairs & Maintenance to Plant & Machinery	1,537.98	1,310.87
Factory Maintenance	222.18	205.58
Effluent Treatment Charges	250.87	189.08
Total	**8,635.04**	**7,344.30**

32. Employee Benefit Expense

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, Wages and Bonus	6,214.45	5,032.37
Contribution to Provident Fund	420.95	341.31
Contribution to ESI	26.73	23.41
Managerial remuneration	1,036.66	737.05
Staff Welfare Expenses	309.63	280.83
Total	**8,008.42**	**6,414.97**

33. Finance Cost

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest on Non Current Borrowings	1,049.52	1,341.29
Interest on Current Borrowings	682.57	894.49
Interest on Others	0.34	0.10
Interest on Lease Liability	11.05	12.00
Bank Charges	110.61	97.80
Total	**1,854.09**	**2,345.68**

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

34. Depreciation and Amortisation Expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation of Property, Plant and Equipment (Refer Note.4)	3,285.52	3,000.60
Amortisation of Right-of-use Assets (Refer Note.5)	40.98	59.81
Amortisation of Intangible Assets (Refer Note.6)	107.23	91.16
Total	**3,433.73**	**3,151.57**

35. Other Expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
R&D Expenditure	1,283.06	1,111.31
Rent	41.72	7.17
Rates and Taxes	75.09	68.70
Insurance	414.69	617.06
Travelling and Conveyance	121.73	98.17
Communication Expenses	17.27	18.80
Printing and Stationery	94.66	98.11
Repairs & Maintenance to Other Assets	25.28	19.22
Vehicle Maintenance	42.34	42.82
Payments to Auditors (Note No.35.1)	16.00	16.00
Cost Audit Fee	1.00	1.00
Professional & Consultancy	140.63	186.89
General Expenses	152.06	107.67
Corporate Social Responsbility (Note No.35.2)	115.40	106.20
Interest on Indirect Taxes	-	13.89
Loss on Sale of Assets	1.28	0.54
Business Promotion Expenses	235.19	158.61
Regulatory Fee	108.03	91.90
Carriage Outward	417.04	238.08
Sales Commission	723.07	76.48
Total	**4,025.54**	**3,078.62**

35.1 Details of Payments to Auditors

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Audit Fee	14.00	14.00
Certification Fee	2.00	2.00
Total Payments to Auditors	**16.00**	**16.00**

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

35. Other Expenses (Contd..)

35.2 Corporate Social Responsibility Expenditure

As per requirement of the Companies Act, 2013, gross amount required to be spent by the Company during the year is ₹ 93.70 Lakhs (March 31, 2024 ₹ 110.25 Lakhs).The nature of CSR activities undertaken by the company includes promoting education, health care, rural development and other social welfare activities.The details of CSR expenditure is given below.

Particulars	For the year ended March 31,2025		
	In cash	yet to be paid in cash	Total
(i) Construction/Acquisition of any Asset	-	-	-
(ii) On Purposes other than (i) above	115.40	-	115.40
	(106.20)	-	(106.20)

Amounts in bracket indicate previous year numbers

There is no shortfall at the end of March 31, 2025 in terms of amount required to be spent by the company as excess amount spent during the corresponding previous financial years ended March 31, 2024 and March 31, 2023.

36. Income Tax Expense

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current Tax		
Current tax on profits for the year	1,990.00	1,500.00
Adjustments for current tax of prior periods	(25.94)	12.79
Total Current Tax	**1,964.06**	**1,512.79**
Deferred Tax		
Increase/(Decrease) in Deferred Tax Liabilities	385.68	147.05
Decrease/(Increase) in Deferred Tax Assets	144.19	30.84
Total Deferred Tax Expense/(Benefit)	**529.87**	**177.89**
Total	**2,493.93**	**1,690.68**

36.1 Reconciliation of Tax Expense with Tax on Accounting Profits at normal rate is as follows:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(a) Profit before Tax	9,332.05	6,633.17
(b) Enacted Tax Rate in India	25.168%	25.168%
(c) Expected Tax Expenses (a) x (b)	2,348.69	1,669.44
(d) Tax Effect of amounts which are not deductible/taxable in calculating taxable income:		
Expenses not deductible under Income Tax Act	80.78	26.49
Other Adjustments	90.40	(18.04)
Tax pertaining to earlier years	(25.94)	12.79
Total Adjustments	**145.24**	**21.24**
Current Tax Expense as per P & L	**2,493.93**	**1,690.68**

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

37. Other Comprehensive Income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Actuarial Gain/(Loss) on Post Employment Benefit Expenses	(59.59)	11.87
Return on Plan Assets excluding net interest	(7.69)	(4.83)
Net Actuarial Gain/(Loss) on Post Employment Benefit Expenses	(67.28)	7.04
Deferred Taxes on above	16.93	(1.77)
Net Comprehensive Income	**(50.35)**	**5.27**

38. Earning Per Share (Basic and Diluted)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(a) Net profit for Basic & Diluted EPS	6838.12	4942.49
(b) Weighted average number of equity shares of Re.1/- each (Basic & Diluted)	88652030	84652030
(c) Earnings per share of par value Re 1/- per share -(Basic & Diluted)	8.07	5.84

39. Post Employment Benefits

39.1 Defined Contribution plans

Particulars	March 31,2025	March 31,2024
Contribution to Provident Fund	464.92	376.06
Contribution to Employee state Insurance	28.21	24.41

39.2. Defined Benefit Plans and Leave Encashment

The Company has a defined benefit gratuity plan governed by Payment of Gratuity Act, 1972. 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 another obligation which is Compensated Absence Plan. 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:

39.2.1 Net Employee Benefit Expense

Particulars	March 31, 2025		March 31, 2024	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
(recognised in Employee Benefit Expenses)				
Current Service Cost	63.40	42.45	62.40	43.90
Interest Cost	0.95	6.84	9.74	5.78
Acturial Gain/(Loss) other than OCI	-	(22.06)	-	(20.24)
	64.35	**27.23**	**72.14**	**29.44**

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

39. Post Employment Benefits (Contd..)

39.2.2 Other Comprehensive Income

Particulars	March 31, 2025		March 31, 2024	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Acturial Gain/(Loss) recognized for the period	(59.59)	-	11.87	-
Return on Plan Assets excluding net interest	(7.69)	-	(4.83)	-
Total Acturial (Gain)/Loss recognized in OCI	**(67.28)**	**-**	**7.04**	**-**

39.2.3 Amount recognised in the Balance Sheet

Particulars	March 31, 2025		March 31, 2024	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Defined Benefit Obligation	736.15	135.99	599.08	117.98
Fair Value of Plan Assets	(640.69)	-	(498.01)	-
	95.46	**135.99**	**101.07**	**117.98**

39.2.4 Change in the Present Value of Employee Benefit Obligations

Particulars	March 31, 2025		March 31, 2024	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Defined Benefit Obligation	599.08	117.98	554.42	99.64
Current Service Cost	63.40	42.45	62.40	43.90
Interest Cost	39.55	6.84	37.80	5.78
Contribution Paid				
Benefits Paid	(25.47)	(9.21)	(43.67)	(11.10)
Net Acturial (gain)/ losses on Obligation for the year recognised under OCI	59.59	(22.06)	(11.87)	(20.24)
Closing Defined Benefit Obligation	**736.15**	**135.99**	**599.08**	**117.98**

39.2.5 Change in the Fair Value of Plan Assets

Particulars	March 31, 2025		March 31, 2024	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Fair Value of Plan Assets	498.01	-	409.41	-
Adjustment to Opening Fair Value of Plan Asset	-	-	-	-
Return on Plan Assets Excluding Intererst Income	(7.69)	-	(4.83)	-
Interest Income	38.62	-	28.06	-
Contribution paid	137.22	9.21	109.04	11.10
Benefits Paid	(25.47)	(9.21)	(43.67)	(11.10)
Closing Fair Value of Plan Assets	**640.69**	**-**	**498.01**	**-**

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

39. Post Employment Benefits (Contd..)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31,2025	March 31,2024
Fund managed by Life Insurance Corporation of India (Unquoted)	100%	100%

39.2.6. Acturial Assumptions:

Particulars	March 31, 2025		March 31, 2024	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount rate	6.79%	6.79%	6.97%	6.97%
Attrition Rate	2.00%	2.00%	2.00%	2.00%
Expected rate of increase in Salary	2.00%	2.00%	2.00%	2.00%
Mortality Table	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)
Expected average remaining working service	18.16 years	18.16 years	17.95 years	17.95 years
Retirement age	58 years	58 years	58 years	58 years

39.2.7 Sensitivity Analysis

A quantitative sensitivity analysis for significant assumptions are as below:

Particulars	March 31, 2025		March 31, 2024	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined Benefit Obligation	736.15	135.99	599.08	117.98
Effect of 1% change in assumed discount rate on defined benefit obligation				
Increase : +1%	679.28	126.06	552.57	110.43
Decrease: -1%	801.71	147.67	652.62	126.81
Effect of 1% change in assumed salary escalation rate on defined benefit obligation				
Increase : +1%	797.53	147.93	648.51	127.01
Decrease: -1%	682.21	125.72	554.39	110.16

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.

The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	March 31, 2025		March 31, 2024	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
1st Year	69.73	41.07	63.24	39.80
2nd Year	38.86	4.34	20.49	3.29
3rd Year	65.37	5.83	36.83	5.26
4th Year	44.65	5.09	56.39	5.84
5th Year	38.13	4.52	38.38	5.15
beyond 5th Year	345.73	37.52	308.77	38.85

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

39. Post Employment Benefits (Contd..)

The Weighted Average duration of the Gratuity plan is 9.61 years(2023-24 : 9.72 years and Leave Encashment is 9.53 years (2023-24 : 8.32 years)

40. Assets Pledged as Security

For Non Current Borrowings

Secured by First Charge on Property, Plant and Equipment and Second Charge on Current Assets.

For Current Borroiwngs

Secured by First Charge on Current Assets and Second Charge on PPE (Property, Plant and Equipment).

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings of ₹30,955.57 Lakhs (Previous year ₹27,897.87 Lakhs) are as follows:

Particulars	March 31, 2025	March 31, 2024
Property, Plant and Equipment	53,084.79	43,418.90
Current Assets	55,446.16	53,389.48
Total Assets Pledged as Security	**1,08,530.95**	**96,808.38**

41 Research and Development

41.1 Details of Revenue Expenditure (expensed as and when incurred):

Particulars	March 31, 2025	March 31, 2024
Cost of materials consumed		
Raw Materials Consumed	133.05	103.45
Employee benefits expenses		
Salaries & Wages	619.61	506.14
Contribution to Provident Fund	43.97	34.75
Contribution to ESI	1.48	1.00
Staff Welfare Expenses	43.75	42.03
Other expenses		
Repairs and Maintenance	295.18	288.23
Power and Fuel	59.16	71.32
Testing and analysis charges	25.44	12.29
Rates and Taxes	11.24	11.38
Insurance	5.68	5.96
General Expenses	44.50	34.76
Total	**1,283.06**	**1,111.31**

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

41 Research and Development (Contd..)

41.2 Details of Property, Plant and Equipment:

	Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Intangible Assets	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Gross Carrying Value								
1	**As at March 31, 2023 (1+2)**	**947.17**	**2,465.57**	**26.64**	**56.52**	**9.10**	**10.22**	**3,515.22**
2	Additions (Net off Deletions)	-	40.05	26.94	3.69	-	-	70.68
3	**As at March 31, 2024 (1+2)**	**947.17**	**2,505.62**	**53.58**	**60.21**	**9.10**	**10.22**	**3,585.90**
4	Additions (Net off Deletions)	-	602.83	-	23.15	-	6.25	632.23
5	**As at March 31, 2025 (3+4)**	**947.17**	**3,108.45**	**53.58**	**83.36**	**9.10**	**16.47**	**4,218.13**
Depreciation								
6	**As at March 31, 2023**	**267.98**	**1,067.71**	**10.65**	**50.69**	**7.40**	**8.95**	**1,413.38**
7	Charge for the Year	39.55	174.67	2.63	2.35	1.08	1.17	221.45
8	**As at March 31, 2024 (6+7)**	**307.53**	**1,242.38**	**13.28**	**53.04**	**8.48**	**10.12**	**1,634.83**
9	Charge for the Year	39.55	242.94	4.74	4.94	0.16	0.54	292.87
10	**As at March 31, 2025 (8+9)**	**347.08**	**1,485.32**	**18.02**	**57.98**	**8.64**	**10.66**	**1,927.70**
Net Carrying Value								
11	**As at March 31, 2023 (1-6)**	**679.19**	**1,397.86**	**15.99**	**5.83**	**1.71**	**1.27**	**2,101.84**
12	**As at March 31, 2024 (3-8)**	**639.64**	**1,263.24**	**40.30**	**7.17**	**0.63**	**0.10**	**1,951.07**
13	**As at March 31, 2025 (5-10)**	**600.09**	**1,623.13**	**35.56**	**25.38**	**0.46**	**5.81**	**2,290.43**

Financial Instruments and Risk Management

42. Categories of Financial Instruments

Particulars	Note	Level 1/2/3	As at March 31,2025 Carrying Value			As at March 31,2024 Carrying Value		
			Amortised Cost	FVTPL / FVTOCI	Total	Amortised Cost	FVTPL / FVTOCI	Total
A. Financial Assets								
(a) Measured at Amortised Cost								
(i) Non Current								
(a) Investments	7		4,510.60		4,510.60	4,509.67		4,509.67
(b) Bank Balances	8	-	294.52	-	294.52	268.83	-	268.83
(c) Other Financial Assets	9	-	694.78	-	694.78	517.05	-	517.05
Sub - Total			**5,499.90**	**-**	**5,499.90**	**5,295.55**	**-**	**5,295.55**
(ii) Current								
(a) Trade Receivables	12	-	20,323.36	-	20,323.36	23,623.32	-	23,623.32
(b) Cash and Cash Equivalents	13	-	4,139.27	-	4,139.27	3,603.95	-	3,603.95
(c) Other Bank Balances	14	-	18.70	-	18.70	16.30	-	16.30
(d) Other Financial Assets	15	-	989.26	-	989.26	327.86	-	327.86
Sub - Total			**25,470.59**	**-**	**25,470.59**	**27,571.43**	**-**	**27,571.43**
Total Financial Assets			**30,970.49**	**-**	**30,970.49**	**32,866.98**	**-**	**32,866.98**
B. Financial Liabilities								
(a) Measured at Amortised Cost								
(i) Non Current								
(a) Borrowings	20	-	13,936.42	-	13,936.42	12,208.63	-	12,208.63
(b) lease liabilities	5B		-	-	-	-	-	-
			13,936.42	**-**	**13,936.42**	**12,208.63**	**-**	**12,208.63**

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

42. Categories of Financial Instruments (Contd..)

Particulars	Note	Level 1/2/3	As at March 31,2025			As at March 31,2024		
			Carrying Value			Carrying Value		
			Amortised Cost	FVTPL / FVTOCI	Total	Amortised Cost	FVTPL / FVTOCI	Total
(ii) Current								
(a) Borrowings	23	-	17,139.15	-	17,139.15	15,809.24	-	15,809.24
(b) lease liabilities	5B	-	-	-	-	59.18	-	59.18
(c) Trade Payables	24	-	11,391.20	-	11,391.20	15,132.27	-	15,132.27
(d) Other Financial Liabilities	25	-	3,336.72	-	3,336.72	1,609.26	-	1,609.26
Sub - Total			**31,867.07**	**-**	**31,867.07**	**32,609.95**	**-**	**32,609.95**
Total Financial Liabilities			**45,803.49**	**-**	**45,803.49**	**44,818.58**	**-**	**44,818.58**

43. Fair Value Measurements

43.1 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 observable market data rely as little as possible on entry specific estimates.If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

44. 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.

44.1 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 concentrations 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.

Financial Instruments and Cash Deposits

For banks and financial institutions, only high rated banks/ institutions are accepted. Other Financial Assets (excluding Bank Deposits) majorly constitute deposits given to State Electricity Departments for supply of power, which the company considers

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

44. Financial Risk Management Objectives and Policies (Contd..)

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.

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.

Credit risk is the risk of financial loss to the Company if a customer to a financial instrument fails to meet its contractual obligations and arises primarily from trade receivables, treasury operations etc. The credit risk related to trade receivables is influenced mainly by the individual characteristics of each customer.

The credit risk is managed by the company by establishing credit limits and continuously monitoring the credit worthiness of the customer. The Company also provides for expected credit losses based on the past experience where it believes that there is high probability of default. All trade receivables greater than 180 days are reviewed and provided for by analysing individual receivables.

Following are the Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	March 31, 2025	March 31, 2024
Gross Carrying Amount	20,333.85	23,633.81
Expected Credit Losses (Loss allowance Provision)	10.49	10.49
Net Carrying Amount of Trade Receivables	**20,323.36**	**23,623.32**

Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	Outstanding		Total
	for < 180 days	for > 180 days	
Gross Carrying Amount of Trade Receivables	20,077.42	256.43	20,333.85
Expected Credit Losses (Loss allowance provision)	-	10.49	10.49
Net Carrying Amount of Trade Receivables	**20,077.42**	**245.94**	**20,323.36**

44.2 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:

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
March 31, 2025					
Non Current Borrowings (including Current Maturities)	4,659.22	7,396.18	6,420.24	120.00	18,595.64
Current Borrowings	12,479.93				12,479.93
Interest Accrued but not due	54.30				54.30
Trade Payables	11,391.20				11,391.20
Capital Creditors & other payables	3,272.86				3,272.86
Total	**31,857.51**	**7,396.18**	**6,420.24**	**120.00**	**45,793.93**

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

44. Financial Risk Management Objectives and Policies (Contd..)

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
March 31, 2024					
Non Current Borrowings (including Current Maturities)	4,409.60	8,601.64	3,486.99	120.00	16,618.23
Current Borrowings	11,399.64				11,399.64
Interest Accrued but not due	57.49				57.49
Trade Payables	15,132.27				15,132.27
Capital Creditors & other payables	1,543.12				1,543.12
Total	**32,542.12**	**8,601.64**	**3,486.99**	**120.00**	**44,750.75**

44.3 Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial isntruments 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.

44.3.1. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of change in market interest rates. All the debt obligations of the company are with floating interest rates which is subject to exposure to risk of changes in market interest rates.

Interest rate sensitivity

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

Particulars	Change in basis points		Effect on Profit before Tax	
	Increase	Decrease	Decrease	Increase
March 31, 2025	**0.50%**	**0.50%**	**(155.38)**	**155.38**
March 31, 2024	0.50%	0.50%	(140.09)	140.09

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

44.3.2 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 goods supplied or received 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.

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

44. Financial Risk Management Objectives and Policies

(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 ₹ In Lakhs	Conversion Rate
March 31, 2025				
Trade Receivables	USD	37.666	3224.17	85.60
	EURO	0.495	45.84	92.60
Trade Payables	USD	10.731	936.85	87.30
Other Financial Liabilities	USD	0.204	17.80	87.30

Particulars	Currency	Amount in Foreign Currency	Amount in ₹ In Lakhs	Conversion Rate
March 31, 2024				
Trade Receivables	USD	92.77	7630.19	82.25
	EURO	0.543	48.47	89.35
Trade Payables	USD	17.07	1433.88	84.00
Other Financial Liabilities	USD	0.13	10.83	84.00

(b) Foreign Currency Sensitivity

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

Particulars	Effect on Profit before Tax	
	March 31, 2025	March 31, 2024
USD Sensitivity		
₹/USD - Increases by 1%	23.15	62.34
₹/USD - Decreases by 1%	(23.15)	(62.34)

44.3.3 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.

Company does not have any exposure to price risk, as there is no market based equity investment made by the company

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

45. Capital Management

For the purposes 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 shareholder value.

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

Particulars	March 31, 2025	March 31, 2024
Borrowings including Interest Accrued (Note 20,23 & 25)	31,129.86	28,075.36
Less: Cash and Short Term Deposits (Note 13)	4,139.27	3,603.95
Net Debt	**26,990.59**	**24,471.41**
Equity	886.52	846.52
Other Equity	66,420.45	56,202.26
Total Equity	**67,306.97**	**57,048.78**
Total Capital	**94,297.57**	**81,520.19**
Gearing Ratio (Net Debt/(Net Debt +Total Equity))	0.29	0.30

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

46 Related Party Transactions

(a) Key Management Personnel(KMP)

Name	Relationship
(i) Executive Directors	
Sri. Ramesh Babu Potluri	Chairman and Managing Director
Sri. Vamsi Krishna Potluri	Executive Director
(ii) Non Executive Directors	
Sri Sarath Kumar Pakalapati	Independent Director (up to 11.08.2024)
Sri Shravan Kudravallii	Independent Director
Dr. Smt. Neelaveni Thummala	Independent Director (up to 11.08.2024)
Sri Sarvepalli Srinivas	Independent Director
Dr. Suresh Kumar Gangavarapu	Independent Director (appointed w.e.f. 12.08.2024)
Smt. Shanti Sree Bolleni	Independent Director (appointed w.e.f. 12.08.2024)
Sri. Trilok Potluri	Non- Executive, Non-Independent Director (appointed w.e.f. 12.08.2024)
Dr. Sunkara Venkata Satya Shiva Prasad	Non- Executive, Non-Independent Director (appointed w.e.f. 12.08.2024)
(iii) Others	
Sri. T Lakshmi Narayana	Chief Financial Officer
Sri. T.Thirumalesh	Company Secretary

(b) Associate Company

M/s VKT Pharma Private Limited

(c) Enterprises over which KMP are Interested

M/s SMS LifeSciences India Limited

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

46. Related Party Transactions (Contd..)

(d) Other Related Parties

1. M/s Raghavendra Engineering (India) Private Limited

2. M/s Eswar Coal Movers

(e) subsidiary Company

M/s SMS Peptides private limited

(f) Transactions with Related Parties:

Particulars	March 31, 2025 Amount	March 31, 2024 Amount
Key Management Personnel		
Remuneration (Short Term Employee Benefits)	1,090.00	776.08
Directors Sitting Fees	17.60	15.90
Associate Company		
Purchase of Goods & Services		
Sale of Goods	3,959.76	2,248.45
Other Income	34.44	79.37
Enterprises over which KMP are Interested		
Purchase of Goods & Services	1,924.05	818.24
Sale of Goods	1.86	
Other Income	3.54	
Other Related Parties		
Purchase of Goods & Services	1,734.39	534.34
Balance (Payable)/Receivable at the year end		
Key Management Personnel		
Remuneration Payable	417.08	235.80
Associate Company		
M/s. VKT Pharma Private Limited	3,018.55	1,492.27
Enterprises over which KMP are Interested		
M/s. SMS Lifesciences India Ltd	(622.91)	(418.12)
Other Related Parties	(18.30)	(28.31)
M/s. Raghavendra Engineering India Private Ltd		
Trade Payable	(202.61)	(6.71)
Capital Advances	-	81.64

(f) Note:

i) The above transactions are in the ordinary course of business and are at arm's length price.

ii) 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 Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

47. Segment Information

In accordance with Indian Accounting Standard (Ind AS) 108 on Operating segments, segment information has been given in the consolidated financial statements of the company, and therefore no separate disclosure on segment information is given in these financial statements.

48. Contingent Liabilities

Particulars	March 31, 2025	March 31, 2024
Letter of credits opened in favor of suppliers for which goods are yet to be received	598.05	243.59
Customs Duty against Advance Autharizations	438.48	265.65
NRDC claim against DSIR assistance (Refer No.20.2.1)	63.14	57.53

Income Tax Assessment Order and Management's Position

The Company has received an Income Tax Assessment Order passed under Section 144 r.w.s. 144B of the Income Tax Act, 1961 dated 22.03.2025 for the Assessment Year 2023–24, along with a demand notice of ₹ 4,562.55 Lakhs, including interest and penalty. The assessment order has been issued without considering the Company's submissions/clarifications, by rejecting the books of accounts and making an additional revenue amounting to ₹ 20,703.34 Lakhs on the following grounds:

a) The Assessing Officer has taken turnover of ₹ 74,029.03 Lakhs from CBIC GSTR-1 as against the Company's declared turnover of ₹ 52,205.14 Lakhs.

b) The Company has also obtained confirmation letters from the GST authorities with respect to the turnover declared in GSTR-1 and GSTR-3B for FY 2022–23 (AY 2023–24), which have been submitted to the relevant authorities.

c) Despite the above the Assessing Officer has estimated taxable profit of ₹ 14,805.81 Lakhs, being 20% of the assumed revenues of ₹ 74,029.03 Lakhs.

This rejecting books and estimating profits demonstrates a clear violation of the principles of natural justice, as the Company was not provided with a proper opportunity of being heard.

The turnover of ₹ 74,029.02 Lakhs considered by the Assessing Officer is erroneous, as it includes ₹ 20,703.34 Lakhs, which had already been declared in GSTR-1 in earlier tax periods which do not constitute fresh or additional turnover.

This fact is evidenced in Table 9A (Amendments to Export Supplies) of GSTR-1 and reflected in Table 6A (EXPWP/EXPWOP) of earlier returns, where the Net Differential Amount (Amended – Original) is shown as Nil, confirming that the amendments had no impact on turnover already reported.

Considering the above, the Company has:

- Filed an Appeal before the Commissioner (Appeals),
- Submitted a Grievance Petition before the High-Pitched Assessment Committee,
- Filed a Stay Petition against the demand, and
- Requested that penalty proceedings be kept in abeyance until disposal of the appeals.

Based on the above facts and legal position, the management strongly believes that there will be no financial impact on the Company arising from the said assessment order. Accordingly no provision for tax liability has been considered in the books of accounts.

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

49. Commitments

Particulars	March 31, 2025	March 31, 2024
Capital Commitments	1,045.29	4,424.65

50. Payables to Micro, Small & Medium 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	March 31, 2025	March 31, 2024
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	9.64	95.79
(ii) Interest paid on payments beyond the appointed day paid to the suppliers during the year	-	-
(iii) Interest due and payable for the delay in making payment (which have been paid but beyond the appointed day during the year but without adding the interest).	-	-
(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 Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company regarding the status of registration of such vendors under the said Act,as per the intimation received from them on requests made by the company . This has been relied upon by the auditors.The balance payable to MSME creditors are not due as on March 31,2025, so interest has not been provided.

51. Ratios

The following are analytical ratios for the year ended March 31, 2025 and March 31, 2024

Particulars	March 31, 2025	March 31, 2024	Variance	Numerator	Denominator	Change in ratio in excess of 25% compared to preceeding year
Current Ratio	1.71	1.61	6%	Total Current Assets	Total Current Liabilities	
Debt-Equity Ratio	0.46	0.49	(6%)	Total Debt(1)	Shareholder's Equity	
Debt Service Coverage Ratio	2.31	1.97	17%	Earnings available for Debt Service (2)	Debt Service(3)	
Return on Equity(ROE)	11.00%	9.28%	19%	Net Profit after Taxes	Average Shareholder's Equity	
Inventory Turnover Ratio	3.02	3.03	0%	Revenue From Sale of Products	Average Inventory	
Trade Receivables Turnover Ratio	3.56	3.67	(3%)	Revenue From Operations excluding export incentives	Average Trade Receivables	
Trade Payables Turnover Ratio	3.67	3.36	9%	Purchases	Average Trade Payables	

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

51. Ratios (Contd..)

Particulars	March 31, 2025	March 31, 2024	Variance	Numerator	Denominator	Change in ratio in excess of 25% compared to preceeding year
Net Capital Turnover Ratio	3.40	3.51	(3%)	Revenue From Operations	Working Capital(4)	
Net Profit Ratio	8.74%	6.97%	25%	Net Profit	Revenue From Operations	The Variance is due to increase in profit after tax.
Return on Capital Employed(ROCE)	12.97%	10.88%	19%	Earnings befor Interest and Taxes(EBIT)	Capital Employed(5)	

(1) Long-Term borrowings + Short-Term borrowings +Interest accrued but not due

(2) Profit After Tax + Non-operating cash exp like depreciation + Interest

(3) Interest on Borrowings +lease payments+ Principal repayments

(4) Current assets - current liabilities

(5) Shareholder's Equity+ Total debt including interest accrued -Cash & Cash Equivalents

52. 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.

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

Notes to Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

52. Other statutory information (Contd..)

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.

x) The Company has not entered into any scheme of arrangements which has an accounting impact on current and previous 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.

53. Previous year figure have been regrouped and reclassified wherever considered necessary to confirm to this year's classifications.

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

As per our report of even date
for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

MUKTHA PRABHAKAR
Partner
M.No. 200247

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

Place: Hyderabad
Date : May 30, 2025

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Independent Auditor's Report

To the Board of Directors of **SMS Pharmaceuticals Limited**

Report on the Audit of the Ind AS Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **SMS Pharmaceuticals Limited** (hereinafter referred to as "the holding Company") and its associate (Holding Company, its subsidiary and its associate together referred to as "the Group") which comprise the consolidated balance sheet as at 31 March 2025, 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("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2025, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the 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	Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)-Refer note-27 to the Consolidated financial statements	Principal Audit Procedures We assessed the holding company's process to identify the impact of adoption of the new revenue accounting standard. 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 new revenue accounting standard. • 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, re-performance 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 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, Business Responsibility 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 Holding 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 specified under section 133 of the Act and other accounting principles generally accepted in India. The respective Boards 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 Directors of the Company, 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 the respective entities or to cease operations, or has 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding company, its subsidiary and its associate 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. We are responsible for the direction, supervision and performance of the audit of the financial statements of holding company for which we are the independent auditors. For the subsidiary company and associate company included in the consolidated financial statements, have been audited by the other auditors, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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 consolidated financial statements include the Group's share of profit after tax of ₹ 173.68 lakhs for the year ended March 31, 2025, as considered in the consolidated financial statements, in respect of one subsidiary and one associate whose financial statements have not been audited by us. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and associate is based solely on the report(s) of such other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on the separate financial statements referred to in the other matter section above, 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, 2025 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary company and associate company incorporated in India, none of the directors of the holding company, its subsidiary and its associate incorporated in India is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**" which is based on the auditors' reports of the holding company, its subsidiary and its associate company incorporated in India. 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 holding company, its subsidiary and such associate to their respective directors during the year is in accordance with the provisions of section 197 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 48 to the consolidated financial statements.

ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii) During the year ended March 31, 2025, the company has duly transferred an amount of ₹ 0.58 lakhs to Investor Education and Protection Fund, relating to the unclaimed dividends.

iv) (a) The respective Managements of the holding company, its subsidiary and its associate which is 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 51(vii) 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 or associate 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, its subsidiary or any of such associate or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the holding company, its subsidiary and associate which is 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 51(viii) 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 or associate 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 or associate 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 that performed by the auditors of subsidiary and associate which are incorporated in India whose financial statements have been audited under the Act, nothing has come to our or the other auditor's notice that has caused us or the other auditors 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) (i) Based on our examination which includes test checks performed by us on the holding Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2025 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. We have not come across any instance of audit trail feature being tampered with, in respect of the accounting software where such feature is enabled.

(ii) Based on the reports of the respective auditors of subsidiary company and associate company which are incorporated in India, the subsidiary company and associate company have used accounting software for maintaining its books of account and the same has been operated throughout the year for all relevant transactions recorded in the software.

v) The dividend declared or paid during the year by the holding company is incompliance with Section 123 of the Act. No dividend has been declared or paid during the year by its subsidiary or associate company.

2. With respect to the matters specified in clause (xxi) of paragraph 3 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 and auditor of subsidiary and associate company to which CARO is applicable, as provided to us by the management of the company , we report that there are no qualifications or adverse remarks in these CARO reports.

For **Suryanarayana & Suresh.,**
Chartered Accountants
Reg. No.006631S

Muktha Prabhakar
Partner
M.No.200247
UDIN: 25200247BMUJKB3800

Place: Hyderabad
Date: May 30, 2025

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 SMS Pharmaceuticals Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143of 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, 2025, we have audited the internal financial controls with reference to financial statements of **SMS Pharmaceuticals Limited** (hereinafter referred to as the “the holding company”), its subsidiary and its associate company, which are incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Boards of Directors of the Company, its subsidiary and its Associate company, which are 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, its subsidiary and its associate company, which are 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 consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor’s 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 and the audit evidence obtained by the other auditor of the subsidiary company and the other auditor of the associate company, in terms of their reports referred 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, its subsidiary and its associate company, which are incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the 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 over financial reporting includes those policies and procedures that (1)pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the other matter paragraph below, the holding company, its subsidiary and its associate company which are incorporated in India, have in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2025 based on the criteria for internal financial control with reference to consolidated financial statements 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 consolidated financial statements issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to subsidiary company and an associate company which are incorporated in India, is based solely on the corresponding report of the auditors of such subsidiary company and associate company.

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

For **Suryanarayana & Suresh.,**
Chartered Accountants
Reg. No.006631S

Muktha Prabhakar
Partner
M.No.200247
UDIN: 25200247BMUJKB3800

Place: Hyderabad
Date: May 30, 2025

Consolidated Balance Sheet

as at March 31, 2025

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S. No	Particulars	Note	As at 31.03.2025	As at 31.03.2024
I	**ASSETS**			
1	**Non-Current Assets**			
	(a) Property, Plant and Equipment	4	53,084.79	43,418.90
	(b) Capital Work-in-Progress	4	3,467.14	3,027.17
	(c) Right-of-use Assets	5A	-	40.98
	(d) Intangible Assets	6	212.96	265.95
	(e) Financial Assets:			
	(i) Investments	7	1,167.91	1,093.78
	(ii) Bank Balances	8	294.52	268.83
	(iii) Other Financial Assets	9	694.78	517.05
	(f) Other Non-Current Assets	10	899.23	1,387.12
	Total Non-Current Assets		**59,821.33**	**50,019.78**
2	**Current Assets**			
	(a) Inventories	11	28,472.92	23,369.78
	(b) Financial Assets			
	(i) Trade Receivables	12	20,323.36	23,623.32
	(ii) Cash and Cash Equivalents	13	4,139.91	3,603.95
	(iii) Bank Balances (Other than (ii) above)	14	18.70	16.30
	(iv) Other Financial Assets	15	989.26	327.86
	(c) Other Current Assets	16	1,463.94	2,275.45
	(d) Current Tax Asset (Net)	17	38.71	172.82
	Total Current Assets		**55,446.80**	**53,389.48**
	TOTAL ASSETS		**1,15,268.13**	**1,03,409.26**
II	**EQUITY AND LIABILITIES**			
1	**Equity:**			
	(a) Equity Share Capital	18	886.52	846.52
	(b) Other Equity	19	63,077.91	52,786.37
	Attributable to owners of the Company		**63,964.43**	**53,632.89**
	Non -Controlling Interest		0.01	-
	Total Equity		**63,964.44**	**53,632.89**
2	**LIABILITIES**			
A	**Non-Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	20	13,936.42	12,208.63
	(ii) Lease Liabilities	5B	-	-
	(b) Provisions	21	120.65	116.01
	(c) Deferred Tax Liabilities (Net)	22	4,809.76	4,279.89
	Total Non-Current Liabilities		**18,866.83**	**16,604.53**
B	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	23	17,139.15	15,809.24
	(ii) Lease Liabilities	5B	-	59.18
	(iii) Trade Payables:	24		
	(a) Trade Payables - MSME		9.64	95.79
	(b) Trade Payables Otherthan MSME		11,382.04	15,036.48
	(iv) Other Financial Liabilities	25	3,336.72	1,609.26
	(b) Provisions	21	110.80	103.04
	(c) Other Current Liabilities	26	458.51	458.85
	Total Current Liabilities		**32,436.86**	**33,171.84**
	Total Liabilities		**51,303.69**	**49,776.37**
	TOTAL EQUITY AND LIABILITIES		**1,15,268.13**	**1,03,409.26**
	Summary of Material Accounting Policies	3		

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date
for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

MUKTHA PRABHAKAR
Partner
M.No. 200247

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

Place: Hyderabad
Date : May 30, 2025

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Consolidated Statement of Profit and Loss

for the Year ended March 31, 2025

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S. No	Particulars	Note	For the Yer Ended 31-03-2025	For the Yer Ended 31.03.2024
1	**Income**			
	Revenue from Operations	27	78,274.81	70,926.34
	Other Income	28	622.44	445.97
	Total Income		**78,897.25**	**71,372.31**
2	Expenses			
	Cost of Materials Consumed	29	50,187.24	42,526.49
	Changes in Inventories of finished goods, work-in-progress and stock-in-trade	30	(6,481.39)	(100.00)
	Manufacturing Expenses	31	8,635.04	7,344.30
	Employee Benefits Expense	32	8,008.42	6,414.97
	Finance Cost	33	1,854.09	2,345.68
	Depreciation and Amortization Expense	34	3,433.73	3,151.57
	Other Expenses	35	4,026.37	3,078.62
	Total Expenses		**69,663.50**	**64,761.63**
3	**Profit Before Tax (1-2)**		**9,233.75**	**6,610.68**
4	**Tax Expense**	36		
	(a) Current Tax			
	(i) relating to Current Year		1,990.00	1,500.00
	(ii) relating to Earlier Year		(25.94)	12.79
	(b) Deferred Tax		529.87	177.89
	Total Tax Expense		**2,493.93**	**1,690.68**
5	**Profit for the year (3-4)**		**6,739.82**	**4,920.00**
6	**Share of Profit/(Loss) in associate companies**		**173.68**	**62.60**
7	**Net Profit/(loss) after taxes and share of loss from Associates (5+6)**		**6,913.50**	**4,982.60**
8	**Attributable to**			
	Shareholders of the Company		6,913.56	4,982.60
	Non-Controlling Interests		(0.06)	-
			6,913.50	**4,982.60**
9	**Other Comprehensive Income / (Loss)**			
	Items that will not be reclassified to Profit/Loss	37		
	(a) Re-measurement gain/(loss) of the defined benefit plans		(67.28)	7.04
	(b) Tax on Re-measurement gain/(loss) of the defined benefit plans		16.93	(1.77)
	(c) Share of Other Comprehensive Income in Associates		(2.84)	1.99
	(d) Share of Income Tax effect on the above in Associates		0.74	(0.52)
	Other Comprehensive Income/(Loss), After Tax for the year Attributable to			
	Shareholders of the Company		(52.45)	6.74
	Non-Controlling Interests		-	-
			(52.45)	**6.74**
	Other Comprehensive Income/(Loss), After Tax for the year		(52.45)	6.74
10	**Total Comprehensive Income for the Year(5+6)**		**6,861.05**	**4,989.34**
	Shareholders of the Company		6,861.11	4,989.34
	Non-Controlling Interests		(0.06)	-
11	**Earnings Per Share (Face Value of Re.1 each)**	38		
	- Basic and Diluted		8.16	5.89
	Summary of Material Accounting Policies	3		

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date
for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

MUKTHA PRABHAKAR
Partner
M.No. 200247

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

Place: Hyderabad
Date : May 30, 2025

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Consolidated Statement of Changes in Equity

for the Year Ended March 31, 2025

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

a. Equity Share Capital

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number of Shares	Amount (₹)	Number of Shares	Amount (₹)
As at the Beginning of the Year	8,46,52,030	846.52	8,46,52,030	846.52
Changes in Equity Share Capital (refer note No. 18.1)	40,00,000	40.00	-	-
As at the End of the Year	**8,86,52,030**	**886.52**	**8,46,52,030**	**846.52**

b. Other Equity

Particulars	Reserves & Surplus						
	Securities Premium	Capital Redemption Reserve	General Reserve	Money Received against Share Warrants	Retained Earnings	Non-Controlling Interests	Total Other Equity
Balance as at April 01, 2023	6,981.84	155.00	9,304.28	-	28,764.88		45,206.00
Profit for the Year					4,982.60		4,982.60
Other Comprehensive Income/ (Loss), After Tax for the year					6.74		6.74
Total Comprehensive Income for the Year	**-**	**-**	**-**	**-**	**4,989.34**		**4,989.34**
Transfer to General Reserve			1,000.00	-	(1,000.00)		-
Money Received against Share warrants				2,857.50			2,857.50
Issue Expenses on Share Warrants					(12.51)		(12.51)
Payment of dividends (including tax)					(253.96)		(253.96)
Balance as at March 31, 2024	**6,981.84**	**155.00**	**10,304.28**	**2,857.50**	**32,487.75**		**52,786.37**
Balance as at April 01, 2024	6,981.84	155.00	10,304.28	2,857.50	32,487.75		52,786.37
Profit for the Year					6,913.56	(0.06)	6,913.50
Other Comprehensive Income/(Loss), After Tax for the year					(52.45)		(52.45)
Total Comprehensive Income for the Year					**6,861.11**	**(0.06)**	**6,861.05**
Acquisition of Non contorling interest						0.07	0.07
Transfer to General Reserve			1,000.00	-	(1,000.00)		-
Share warrants coverted in to 40,00,000 equity shares ₹1/- each fully paid up at an issue price ₹ 127/- (including premium ₹126/-)	5,040.00						5,040.00
Money Received against Share warrants				3,810.00			3,810.00
Less: Converted into shares during the current year				(5,080.00)			(5,080.00)
Issue Expenses on Share Warrants					(0.97)		(0.97)
Payment of dividends (including tax)					**(338.61)**		**(338.61)**
Balance as at March 31, 2025	**6,981.84**	**155.00**	**11,304.28**	**1,587.50**	**38,009.28**	**0.01**	**63,077.91**

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date
for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

MUKTHA PRABHAKAR
Partner
M.No. 200247

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

Place: Hyderabad
Date : May 30, 2025

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Consolidated Statement of Cash Flow

for the Year Ended March 31, 2025

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S No	Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
A	**Cash Flow from Operating Activities**		
	Profit Before Tax	9,233.75	6,610.68
	Adjustments for:		
	Depreciation and Amortisation Expense	3,433.73	3,151.57
	Interest Income	(20.78)	(16.77)
	Interest on lease liability	11.05	12.00
	Interest on Borrowings	1,732.09	2,235.79
	Provision for Employee Benefits	(37.94)	(20.33)
	Amortisation of Transaction Cost on Borrowings	14.68	15.55
	Profit on Sale of Assets	(3.33)	(4.27)
	Loss on Sale of Assets	1.28	0.54
	Unrealised Profit in Associate Company Sales	97.53	22.49
		14,462.06	**12,007.25**
	Change in Operating Assets and Liabilities		
	(Increase)/Decrease in Trade Receivables	3,299.96	(8,784.70)
	(Increase)/Decrease in Inventories	(5,103.14)	(1,019.84)
	(Increase)/Decrease in Other Non Current Financial Assets	(177.73)	(8.55)
	(Increase)/Decrease in Other Non Current Asset	487.89	(826.08)
	(Increase)/Decrease in Other Current Financial Assets	(657.31)	331.15
	(Increase)/Decrease in Other Current Assets	811.51	(381.61)
	(Increase)/Decrease in Prepaid Taxes	153.39	430.64
	Increase/(Decrease) in Trade Payables	(3,740.59)	4,386.77
	Increase/(Decrease) in Other Financial Liabilities	618.57	224.61
	Increase/(Decrease) in Other Current Liabilities	(0.34)	192.83
		(4,307.79)	**(5,454.78)**
	Cash generated from Operations	**10,154.26**	**6,552.47**
	Income Taxes Paid	(1,983.34)	(1,540.00)
	Net Cash Inflow from Operating Activities "A"	**8,170.92**	**5,012.47**
B	**Cash flow from Investing Activities**		
	Purchase of Property, Plant and Equipment	(12,337.98)	(5,216.00)
	Sale of Property, Plant and Equipment	5.60	8.80
	Investment in Deposits	(1.49)	(0.65)
	Margin Money Deposits	(25.69)	(15.22)
	Interest Received on Margin Money Deposit	16.68	15.87
	Net Cash Inflow (Outflow) from Investing Activities "B"	**(12,342.89)**	**(5,207.20)**

Consolidated Statement of Cash Flow

for the Year Ended March 31, 2025

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S No	Particulars	For the Year ended 31st March, 2025	For the Year ended 31st March, 2024
C	**Cash Flow from Financing Activities**		
	Proceeds from Long Term Borrowings	6,372.38	4,508.63
	Repayment of Long Term Borrowings	(4,409.66)	(3,776.36)
	Proceeds from Short Term Borrowings	1,080.29	2,020.71
	Interest paid on Borrowings	(1,735.29)	(2,175.16)
	Repayment of Lease Liability	(70.22)	(103.74)
	Net Proceeds from issue / conversion of Share Warrants	3,809.03	2,847.78
	Dividend Paid to Company's Shareholders	(338.61)	(253.96)
	Net Cash Inflow (Outflow) from Financing Activities "C"	**4,707.92**	**3,067.90**
	Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C)	**535.96**	**2,873.17**
	Cash and Cash Equivalents at the beginning of the Financial Year	3,603.95	730.78
	Cash and Cash Equivalents at end of the Year	**4,139.91**	**3,603.95**

1. 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.

2. Previous year figures have been regrouped/reclassified to confirm to current year classification.

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date
for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

MUKTHA PRABHAKAR
Partner
M.No. 200247

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

Place: Hyderabad
Date : May 30, 2025

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

1. Corporate Information:

The Consolidated financial statements comprise financial statements of **SMS Pharmaceuticals Limited** (the 'Company') and its share of the net profit after tax and other comprehensive income of its associate (the holding company and its associate hereinafter referred to as the 'Group') for the year ended March 31,2025.The Company is a company limited by Shares domiciled in India incorporated under the Provisions of Companies Act applicable in India. The registered office of the company is Plot No.72, H.No.8-2-334/3&4, Road No.5, Opp. SBI Executive Enclave, Banjara Hills, Hyderabad-500 034, 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 Bachupally, Hyderabad in the State of Telangana and also at Kandivalasa Village, Poosapatirega Mandal, Vijayanagaram District in the State of Andhra Pradesh. Apart from manufacturing facilities, the Company is also having Research & Development Center at Gagillapur, Hyderabad in the State of Telangana.

2. Basis of preparation of Consolidated Financial Statements

2.1 Statement of Compliance

The consolidated financial statements of the Group 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 consolidated financial statements have been prepared by the Group as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2025. These Consolidated Financial Statements for the year ended March 31, 2025 were authorized and approved for issue by the Board of Directors on May 29,2025.

3. Summary of Material Accounting Policies:

The consolidated 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.

3.1 Basis of Consolidation:

When there is a power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those polices ,it is concluded that existence of significant influence.

Generally, there is a presumption that if the group holds ,directly or indirectly , 20% or more of the voting power of the investee results in existence of significant influence. To support this presumption and when the group has less than 20% or more of the voting power of the investee, the group considers all relevant facts and circumstances whether it has a power to participate in the financial and operating policy decisions of the investee.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

(i) Investment in Associate Company:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associate are incorporated in these Consolidated Financial Statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105 – Non-current Assets Held for Sale and Discontinued Operations.

The consolidation procedure is as follows:

i) Net profit after tax of associate group is recognized in the Group's financial statements only to the extent of Group's share in associate group.

ii) other comprehensive income of associate group is recognized in the Group's financial statements only to the extent of Group's share in associate group.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

iii) Gains and losses resulting from 'upstream' and 'downstream' transactions between the group and its associate are recognized only to the extent of unrelated investors interests in the associate .

iv) When necessary, adjustments are made to the financial statements of associate company to bring their accounting policies into line with the Group's accounting policies.

(ii) Joint Venture:

The Group also has one joint venture namely Chemo SMS Enterprises SL in which there were no financial operations during the year.

3.2 Current and Non- Current Classification:

The Group 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 Group'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.

3.3 Basis of Measurement

The consolidated 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.

ASSETS:

i. 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:

(i) 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 non-current 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 Group has identified twelve months as its Operating Cycle.

3.4 Revenue Recognition:

Revenue is recognized upon transfer of control of promised products or services to customers in 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.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

The specific recognition criteria described below must also be met before revenue is recognised.

The Group'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.

In arriving at the transaction price, the Group considers the terms of the contract with the customers and its customary business practices. The transaction price is the amount of consideration the Group 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 Group 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).

3.5 Foreign Currency Transactions:

(i) Functional and Presentation Currency:

The consolidated financial statements are presented in Indian Rupee ('INR' or '₹') which is also the functional 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 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 group 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.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(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.

3.6 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 Group. 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 ₹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 itexm 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.

(vi) Impairment :

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.

3.7 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.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

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 is 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.

3.8 Leases:

The group 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.

Group as a lessee

At the date of commencement of the lease, the group 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 Group 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 group is reasonably certain to be exercised that option 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 being the rate that the group 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 remeasured 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 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 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.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Group as a Lessor:

Leases in which the Group 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.

3.9 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 group 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.

3.10 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 Group's cash management.

3.11 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 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.

(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 Group has transferred its rights to receive cash flows from the asset.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(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 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.

(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 non-cash 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 group 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 realise the assets and settle the liabilities simultaneously.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(v) Impairment of Trade Receivables

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

For this purpose, the group 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 group 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 Group in accordance with the contract and all the cash flows that the Group expects to receive.

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

(vi) Impairment of 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.

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.

3.12 Income Taxes:

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.

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.

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

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(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 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.

3.15 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.

3.16 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 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.

3.17 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 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 Group's Board of Directors.

3.18 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.

3.19 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 adequate resources to complete the asset
- The ability to measure reliability the expenditure during development.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

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.

3.20 Employee Benefits:

(i) Defined Contribution Plan:

The Group'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 Group's contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan. The Group has no further obligations once the contributions have been paid to the Fund.

(ii) Defined Benefit Plan:

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) 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.

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 up to 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.

(iii) Other Long-Term Employee Benefits

The Group 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.

3.21 Earnings per Share:

Basic earnings per share is 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.

3.22 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.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

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 group 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.

3.23 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.

3.24 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.

3.25 Critical accounting Estimates and Judgements:

The Preparation of financial statements in conformity with Ind AS requires Management to make Judgements, 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.

3.26 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 year 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

3.27 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 to the Companies Act, 2013 unless otherwise stated.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

4. Property, Plant and Equipment

Particulars	Land	Buidings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
I Year Ended March 31, 2024											
a Gross Carrying Amount											
1 Opening Gross Carrying Amount	421.30	13,078.11	41,587.33	720.88	213.75	244.46	126.82	421.26	152.75	56,966.66	3,319.05
2 Additions	-	332.75	3,306.21	1,646.03	54.49	31.11	4.86	103.16	-	5,478.61	5,093.16
3 Disposals/Transfers	-	-	(55.28)	-	-	-	-	-	-	(55.28)	(5,385.04)
4 Closing Gross Carrying Amount as at March 31, 2024 (1+2+3)	**421.30**	**13,410.86**	**44,838.26**	**2,366.91**	**268.24**	**275.57**	**131.68**	**524.42**	**152.75**	**62,389.99**	**3,027.17**
b Accumulated Depreciation and Impairment											
5 Opening Accumulated Depreciation	-	2,266.10	12,776.40	173.54	174.59	114.84	90.32	313.55	107.36	16,016.70	-
6 Depreciation Charge during the Year	-	450.89	2,404.67	39.26	20.86	21.15	19.13	18.57	26.07	3,000.60	-
7 Disposals	-	-	(46.21)	-	-	-	-	-	-	(46.21)	-
8 Closing Accumulated Depreciation and Impairment as at March 31, 2024 (5+6+7)	**-**	**2,716.99**	**15,134.86**	**212.80**	**195.45**	**135.99**	**109.45**	**332.12**	**133.43**	**18,971.09**	**-**
c Net Carrying Amount as at March 31, 2024 (4-8)	421.30	10,693.87	29,703.40	2,154.11	72.79	139.58	22.23	192.30	19.32	43,418.90	3,027.17
II Year Ended March 31, 2025											
a Gross Carrying Amount											
1 Opening Gross Carrying Amount	421.30	13,410.86	44,838.26	2,366.91	268.24	275.57	131.68	524.42	152.75	62,389.99	3,027.17
2 Additions	-	2,249.35	10,149.73	118.30	51.75	7.32	22.35	330.24	25.90	12,954.94	13,172.59
3 Disposals/Transfers	-	-	(3.91)	-	-	-	-	(33.38)	-	(37.29)	(12,732.62)
4 Closing Gross Carrying Amount as at March 31, 2025 (1+2+3)	**421.30**	**15,660.21**	**54,984.08**	**2,485.21**	**319.99**	**282.89**	**154.03**	**821.28**	**178.65**	**75,307.64**	**3,467.14**
b Accumulated Depreciation and Impairment											
5 Opening Accumulated Depreciation	-	2,716.99	15,134.86	212.80	195.45	135.99	109.45	332.12	133.43	18,971.09	-
6 Depreciation Charge during the Year	-	463.50	2,579.10	117.56	32.15	19.67	6.71	50.77	16.05	3,285.51	-
7 Disposals	-	-	(2.99)	-	-	-	-	(30.76)	-	(33.75)	-
8 Closing Accumulated Depreciation and Impairment as at March 31, 2025 (5+6+7)	**-**	**3,180.49**	**17,710.97**	**330.36**	**227.60**	**155.66**	**116.16**	**352.13**	**149.48**	**22,222.85**	**-**
c Net Carrying Amount as at March 31, 2025 (4-8)	**421.30**	**12,479.72**	**37,273.11**	**2,154.85**	**92.39**	**127.23**	**37.87**	**469.15**	**29.17**	**53,084.79**	**3,467.14**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

4 Property, Plant and Equipment (Contd..)

4.1 Property, Plant and Equipment includes relating to Research and Development activities (Refer Note. 41).

4.2 The title deeds of all immovable properties are held in the name of the Company.The Company has not revalued its property,plant and equipment during the year or in the previous year.

4.3 Refer note 49 for disclosure of contractual commitments for the acquisition of property, plant and equipment for an amount of ₹ 1,045.29 lakhs (31st March 2024 ₹ 4,424.65 lakhs)

4.4 Refer note 40 for information on Property, Plant and Equipment pledged as security by the Company

4.5 Capital work-in-progress (CWIP) ageing Schedule :

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
For the year ended March 31, 2025					
Projects in progress	3,432.14	-	-	35.00	3,467.14
Projects temporarily suspended	-	-	-	-	-

The amount of ₹35.00 Lakhs shown above under 'more than 3 years' category is the cost incurred towards purchase of software and the same was not yet installed.

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
For the year ended March 31, 2024					
Projects in progress	1,512.64	1,479.53	-	35.00	3,027.17
Projects temporarily suspended	-	-	-	-	-

The amount of ₹35.00 Lakhs shown above under 'more than 3 years' category is the cost incurred towards purchase of software and the same was not yet installed.

5 Right of Use Assets and Lease Liability

5A Right of Use Assets

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2025 and March 31,2024:

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	40.98	105.23
Reclassification on change in Lease liability	-	4.44
Depreciation	40.98	59.81
Closing Balance	**-**	**40.98**

The depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

5 Right of Use Assets and Lease Liability (Contd..)

5B Lease Liability

The following is the movement in lease liabilities during the year ended March 31,2025 and March 31,2024 :

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	59.18	155.35
Reclassification on change in Lease liability	-	(4.44)
Finance cost accrued during the year	-	12.00
Payment of lease liabilities	59.18	(103.74)
Closing Balance	**-**	**59.18**

The following is the breakup of current and non-current lease liabilities as at March 31,2025 and March 31,2024 :

Particulars	As at March 31, 2025	As at March 31, 2024
Non-current lease liabilities	-	-
Current lease liabilities	-	59.18
Total	**-**	**59.18**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31,2025 on an undiscounted basis

Particulars	As at March 31, 2025	As at March 31, 2024
Less than one year	-	61.45
One to five years	-	-
More than five years	-	-
Total	**-**	**61.45**

As at the reporting date, the lease terms and related conditions are under negotiation with the lessor.

The Company has also taken office premises for lease in Vishakapatnam and the said lease is revocable by either of the parties with one month prior intimation. During the year, the company has paid lease rental of ₹2.35 lakhs (Previous Year ₹2.24 lakhs). and recognised the lease rentals on a straight line basis over the lease term.

The above lease is no longer enforceable as per Ind AS 116 because the both parties has the right to terminate the lease without significant penalty. Hence, disclosure requirement under Ind AS 116 "Leases" is not required.

5.1 Operating Lease Commitments - Company as Lessor :

The Company has given on Lease of its part premises in Corporate office for an amount of 1.32 lakhs per month to an associate company

The company has also given for sub lease of part of its premises in R & D Gagilapur to associate company. The Company has recognized income for total amount of ₹23.83 lakhs (Previous Year ₹22.27 lakhs) under the head of other income.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

6 Intangible Assets

Particulars	Computer Software	Patents	Total
(1)	(2)	(3)	(4)
I Year Ended March 31, 2024			
a Gross Carrying Amount			
1 Opening Gross Carrying Amount as at April 01, 2023	86.85	332.74	419.59
2 Additions	24.14	186.41	210.55
3 Closing Gross Carrying Amount as at March 31, 2024 (1+2)	**110.99**	**519.15**	**630.14**
b Accumulated Amortisation and Impairment			
4 Opening Accumulated Amortisation as at April 01, 2023	67.96	205.07	273.03
5 Amortisation Charge during the year	4.92	86.24	91.16
6 Closing Accumulated Amortisation and Impairment as at March 31, 2024 (4+5)	**72.88**	**291.31**	**364.19**
c Closing Net Carrying Amount as at March 31, 2024 (3-6)	**38.11**	**227.84**	**265.95**
II Year Ended March 31, 2025			
a Gross Carrying Amount			
1 Opening Gross Carrying Amount as at April 01, 2024	110.99	519.15	630.14
2 Additions	39.25	14.99	54.24
3 Closing Gross Carrying Amount as at March 31, 2025 (1+2)	**150.24**	**534.14**	**684.38**
b Accumulated Amortisation and Impairment			
4 Opening Accumulated Amortisation as at April 01, 2024	72.88	291.31	364.19
5 Amortisation Charge during the year	12.15	95.08	107.23
6 Closing Accumulated Amortisation and Impairment as at March 31, 2025 (4+5)	**85.03**	**386.39**	**471.42**
c Closing Net Carrying Amount as at March 31, 2025 (3-6)	**65.21**	**147.75**	**212.96**

7 Non-Current Investments

Particulars	As at March 31, 2025		As at March 31, 2024	
	No. of Shares	Amount	No. of Shares	Amount
(Unquoted, carried at cost)				
(i) Investment in Associates (fully paid up)				
Equity Shares of ₹10/- each in M/s. VKT Pharma Private Limited	38,50,165	1,158.11	38,50,165	1,083.98
(ii) Investment in LLP Provenio Astral International LLP	4.90%	9.80	4.90%	9.80
Total		**1,167.91**		**1,093.78**
Aggregate amount of unquoted investments		1,167.91		1,093.78
Aggregate amount of quoted investments and market value		-		-
Aggregate amount of impairment in the value of investment		-		-

7.1 As at March 31, 2025, the Company holds 34.83% of the total paid-up equity share capital of the said Associate Company (March 31, 2024: 36.55%). The reduction in the Company's shareholding is on account of dilution of equity consequent to fresh issuance of shares by the Associate Company.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

8 Bank Balances

Particulars	As at March 31, 2025	As at March 31, 2024
Margin Money Deposits	294.52	268.83
Total	**294.52**	**268.83**

8.1 Margin Money Deposits are subject to the first charge against Bank guarantees and /are Letters of Credit.

9 Other Non-Current Financial Assets

Particulars	As at March 31, 2025	As at March 31, 2024
Security Deposits	694.78	517.05
Total	**694.78**	**517.05**

10 Other Non-Current Assets

Particulars	As at March 31, 2025	As at March 31, 2024
Capital Advances	899.23	1,387.12
Total	**899.23**	**1,387.12**

10.1 Capital Advances includes an amount of Nil (Previous Year ₹81.64 lakhs) paid to M/s Raghavendra Engineering Industries India Pvt Ltd who is a related party (Refer note. 46)

10.2 An amount of ₹304.91 lakhs was included in the Capital Advances paid on account of land admeasuring AC 23.00 in JNPC, Parwada, Visakhapatnam District, and the amount so paid is equivalent to 100% land cost to APIIC and about 80% of development cost to Ramky Pharmacity respectively. Due to the cancellation of part of land allotted to the company in earlier, the company has filed a Writ Petition before the Hon'ble High Court of Telagana and the Court has granted stay and the case is pending.

11 Inventories

(Cost or Net Realisable Value, whichever is lower and as valued and certified by the management)

Particulars	As at March 31, 2025	As at March 31, 2024
Raw Materials	7,369.83	8,773.83
Stock-in-Process	12,612.76	9,046.59
Finished Goods	8,397.12	5,481.89
Coal & Fuel	93.21	67.47
Total	**28,472.92**	**23,369.78**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

12 Trade Receivables

Particulars	As at March 31, 2025	As at March 31, 2024
Current - Unsecured		
(i) Considered Good	17,304.81	22,131.05
(ii) Receivable from related parties (Refer note 46)	3,018.55	1,492.27
(iii) Credit Impaired	10.49	10.49
	20,333.85	**23,633.81**
Less: Allowance for Credit Impaired	10.49	10.49
Total	**20,323.36**	**23,623.32**

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) Of the trade receivables Amount, ₹ 9206.34 in aggregate (as at March 31, 2024 ₹13,786.87) is due from the Company's customers individually representing more than 5 % of the total trade receivables.

c) During the reporting period the company has not provided doubtful debts by considering the track record of receivables and continued the existing provision on doubtful debts.

Movement in the expected credit loss allowance

Particulars	As at March 31, 2025	As at March 31, 2024
Balance at the beginning of the year	10.49	10.49
Movement in expected credit loss allowance on trade receivables	-	-
Balance at the end of the year	**10.49**	**10.49**

Trade Receivables ageing Schedule for the year ended March 31, 2025 :

Particulars	Not Due	Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	Total
i) Undisputed Trade Receivables - Considered Good	15,798.77	4,278.65	245.94		-		20,323.36
ii) Undisputed Trade Receivables - Which have significant Increase in Credit Risk	-	-	-	-	-		-
iii) Undisputed Trade Receivables - Credit Impaired	-	-	10.49	-	-		10.49
iv) Disputed Trade Receivables	-	-	-	-	-		-
	15,798.77	**4,278.65**	**256.43**	**-**	**-**		**20,333.85**

Trade Receivables ageing Schedule for the year ended March 31, 2024 :

	Not Due	Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	Total
i) Undisputed Trade Receivables - Considered Good	17,742.61	5,855.52	21.83	3.36	-		23,623.32
ii) Undisputed Trade Receivables - Which have significant Increase in Credit Risk	-	-	-	-	-		-
iii) Undisputed Trade Receivables - Credit Impaired	-	-	9.09	1.40	-		10.49
iv) Disputed Trade Receivables	-	-		-			-
	17,742.61	**5,855.52**	**30.92**	**4.76**	**-**		**23,633.81**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

13 Cash and Cash Equivalents

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Balances with Banks		
- in Current Accounts	3,894.61	3,596.19
- in EEFC account	229.55	0.17
(ii) Cash on Hand	15.75	7.59
Total	**4,139.91**	**3,603.95**

14 Bank Balances Other than Cash and Cash Equivalents

Particulars	As at March 31, 2025	As at March 31, 2024
Unclaimed Dividend	9.56	8.65
Deposits with Banks	9.14	7.65
	18.70	**16.30**

15 Other Current Financial Assets

Particulars	As at March 31, 2025	As at March 31, 2024
(unsecured, considered good)		
Export Incentive Receivable	16.47	32.50
GST Refund Receivable	914.91	254.16
Interest Receivable	57.47	37.89
Other Advances and Receivables	0.41	3.31
Total	**989.26**	**327.86**

16 Other Current Assets

Particulars	As at March 31, 2025	As at March 31, 2024
(unsecured, considered good)		
GST Credit Receivable	482.49	780.36
Prepaid Expenses	705.20	525.37
Advances to Suppliers	195.39	857.04
Export Incentives Receivable against RODTEP/MEIS	65.00	81.03
Other Advances and Receivables	15.86	31.65
Total	**1,463.94**	**2,275.45**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

17 Current Tax Assets (Net)	38.71	172.82

17.1 Current Tax Assets/(Liabilities)

Particulars	As at March 31, 2025	As at March 31, 2024
Advance Income Tax	1,983.34	1,601.10
TDS Receivable	65.98	70.90
TCS Receivable	2.73	0.82
Less: Provision for Income Tax *	2,013.34	1,500.00
Total	**38.71**	**172.82**

* Provision for income tax includes previous years adjustments

18 Equity Share Capital

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number of Shares	Amount	Number of Shares	Amount
Authorised Share Capital				
Equity Shares of Re. 1/- each	12,00,00,000	1,200.00	12,00,00,000	1,200.00
Issued, Subscribed and Fully Paid Up				
Equity Shares of Re. 1/- each	8,46,52,030	846.52	8,46,52,030	846.52
Additions				
Issued Equity Shares of Re. 1/- each	40,00,000	40.00	-	-
Total	**8,86,52,030**	**886.52**	**8,46,52,030**	**846.52**

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

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares				
At the Beginning of the Year	8,46,52,030	846.52	8,46,52,030	846.52
Add: Issued/(Reduced) during the Year*	40,00,000	40.00	-	-
At the End of the Year	**8,86,52,030**	**886.52**	**8,46,52,030**	**846.52**

*During the financial year 2024-25, the Company has converted 40,00,000 share warrants into 40,00,000 equity shares of Re. 1 each, issued at a premium of ₹126 per share, and allotted the same to the Promoters/Promoter Group.

18.2 Rights attached to Equity Shares

The Company has only one class of equity shares having face value of Re. 1 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.

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

Particulars	As at March 31, 2025		As at March 31, 2024	
	Number of Shares	% holding	Number of Shares	% holding
Sri. Ramesh Babu Potluri	1,81,53,060	20.48%	1,56,53,060	18.49%
Smt. Hima Bindu Potluri	1,50,08,840	16.93%	1,50,08,840	17.73%
Sri. Vamsi Krishna Potluri	1,33,28,370	15.03%	1,33,28,370	15.74%
M/s. Potluri Infra Projects LLP	88,46,420	9.98%	73,46,420	8.68%

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

18 Equity Share Capital (Contd..)

18.4 Details of shares held by the promoters of the Company:

Equity Shares held by promoters as at March 31, 2025 and March 31, 2024

Promoter Name	As at March 31, 2025			As at March 31, 2024		
	No. of shares	% of total shares	% Change during the year	No. of shares	% of total shares	% Change during the year
Sri. Ramesh Babu Potluri *	1,81,53,060	20.48%	15.97%	1,56,53,060	18.49%	-
Smt. Hima Bindu Potluri	1,50,08,840	16.93%	-	1,50,08,840	17.73%	1.49%
Sri. Vamsi Krishna Potluri	1,33,28,370	15.03%	-	1,33,28,370	15.74%	-
M/s. Potluri Infra Projects LLP *	88,46,420	9.98%	20.42%	73,46,420	8.68%	-
Sri. Trilok Potluri	21,88,000	2.47%	-	21,88,000	2.58%	-
M/s. Potluri Laboratories Private Limited	11,20,320	1.26%	-	11,20,320	1.32%	-
M/s. TVT Infracon LLP	1,00,000	0.11%	-	1,00,000	0.12%	-

*During the financial year 2024-25, the Company has converted 40,00,000 share warrants into 40,00,000 equity shares of Re. 1 each, issued at a premium of ₹.126 per share, and allotted the same to Sri Ramesh Babu Potluri 25,00,000 and M/s Potluri Infra Project LLP 15,00,000 promoters of the Company.

18.5 Dividends Paid and proposed

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Cash dividends on equity shares declared and paid:		
Final dividend for the financial year 2022-23:Re.0.30 per Share	-	253.96
Final dividend for the financial year 2023-24:Re.0.40 per Share	338.61	-
Total	**338.61**	**253.96**
Proposed dividends on equity shares:		
Dividend for the FY 2023-24 Re.0.40 per Share	-	338.61
Dividend for the FY 2024-25 Re.0.40 per Share	354.61	-
Total	**354.61**	**338.61**

*The Board of Directors of the Company in their meeting held on May 29, 2025 has recommended the dividend for distribution to equity shareholders of Re. 0.40 per each equity share (face value Re.1/-) for the financial year 2024-25.

Proposed dividend on equity shares are subject to approval at the Annual General Meeting, hence, the company has not recognised it as a liability as at March 31, 2025.

19 Other Equity

Particulars	As at March 31, 2025	As at March 31, 2024
Reserves and Surplus		
Securities Premium	12,021.84	6,981.84
Capital Redemption Reserve	155.00	155.00
Money Received against Share Warrants	1,587.50	2,857.50
Retained Earnings	38,009.29	32,487.75
General Reserve	11,304.28	10,304.28
Total	**63,077.91**	**52,786.37**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19 Other Equity (Contd..)

19.1 Securities Premium Reserve

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	6,981.84	6,981.84
Additions		
Converted 40,00,000 warrants into equity share with security premium @ ₹126/- each	5,040.00	-
Closing Balance	**12,021.84**	**6,981.84**

During the financial year 2024-25, the Company has converted 40,00,000 share warrants into 40,00,000 equity shares of Re. 1 each, issued at a premium of ₹126 per share, and allotted the same to the Promoters/Promoter Group.

19.2 Capital Redemption Reserve

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	155.00	155.00
Adjustments	-	-
Closing Balance	**155.00**	**155.00**

19.3 Money Received against Share Warrants

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	2,857.50	-
Add: Money recevied during the Current year	3,810.00	2,857.50
Less: Converted into equity during the current year	5,080.00	-
Closing Balance	**1,587.50**	**2,857.50**

19.4 Retained Earnings

Particulars	As at March 31, 2025	As at March 31, 2024
(a) Opening Balance	32,487.75	28,764.88
(b) Net Profit for the Year	6,739.82	4,920.00
(c) Transferred to General Reserve	(1,000.00)	(1,000.00)
(d) Dividends (Including Tax)	(338.61)	(253.96)
(e) Issue expenses on Share Warrants	(0.97)	(12.51)
(f) Share of Profit/(Loss) in Associates	173.68	62.60
(g) Non-Controlling Interests	0.06	
(h) Items of Other Comprehensive Income	-	-
Re-measurement Gain/(Loss) of the defined benefit plans	(52.44)	6.74
Closing Balance	**38,009.29**	**32,487.75**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19 Other Equity (Contd..)

19.5 General Reserve

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Balance	10,304.28	9,304.28
Transferred from Statement of Profit & Loss	1,000.00	1,000.00
Closing Balance	**11,304.28**	**10,304.28**

19.6 Nature and Purpose of Reserves

(a) Securities Premium Reserve:

Securities Premium Reserve is to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

(b) Capital Redemption Reserve:

The Company has recognized Capital Redemption reserve on buy back of equity shares. The amount in capital redemption reserve is equal to nominal amount of the equity shares bought back. This reserve will be utilized in accordance with Section 69 of the Companies Act, 2013.

(c) 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.

(d) General Reserve:

General Reserves represent amounts transferred from retained earnings in earlier years under the provisions of the erstwhile Companies Act, 1956 and any voluntary transfers made from retained earnings under the Companies Act,2013.Mandatory transfer to general reserve is not required under the Companies Act, 2013.

(e) Re-measurement Gain/(loss) of defined benefit obligations

These are the re measurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the company.

The re-measurement gains/(losses) are recognised in other comprehensive income and are not reclassified to profit or loss.

19.7 Share Warrants

During the year ended March 31, 2024, the Board of Directors of the Company, at its meeting held on February 08, 2024, approved the raising of funds through the issue of Convertible Equity Share Warrants to the Promoters/Promoter Group by way of preferential issue, comprising up to 90,00,000 warrants convertible in one or more tranches into equity shares of Re. 1/- each of the Company at an issue price of ₹ 127/- per warrant (including a premium of ₹ 126/-), aggregating to ₹ 11,430.00 lakhs. The proposal was subsequently approved by the members through a special resolution passed at the Extraordinary General Meeting held on March 06, 2024.

Pursuant to the said approval, the Securities Allotment Committee of the Board, at its meeting held on March 19, 2024, allotted 90,00,000 Convertible Warrants at an issue price of ₹ 127/- each, which are convertible into equity shares within a period of 18 months from the date of allotment.

During the financial year 2023–24, the Company received ₹ 2,857.50 lakhs, being 25% of the total consideration payable towards subscription of the aforesaid warrants.

During the financial year 2024–25, the Company received ₹ 3,810.00 lakhs towards the balance 75% subscription amount in respect of 40,00,000 warrants, which were duly converted into equity shares and allotted to the Promoters/Promoter Group.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19 Other Equity (Contd..)

Particulars	As at March 31, 2025	As at March 31, 2024
Acquisition of Non controlling interest	0.07	-
Proift or (Loss) for the year Attributablle to	(0.06)	-
	0.01	**-**

20 Non Current Borrowings - Financial Liabilities

20.1 Secured (Refer Note.20.1.1)

Particulars	As at March 31, 2025	As at March 31, 2024
Term Loans from Banks		
(a) IDBI Bank Ltd Loan-2	1,613.98	2,060.41
(b) Export Import Bank of India Loan WCTL	-	-
(c) Export Import Bank of India Loan RTL	613.78	1,896.15
(d) State Bank of India	467.66	1,451.18
(e) RBL Bank Limited -WCTL GECL	-	282.52
(f) IDBI Bank Limited- WCTL GECL -1	-	269.80
(g) IDBI Bank Limited-WCTL GECL -2	245.60	393.20
(h) Export-Import Bank of Inida -GECL	770.99	1,173.24
(i) State Bank of India- WCTL GECL	1,031.28	1,611.39
(j) Export-Impot Bank of India RTL	9,073.13	2,950.74
Sub Total	**13,816.42**	**12,088.63**

20.2 Unsecured (Refer Note.20.2.1)

Particulars	As at March 31, 2025	As at March 31, 2024
DSIR Assistance	120.00	120.00
Total	**13,936.42**	**12,208.63**

20.3 Current Maturities of Non Current Borrowings

Particulars	As at March 31, 2025	As at March 31, 2024
Secured (Refer Note.20.1.1)		
Term Loans from Banks		
(a) IDBI Bank Ltd Loan-2	450.00	275.00
(b) Export Import Bank of India Loan WCTL	-	150.00
(c) Export Import Bank of India Loan RTL	1,287.00	1,287.00
(d) State Bank of India	990.00	990.00
(e) RBL Bank Limited -WCTL GECL	282.50	282.48
(f) IDBI Bank Limited- WCTL GECL -1	269.80	295.20
(g) IDBI Bank Limited-WCTL GECL -2	147.60	147.60
(h) Export-Import Bank of Inida -GECL	402.24	402.24
(i) State Bank of India- WCTL GECL	580.08	580.08
(j) Export-Impot Bank of India RTL	250.00	-
Total	**4,659.22**	**4,409.60**
Amount disclosed under the head "Current Borrowings"	(4,659.22)	(4,409.60)
Total	**-**	**-**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

20.1.1 Security Terms

(a) Term Loans availed from IDBI Bank Limited (IDBI Bank), State Bank of India (SBI) and Export-Import Bank of India (Exim Bank) are secured by first charge on all movable and immovable fixed assets of the company both present and future on pari-passu basis. They are further secured by second charge on current assets both present and future on pari-passu basis. These facilities are guaranteed by Sri Ramesh Babu Potluri, Chairman & Managing Director and Sri Vamsi Krishna Potluri, Executive Director of the Company in their personal capacities

(b) Long Term Working Capital Term Loans (LTWCTL) availed from Exim Bank are secured by first charge on all movable and immovable fixed assets of the company both present and future on pari-passu basis. Further secured by second charge on current assets of the Company both present and future on pari-passu basis. These facilities are guaranteed by Sri Ramesh Babu Potluri, Chairman & Managing Director of the Company in his personal capacity

(c) Working Capital Term Loans (WCTL) under Guaranteed Emergency Credit Line (GECL) availed from IDBI Bank, RBL Bank Limited (RBL Bank), Exim Bank and SBI are secured by second charge on all movable and immovable fixed assets of the company both present and future on pari-passu basis . Further secured by second charge on current assets of the Company both present and future on pari-passu basis. These facilities are covered under GECL operated by National Credit Guarantee Trustee Company Limited (NCTC).

(d) Refer note 40 for the carrying amounts of financial and non-financial assets pledged as security for current and non - current borrowings

20.1.2 Rate of Interest :

Name of the Bank	Rate of Interest Current Year
Term Loans	
Export Import Bank of India Loan RTL (LTMLR Minus 50 Basis points p.a)	8.85%
State Bank of India (Converted FCNB with fully hedged)	8.76%
IDBI Bank Limited (Converted FCNB with fully hedged)	8.85%
Export Import Bank of India (Exim MCLR + 0.50% p.a)	8.75%
Long Term Working Capital Loan	
Export Import Bank of India Loan WCTL (LTMLR Minus 50 Basis points p.a)	8.85%
RBL Bank Limited (GECL) (1M MCLR)	9.25%
IDBI Bank Limited (GECL1) (MCLR+0.15% p.a.)	7.95%
IDBI Bank Limited (GECL2) (MCLR+0.15% p.a.)	7.75%
State Bank of India GECL (MCLR-6M+0.70% p.a.)	9.25%
Export-Import Bank of Inida -GECL (LTMLR Minus 40 basis points p.a.)	8.15%

20.1.3 Terms of Repayment

(a) The loan availed from IDBI Bank amounting to ₹ 2,500 lakhs for funding the Expansion Project of Kandivalasa unit. The loan is repayable in 20 Structured Quarterly Installments commencing from July, 2023, as mentioned below.

First 4 Quarters	₹ 50 Lakhs each
Next 4 Quarters	₹ 75 Lakhs each
Next 4 Quarters	₹ 125 Lakhs each
Next 4 Quarters	₹ 175 Lakhs each
Next 4 Quarters	₹ 200 Lakhs each

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

20 Non Current Borrowings - Financial Liabilities (Contd..)

(b) The Long Term Working Capital Loan availed from Exim Bank amounting ₹ 1,500 lakhs is repaid in 20 structured quarterly installments commencing from 1st october,2019 and concluding on 1st July 2024, as mentioned below:

First 4 Quarters	₹ 25 Lakhs each
Next 4 Quarters	₹ 25 Lakhs each
Next 4 Quarters	₹ 50 Lakhs each
Next 4 Quarters	₹ 125 Lakhs each
Next 4 Quarters	₹ 150 Lakhs each

(c) The loan availed from Exim Bank amounting to ₹6,500 lakhs for funding the Expansion Project of Kandivalasa unit. The loan is repayable in 24 Structured Quarterly Installments commencing from January, 2021, as mentioned below.

First 9 Quarters	₹ 188.50 Lakhs each
Next 14 Quarters	₹ 321.75 Lakhs each
Last 1 Quarter	₹ 299.00 Lakhs each

(d) The loan availed from State Bank of India amounting to ₹5,000 lakhs for funding the Expansion Project of Kandivalasa unit. The loan is repayable in 24 Structured Quarterly Installments commencing from January, 2021, as mentioned below.

First 9 Quarters	₹ 145.00 Lakhs each
Next 14 Quarters	₹ 247.50 Lakhs each
Last 1 Quarter	₹ 230.00 Lakhs each

(e) The WCTL under GECL availed from IDBI Bank amounting ₹1,180 lakhs is to be repaid in 47 monthly equal principal repayment of ₹24.60 Lakhs and 48th monthly instalment of ₹23.80 lakhs after moratorium period of one year i.e. March 2022 onwards.

(f) The WCTL under GECL2 availed from IDBI Bank amounting ₹590 lakhs is to be repaid in 47 monthly equal principal repayment of ₹12.30 Lakhs and 48th monthly instalment of ₹11.90 lakhs after moratorium period of two years i.e. December 2023 onwards.

(g) The WCTL under GECL availed from RBL Bank amounting ₹1,130 lakhs is to be repaid in 47 monthly equal principal repayment of ₹23.54 Lakhs and 48th monthly instalment of ₹23.62 lakhs after moratorium period of one year i.e. April 2022 onwards.

(h) The WCTL under GECL availed from SBI amounting ₹ 2,320 lakhs is to be repaid in 48 equal monthly installments commencing after a moratorium of 2 years from the date of first disbursement i.e. March 2024.

(i) The WCTL under GECL availed from Exim Bank amounting ₹ 2,320 lakhs is to be repaid in 48 equal monthly installments commencing after a moratorium of 2 years from the date of first disbursement i.e. April 2024.

(j) The loan availed from Export-Import Bank of India amounting to ₹10,000 Lakhs for funding the Expansion project of kandivalasa unit.The loan is repayable in 20 Structured Quarterly installments Commencing from March, 2026, as mentioned below.

First 4 Quarters	₹ 250.00 Lakhs each
Next 4 Quarters	₹ 375.00 Lakhs each
Next 12 Quarters	₹ 625.00 Lakhs each

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

20 Non Current Borrowings - Financial Liabilities (Contd..)

20.1.4 The Company has used the borrowings only for the purposes for which it was taken.

20.1.5 The quarterly returns of current assets filed by the Company with banks are in agreement with books of account.

20.2.1 During earlier years, the Company received financial assistance of ₹120.00 lakhs from Department of Scientific and Industrial Research (DSIR) sanctioned under PATSER Scheme of Technology Promotion Development and Utilization (TPDU) Programme for development of catalysts or Fine Chemicals apart from Active Pharmaceutical Ingredients (API's), and their intermediates viz. Metal Acetylacetonates, Diltiazem Hydrochloride and Taxol C-13 Side Chain. The Company has executed agreements with DSIR, NRDC, IICT Hyderabad, IICT Guwahati under the said programme.

As per the terms of agreement entered with DSIR, 1.3 times of the above amount is payable in 5 equal annual installments after commencement of commercial operations of the product(s) developed under PATSER scheme. The Company has not yet commenced the commercial operations of the said products

However, NRDC has filed an application before the Honourable High Court of Delhi at New Delhi for appointment of an Arbitral Tribunal and the Court referred the disputes to the Delhi International Arbitration Centre (DIAC), which would appoint an arbitrator to resolve the disputes. The Company has not yet received any communication from DIAC

21 Provisions

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for Employee Benefit Obligations		
(a) Non Current		
Gratuity	25.73	37.83
Leave Encashment	94.92	78.18
Sub Total	**120.65**	**116.01**
(b) Current		
Gratuity	69.73	63.24
Leave Encashment	41.07	39.80
Sub Total	**110.80**	**103.04**
(c) Total		
Gratuity	95.46	101.07
Leave Encashment	135.99	117.98
Grand Total	**231.45**	**219.05**

21.1 For details of Post Employment Benfits. Refer Note 39.

22 Deferred Tax Liabilities (net)

The Balance Comprises Temporary Differences Attributable to:

Particulars	As at March 31, 2025	As at March 31, 2024
(a) Deferred Tax Liability		
(i) Property, Plant and Equipment	4,904.18	4,502.39
(ii) Others	17.54	33.65
Total	**4,921.72**	**4,536.04**
(b) Deferred Tax Asset		
(i) Expenses allowable on Payment basis	58.25	61.19
(ii) Others	53.71	194.96
Total	**111.96**	**256.15**
Net Deferred Tax Liabilities (a) - (b)	**4,809.76**	**4,279.89**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

22 Deferred Tax Liabilities (net) (Contd..)

(c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Other Items	Total
As at March 31, 2023	**4,348.58**	**40.41**	**4,388.99**
Charged/(Credited)	153.81	(6.76)	147.05
As at March 31, 2024	**4,502.39**	**33.65**	**4,536.04**
Charged/(Credited)	401.79	(16.11)	385.68
As at March 31, 2025	**4,904.18**	**17.54**	**4,921.72**

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on payment basis	Other items	Total
As at March 31, 2023	**67.14**	**219.85**	**286.99**
Charged/(Credited)	(5.95)	(24.89)	(30.84)
As at March 31, 2024	**61.19**	**194.96**	**256.15**
Charged/(Credited)	(2.94)	(141.25)	(144.19)
As at March 31, 2025	**58.25**	**53.71**	**111.96**

23 Current Borrowings

Particulars	As at March 31, 2025	As at March 31, 2024
Secured		
Working Capital Loans from Banks		
- State Bank of India	6,173.60	5,769.35
- RBL Bank Ltd	895.41	1,444.27
- IDBI Bank Ltd	5,410.92	4,186.02
Total	**12,479.93**	**11,399.64**
Current Maturities of Long-Term Debt (Refer Note.20.3)	4,659.22	4,409.60
Total	**17,139.15**	**15,809.24**

23.1 Security Terms

(a) Working Capital Facilities sanctioned by State Bank of India, IDBI Bank Limited and RBL Bank Limited are secured by first charge on all current assets of the Company both present and future on pari-passu basis. These facilities are further secured by second charge on all movable and immovable fixed assets of the Company both present and future on pari-passu basis and also guaranteed by Sri Ramesh Babu Potluri, Chairman and Managing Director and Sri Vamsi Krishna Potluri, Executive Director of the Company, in their personal capacities

(b) Refer note 40 for the carrying amounts of financial and non-financial assets pledged as security for current and noncurrent borrowings.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

23 Current Borrowings (Contd..)

23.2 Rate of Interest is as follows:

Name of the Bank	Rate of Interest
State Bank of India	
Cash Credit	10.20%
Export Packing Credit	7.85%
Export Packing Credit (T Bill linked)	7.85%
Stand by Loan	7.85%
RBL Bank - WCDL	8.25%
IDBI Bank Limited - WCDL	8.75%
Cash Credit	9.30%
Export Packing Credit	7.55%
WCDL	8.85%

23.3 **Terms of Repayment :** The above working capital facilities are available for one year and will be renewed thereafter. All working capital facilities are repayable on demand

23.4 The outstandings of all working capital facilities are well within the sanctioned limits.

23.5 The Company has used the borrowings for the purposes for which it was taken.

23.6 The quarterly returns of current assets filed by the Company with banks are in agreement with books of account

24 Trade Payables

Particulars	As at March 31, 2025	As at March 31, 2024
(a) Creditor for Supply of Materials		
(i) Due to Micro and Small Enterprises	9.64	95.79
(ii) Due to Related Parties	843.82	453.14
(iii) Others	10,538.22	14,583.34
Total	**11,391.68**	**15,132.27**

Terms and conditions of the above financial liabilities:

For explanations on the company's credit risk management processes, refer note no.44.

24.1 Trade Payables includes an amount of ₹622.91 lakhs (March 31, 2024 ₹418.12 lakhs) payable to SMS Lifesciences India Limited, ₹18.29 lakhs (March 31, 2024 ₹28.31 lakhs) payable to Eshwar Coal Movers,₹202.61 lakhs (March 31, 2024 ₹6.71 Lakhs) payable to Raghavendra Engineering Industries India Pvt Ltd who are related parties (Refer Note 46) .

24.2 **Trade Payables ageing schedule for the year ended March 31, 2025**

Particulars	Not due	Outstanding from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	9.64	-	-	-	-	9.64
ii) Others		11,382.04	-	-	-	11,382.04
iii) Disputed dues - MSME & others	-	-	-	-	-	-
Total	**9.64**	**11,382.04**	**-**	**-**	**-**	**11,391.68**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

24 Trade Payables (Contd..)

Trade Payables ageing schedule for the year ended March 31, 2024

Particulars	Not due	Outstanding from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
i) MSME	95.79	-	-	-	-	95.79
ii) Others	9,549.14	5,385.63	56.14	36.95	8.62	15,036.48
iii) Disputed dues - MSME & others	-	-	-	-	-	-
Total	**9,644.93**	**5,385.63**	**56.14**	**36.95**	**8.62**	**15,132.27**

25 Other Financial Liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Creditors for Expenses	524.13	202.60
Capital Creditors	1,833.75	722.58
Employee Related Payables	914.98	617.94
Interest Accrued but not due	54.30	57.49
Unclaimed Dividend	9.56	8.65
Total	**3,336.72**	**1,609.26**

26 Other Current Liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory dues Payable	410.34	261.16
Advance from Customers	48.17	197.69
Total	**458.51**	**458.85**

27 Revenue from Operations

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(a) Sale of Products		
Gross Sales	82,392.24	73,406.91
Less: Goods and Service Tax	5,201.10	4,174.39
Net Revenue from Sales	**77,191.14**	**69,232.52**
(b) Income from Services		
(i) Conversion Charges	318.21	1,049.82
Less: Goods and Service Tax	36.77	112.48
Net Converstion Charges	**281.44**	**937.34**
(ii) Sale of Services	497.39	497.25
Less: Goods and Service Tax	42.57	21.46
Net Revenue from Sale of Services	**454.82**	**475.79**
Net Revenue from Services	**736.26**	**1,413.13**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

27 Revenue from Operations (Contd..)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(c) Other Operating Income		
Export Incentives	347.41	280.69
Total Net Revenue from Operations (a+b+c)	**78,274.81**	**70,926.34**

Sales to related parties (Refer note 46)

a) Reconciliation of revenue as per contract price and as recognised in Statement of Profit and Loss:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue as per contracted price	79,459.15	72,303.48
Less: Sales Returns	1,184.34	1,377.14
Total Revenue from contracts with customers	**78,274.81**	**70,926.34**

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Trade Receivables (Refer Note 12)	20,323.36	23,623.32
Contract Liabilities (Refer Note 26)	48.17	197.69

The contract liabilities primarily relate to the advance received from the customers.

c) Disaggregation of revenue:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Below is the disaggregation of the Company's revenue from contracts with customers.		
Rvenue from operations - Domestic	23,994.00	20,041.11
Rvenue from operations - Exports	54,280.81	50,885.23
(Exports includes Demed Export, EOU ,SEZ and Export Incentive)		
Total	**78,274.81**	**70,926.34**
Timing of Revenue recognition		
Goods transferred as a point of time	77,538.55	69,513.21
Services transferred as a point of time	736.26	1,413.13
Total	**78,274.81**	**70,926.34**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

28 Other Income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(i) Interest Income	68.69	75.79
(ii) Profit on Sale of Assets	3.33	4.26
(iii) Net Gain on Foreign Exchange Fluctuations	507.80	289.75
(iv) Miscellaneous Income (Net of GST)	42.62	76.17
Total	**622.44**	**445.97**

28.1 Miscellaneous Income includes Rent received from related parties of ₹23.83 lakhs (Previous year ₹22.27 lakhs)

29 Cost of Materials Consumed

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Raw Material & Packing Material		
Stock at the Beginning of the Year	8,773.83	7,865.76
Add: Unrealised Profit in Associate Company Sales	97.46	22.49
Add: Purchases	48,685.77	43,412.07
Less: Stock at the End of the Year	7,369.82	8,773.83
Total Materials Consumed	**50,187.24**	**42,526.49**

Purchases from related parties (Refer note 46)

30 Changes in Inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(a) Opening Stock of Inventories:		
Finished Goods	5,481.89	3,838.26
Stock in Process	9,046.59	10,590.22
Sub Total (a)	**14,528.48**	**14,428.48**
(b) Closing Stock of Inventories:		
Finished Goods	8,397.12	5,481.89
Stock in Process	12,612.75	9,046.59
Sub Total (b)	**21,009.87**	**14,528.48**
(Increase)/Decrease in Stock (a-b)	**(6,481.39)**	**(100.00)**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

31 Manufacturing Expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Power and Fuel	5,654.83	4,692.16
Consumable Stores	672.25	665.79
Testing Charges	29.29	21.82
Water Charges	20.71	19.61
Conversion Charges	90.21	55.66
Repairs & Maintenance to Buildings	156.72	183.73
Repairs & Maintenance to Plant & Machinery	1,537.98	1,310.87
Factory Maintenance	222.18	205.58
Effluent Treatment Charges	250.87	189.08
Total	**8,635.04**	**7,344.30**

32 Employee Benefit Expense

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries, Wages and Bonus	6,214.45	5,032.37
Contribution to Provident Fund	420.95	341.31
Contribution to ESI	26.73	23.41
Managerial remuneration	1,036.66	737.05
Staff Welfare Expenses	309.63	280.83
Total	**8,008.42**	**6,414.97**

33 Finance Cost

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest on Non Current Borrowings	1,049.52	1,341.29
Interest on Current Borrowings	682.57	894.49
Interest on Others	0.34	0.10
Interest on Lease Liability	11.05	12.00
Bank Charges	110.61	97.80
Total	**1,854.09**	**2,345.68**

34 Depreciation and Amortisation Expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation of Property, Plant and Equipment (Refer Note.4)	3,312.82	3,000.60
Amortisation of Right-of-use Assets (Refer Note.5)	40.98	59.81
Amortisation of Intangible Assets (Refer Note.6)	79.93	91.16
Total	**3,433.73**	**3,151.57**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

35 Other Expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
R&D Expenditure	1,283.06	1,111.31
Rent	41.72	7.17
Rates and Taxes	75.55	68.70
Insurance	414.69	617.06
Travelling and Conveyance	121.73	98.17
Communication Expenses	17.27	18.80
Printing and Stationery	94.72	98.11
Repairs & Maintenance to Other Assets	25.28	19.22
Vehicle Maintenance	42.34	42.82
Payments to Auditors (Note No.35.1)	16.25	16.00
Cost Audit Fee	1.00	1.00
Professional & Consultancy	140.63	186.89
General Expenses	152.11	107.67
Corporate Social Responsbility (Note No.35.2)	115.40	106.20
Interest on Indirect Taxes	-	13.89
Loss on Sale of Assets	1.28	0.54
Business Promotion Expenses	235.20	158.61
Regulatory Fee	108.03	91.90
Carriage Outward	417.04	238.08
Sales Commission	723.07	76.48
Total	**4,026.37**	**3,078.62**

35.1 Details of Payments to Auditors

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Audit Fee	14.25	14.00
Certification Fee	2.00	2.00
Total Payments to Auditors	**16.25**	**16.00**

35.2 Corporate Social Responsibility Expenditure

As per requirement of the Companies Act, 2013, gross amount required to be spent by the Company during the year is ₹93.70 Lakhs (March 31, 2024 ₹110.25 Lakhs).The nature of CSR activities undertaken by the company includes promoting education, health care, rural development and other social welfare activities.The details of CSR expenditure is given below.

CSR Activities	For the year ended March 31, 2025		
	In cash	yet to be paid in cash	Total
(i) Construction/Acquisition of any Asset	-	-	-
(ii) On Purposes other than (i) above	115.40	-	115.40
	(106.20)	-	(106.20)

Amounts in bracket indicate previous year numbers

There is no shortfall at the end of March 31, 2025 in terms of amount required to be spent by the company as excess amount spent during the corresponding previous financial years ended March 31, 2024 and March 31, 2023.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

36 Income Tax Expense

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current Tax		
Current tax on profits for the year	1,990.00	1,500.00
Adjustments for current tax of prior periods	(25.94)	12.79
Total Current Tax	**1,964.06**	**1,512.79**
Deferred Tax		
Increase/(Decrease) in Deferred Tax Liabilities	385.68	147.05
Decrease/(Increase) in Deferred Tax Assets	144.19	30.84
Total Deferred Tax Expense/(Benefit)	**529.87**	**177.89**
Total	**2,493.93**	**1,690.68**

36.1 Reconciliation of Tax Expense with Tax on Accounting Profits at normal rate is as follows:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(a) Profit before Tax	9,233.75	6,610.68
(b) Enacted Tax Rate in India	25.168%	25.168%
(c) Expected Tax Expenses (a) x (b)	**2,323.95**	**1,663.78**
(d) Tax Effect of amounts which are not deductible/taxable in calculating taxable income:		
Expenses not deductible under Income Tax Act	83.00	26.49
Other Adjustments	112.92	(12.38)
Tax pertaining to earlier years	(25.94)	12.79
Total Adjustments	**169.98**	**26.90**
Current Tax Expense as per P & L	**2,493.93**	**1,690.68**

37 Other Comprehensive Income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Actuarial Gain/(Loss) on Post Employment Benefit Expenses	(59.59)	11.87
Return on Plan Assets excluding net interest	(7.69)	(4.83)
Net Actuarial Gain/(Loss) on Post Employment Benefit Expenses	(67.28)	7.04
Deferred Taxes on above	16.93	(1.77)
Net Comprehensive Income	**(50.35)**	**5.27**

38 Earning Per Share (Basic and Diluted)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(a) Net profit for Basic & Diluted EPS	6913.50	4982.60
(b) Weighted average number of equity shares of Re.1/- each (Basic & Diluted)	88652030	84652030
(c) Earnings per share of par value Re 1/- per share -(Basic & Diluted)	**8.16**	**5.89**

Notes to Consolidated Financial Statements
(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

39 Post Employment Benefits

39.1 Defined Contribution plans

Particulars	March 31,2025	March 31,2024
Contribution to Provident Fund	6,258.42	5,067.12
Contribution to Employee state Insurance	422.43	342.31

39.2 Defined Benefit Plans and Leave Encashment

The Company has a defined benefit gratuity plan governed by Payment of Gratuity Act, 1972. 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 another obligation which is Compensated Absence Plan. 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:

39.2.1 Net Employee Benefit Expense

Particulars	March 31, 2025		March 31, 2024	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
(recognised in Employee Benefit Expenses)				
Current Service Cost	63.40	42.45	62.40	43.90
Interest Cost	0.95	6.84	9.74	5.78
Acturial Gain/(Loss) other than OCI	-	(22.06)	-	(20.24)
	64.35	**27.23**	**72.14**	**29.44**

39.2.2 Other Comprehensive Income

Particulars	March 31, 2025		March 31, 2024	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Acturial Gain/(Loss) recognized for the period	(59.59)	-	11.87	-
Return on Plan Assets excluding net interest	(7.69)	-	(4.83)	-
Total Acturial (Gain)/Loss recognized in OCI	(67.28)	-	7.04	-

39.2.3 Amount recognised in the Balance Sheet

Particulars	March 31, 2025		March 31, 2024	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Defined Benefit Obligation	736.15	135.99	599.08	117.98
Fair Value of Plan Assets	(640.69)	-	(498.01)	-
	95.46	**135.99**	**101.07**	**117.98**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

39 Post Employment Benefits (Contd..)

39.2.4 Change in the Present Value of Employee Benefit Obligations

Particulars	March 31, 2025		March 31, 2024	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Defined Benefit Obligation	599.08	117.98	554.42	99.64
Current Service Cost	63.40	42.45	62.40	43.90
Interest Cost	39.55	6.84	37.80	5.78
Contribution Paid				
Benefits Paid	(25.47)	(9.21)	(43.67)	(11.10)
Net Acturial (gain)/ losses on Obligation for the year recognised under OCI	59.59	(22.06)	(11.87)	(20.24)
Closing Defined Benefit Obligation	**736.15**	**135.99**	**599.08**	**117.98**

39.2.5 Change in the Fair Value of Plan Assets

Particulars	March 31, 2025		March 31, 2024	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Fair Value of Plan Assets	498.01	-	409.41	-
Adjustment to Opening Fair Value of Plan Asset	-	-	-	-
Return on Plan Assets Excluding Interest Income	(7.69)	-	(4.83)	-
Interest Income	38.62	-	28.06	-
Contribution paid	137.22	9.21	109.04	11.10
Benefits Paid	(25.47)	(9.21)	(43.67)	(11.10)
Closing Fair Value of Plan Assets	**640.69**	**-**	**498.01**	**-**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31,2025	March 31,2024
Fund managed by Life Insurance Corporation of India (Unquoted)	100%	100%

39.2.6 Acturial Assumptions:

Particulars	March 31, 2025		March 31, 2024	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount rate	6.79%	6.79%	6.97%	6.97%
Attrition Rate	2.00%	2.00%	2.00%	2.00%
Expected rate of increase in Salary	2.00%	2.00%	2.00%	2.00%
Mortality Table	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)
Expected average remaining working service	18.16 years	18.16 years	17.95 years	17.95 years
Retirement age	58 years	58 years	58 years	58 years

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

39 Post Employment Benefits (Contd..)

39.2.7 Sensitivity Analysis

A quantitative sensitivity analysis for significant assumptions are as below:

Particulars	March 31, 2025		March 31, 2024	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined Benefit Obligation	736.15	135.99	599.08	117.98
Effect of 1% change in assumed discount rate on defined benefit obligation				
Increase : +1%	679.28	126.06	552.57	110.43
Decrease: -1%	801.71	147.67	652.62	126.81
Effect of 1% change in assumed salary escalation rate on defined benefit obligation				
Increase : +1%	797.53	147.93	648.51	127.01
Decrease: -1%	682.21	125.72	554.39	110.16

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.

The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	March 31, 2025		March 31, 2024	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
1st Year	69.73	41.07	63.24	39.80
2nd Year	38.86	4.34	20.49	3.29
3rd Year	65.37	5.83	36.83	5.26
4th Year	44.65	5.09	56.39	5.84
5th Year	38.13	4.52	38.38	5.15
beyond 5th Year	345.73	37.52	308.77	38.85

The Weighted Average duration of the Gratuity plan is 9.61 years(2023-24 : 9.72 years) and Leave Encashment is 9.53 years (2023-24 : 8.32 years)

40 Assets Pledged as Security

For Non Current Borrowings

Secured by First Charge on Property, Plant and Equipment and Second Charge on Current Assets.

For Current Borroiwngs

Secured by First Charge on Current Assets and Second Charge on PPE (Property, Plant and Equipment).

The carrying amounts of Company's assets pledged as security for Non Current and Current Borrowings of ₹30,955.57 Lakhs (Previous year ₹27,897.87 Lakhs) are as follows:

Particulars	March 31, 2025	March 31, 2024
Property, Plant and Equipment	53,084.79	43,418.90
Current Assets	55,446.80	53,389.48
Total Assets Pledged as Security	**1,08,531.59**	**96,808.38**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

41 Research and Development

41.1 Details of Revenue Expenditure (expensed as and when incurred):

Particulars	March 31, 2025	March 31, 2024
Cost of materials consumed		
Raw Materials Consumed	133.05	103.45
Employee benefits expenses		
Salaries & Wages	619.61	506.14
Contribution to Provident Fund	43.97	34.75
Contribution to ESI	1.48	1.00
Staff Welfare Expenses	43.75	42.03
Other expenses		
Repairs and Maintenance	295.18	288.23
Power and Fuel	59.16	71.32
Testing and analysis charges	25.44	12.29
Rates and Taxes	11.24	11.38
Insurance	5.68	5.96
General Expenses	44.50	34.76
Total	**1,283.06**	**1,111.31**

41.2 Details of Property, Plant and Equipment:

	Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Intangible Assets	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Gross Carrying Value							
1	**As at March 31, 2023 (1+2)**	**947.17**	**2,465.57**	**26.64**	**56.52**	**9.10**	**10.22**	**3,515.22**
2	Additions (Net off Deletions)	-	40.05	26.94	3.69	-	-	70.68
3	**As at March 31, 2024 (1+2)**	**947.17**	**2,505.62**	**53.58**	**60.21**	**9.10**	**10.22**	**3,585.90**
4	Additions (Net off Deletions)	-	602.83	-	23.15	-	6.25	632.23
5	**As at March 31, 2025 (3+4)**	**947.17**	**3,108.45**	**53.58**	**83.36**	**9.10**	**16.47**	**4,218.13**
	Depreciation							
6	**As at March 31, 2023**	**267.98**	**1,067.71**	**10.65**	**50.69**	**7.40**	**8.95**	**1,413.38**
7	Charge for the Year	39.55	174.67	2.63	2.35	1.08	1.17	221.45
8	**As at March 31, 2024 (6+7)**	**307.53**	**1,242.38**	**13.28**	**53.04**	**8.48**	**10.12**	**1,634.83**
9	Charge for the Year	39.55	242.94	4.74	4.94	0.16	0.54	292.87
10	**As at March 31, 2025 (8+9)**	**347.08**	**1,485.32**	**18.02**	**57.98**	**8.64**	**10.66**	**1,927.70**
	Net Carrying Value							
11	**As at March 31, 2023 (1-6)**	**679.19**	**1,397.86**	**15.99**	**5.83**	**1.71**	**1.27**	**2,101.84**
12	**As at March 31, 2024 (3-8)**	**639.64**	**1,263.24**	**40.30**	**7.17**	**0.63**	**0.10**	**1,951.07**
13	**As at March 31, 2025 (5-10)**	**600.09**	**1,623.13**	**35.56**	**25.38**	**0.46**	**5.81**	**2,290.43**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Financial Instruments and Risk Management

42 Categories of Financial Instruments

Particulars	Note	Level 1/2/3	As at March 31,2025 Carrying Value			As at March 31,2024 Carrying Value		
			Amortised Cost	FVTPL / FVTOCI	Total	Amortised Cost	FVTPL / FVTOCI	Total
A. Financial Assets								
(a) Measured at Amortised Cost								
(i) Non Current								
(a) Investments	7		1,167.91		1,167.91	1,093.78		1,093.78
(b) Bank Balances	8	-	294.52	-	294.52	268.83	-	268.83
(c) Other Financial Assets	9	-	694.78	-	694.78	517.05	-	517.05
Sub - Total			**2,157.21**	**-**	**2,157.21**	**1,879.66**	**-**	**1,879.66**
(ii) Current								
(a) Trade Receivables	12	-	20,323.36	-	20,323.36	23,623.32	-	23,623.32
(b) Cash and Cash Equivalents	13	-	4,139.91	-	4,139.91	3,603.95	-	3,603.95
(c) Other Bank Balances	14	-	18.70	-	18.70	16.30	-	16.30
(d) Other Financial Assets	15	-	989.26	-	989.26	327.86	-	327.86
Sub - Total			**25,471.23**	**-**	**25,471.23**	**27,571.43**	**-**	**27,571.43**
Total Financial Assets			**27,628.44**	**-**	**27,628.44**	**29,451.09**	**-**	**29,451.09**
B. Financial Liabilities								
(a) Measured at Amortised Cost								
(i) Non Current								
(a) Borrowings	20	-	13,936.42	-	13,936.42	12,208.63	-	12,208.63
(b) lease liabilities	5B		-	-	-	-	-	-
			13,936.42	**-**	**13,936.42**	**12,208.63**	**-**	**12,208.63**
(ii) Current								
(a) Borrowings	23	-	17,139.15	-	17,139.15	15,809.24	-	15,809.24
(b) lease liabilities	5B	-	-	-	-	59.18	-	59.18
(c) Trade Payables	24	-	11,391.68	-	11,391.68	15,132.28	-	15,132.28
(d) Other Financial Liabilities	25	-	3,336.72	-	3,336.72	1,609.26	-	1,609.26
Sub - Total			**31,867.55**	**-**	**31,867.55**	**32,609.96**	**-**	**32,609.96**
Total Financial Liabilities			**45,803.97**	**-**	**45,803.97**	**44,818.59**	**-**	**44,818.59**

43 Fair Value Measurements

43.1 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 observable market data rely as little as possible on entry specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

44 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.

44.1 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 concentrations 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.

Financial Instruments and Cash Deposits

For banks and financial institutions, only high rated banks/ institutions are accepted. Other Financial Assets (excluding Bank Deposits) majorly constitute deposits given to 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.

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.

Credit risk is the risk of financial loss to the Company if a customer to a financial instrument fails to meet its contractual obligations and arises primarily from trade receivables, treasury operations etc. The credit risk related to trade receivables is influenced mainly by the individual characteristics of each customer.

The credit risk is managed by the company by establishing credit limits and continuously monitoring the credit worthiness of the customer. The Company also provides for expected credit losses based on the past experience where it believes that there is high probability of default. All trade receivables greater than 180 days are reviewed and provided for by analysing individual receivables.

Following are the Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	March 31, 2025	March 31, 2024
Gross Carrying Amount	20,333.85	23,633.81
Expected Credit Losses (Loss allowance Provision)	10.49	10.49
Net Carrying Amount of Trade Receivables	**20,323.36**	**23,623.32**

Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	Outstanding		Total
	for < 180 days	for > 180 days	
Gross Carrying Amount of Trade Receivables	20,077.42	256.43	20,333.85
Expected Credit Losses (Loss allowance provision)	-	10.49	10.49
Net Carrying Amount of Trade Receivables	**20,077.42**	**245.94**	**20,323.36**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

44 Financial Risk Management Objectives and Policies (Contd..)

44.2 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:

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
March 31, 2025					
Non Current Borrowings (including Current Maturities)	4,659.22	7,396.18	6,420.24	120.00	18,595.64
Current Borrowings	12,479.93				12,479.93
Interest Accrued but not due	54.30				54.30
Trade Payables	11,391.68				11,391.68
Capital Creditors & other payables	3,272.86				3,272.86
Total	**31,857.99**	**7,396.18**	**6,420.24**	**120.00**	**45,794.41**

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
March 31, 2024					
Non Current Borrowings (including Current Maturities)	4,409.60	8,601.64	3,486.99	120.00	16,618.23
Current Borrowings	11,399.64				11,399.64
Interest Accrued but not due	57.49				57.49
Trade Payables	15,132.27				15,132.27
Capital Creditors & other payables	1,543.12				1,543.12
Total	**32,542.12**	**8,601.64**	**3,486.99**	**120.00**	**44,750.75**

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

44 Financial Risk Management Objectives and Policies (Contd..)

44.3 Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial isntruments 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.

44.3.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of change in market interest rates. All the debt obligations of the company are with floating interest rates which is subject to exposure to risk of changes in market interest rates.

Interest rate sensitivity

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

Particulars	Change in basis points		Effect on Profit before Tax	
	Increase	Decrease	Decrease	Increase
March 31, 2025	**0.50%**	**0.50%**	**(155.38)**	**155.38**
March 31, 2024	0.50%	0.50%	(140.09)	140.09

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

44.3.2 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 goods supplied or received 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 ₹ In Lakhs	Conversion Rate
March 31, 2025				
Trade Receivables	USD	37.666	3224.17	85.60
	EURO	0.495	45.84	92.60
Trade Payables	USD	10.731	936.85	87.30
Other Financial Liabilities	USD	0.204	17.80	87.30

Particulars	Currency	Amount in Foreign Currency	Amount in ₹ In Lakhs	Conversion Rate
March 31, 2024				
Trade Receivables	USD	92.77	7630.19	82.25
	EURO	0.543	48.47	89.35
Trade Payables	USD	17.07	1433.88	84.00
Other Financial Liabilities	USD	0.13	10.83	84.00

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

44 Financial Risk Management Objectives and Policies (Contd..)

(b) Foreign Currency Sensitivity

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

Particulars	Effect on Profit before Tax	
	March 31, 2025	March 31, 2024
USD Sensitivity		
₹USD - Increases by 1%	23.15	62.34
₹USD - Decreases by 1%	(23.15)	(62.34)

43.3.3 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.

Company does not have any exposure to price risk, as there is no market based equity investment made by the company

45 Capital Management

For the purposes 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 shareholder value.

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

Particulars	March 31, 2025	March 31, 2024
Borrowings including Interest Accrued (Note 20,23 & 25)	31,129.86	28,075.36
Less: Cash and Short Term Deposits (Note 13)	4,139.91	3,603.95
Net Debt	**26,989.95**	**24,471.41**
Equity	886.52	846.52
Other Equity	63,077.91	52,786.37
Total Equity	**63,964.43**	**53,632.89**
Total Capital	**90,954.38**	**78,104.30**
Gearing Ratio (Net Debt/(Net Debt +Total Equity))	0.30	0.31

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

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

46 Related Party Transactions

(a) Key Management Personnel(KMP)

Name	Relationship
(i) Executive Directors	
Sri. Ramesh Babu Potluri	Chairman and Managing Director
Sri. Vamsi Krishna Potluri	Executive Director
(ii) Non Executive Directors	
Sri Sarath Kumar Pakalapati	Independent Director (up to 11.08.2024)
Sri Shravan Kudravallii	Independent Director
Dr. Smt. Neelaveni Thummala	Independent Director (up to 11.08.2024)
Sri Sarvepalli Srinivas	Independent Director
Dr. Suresh Kumar Gangavarapu	Independent Director (appointed w.e.f. 12.08.2024)
Smt. Shanti Sree Bolleni	Independent Director (appointed w.e.f. 12.08.2024)
Sri. Trilok Potluri	Non- Executive, Non-Independent Director (appointed w.e.f. 12.08.2024)
Dr. Sunkara Venkata Satya Shiva Prasad	Non- Executive, Non-Independent Director (appointed w.e.f. 12.08.2024)
(iii) Others	
Sri. T Lakshmi Narayana	Chief Financial Officer
Sri. T.Thirumalesh	Company Secretary

(b) Associate Company

M/s VKT Pharma Private Limited

(c) Enterprises over which KMP are Interested

M/s SMS LifeSciences India Limited

(b) Associate Company

M/s VKT Pharma Private Limited

(c) Enterprises over which KMP are Interested

M/s SMS LifeSciences India Limited

(d) Other Related Parties

1. M/s Raghavendra Engineering (India) Private Limited
2. M/s Eswar Coal Movers

(e) subsidiary Company

M/s SMS Peptides private limited

(f) Transactions with Related Parties:

Particulars	March 31, 2025 Amount	March 31, 2024 Amount
Key Management Personnel		
Remuneration (Short Term Employee Benefits)	1,090.00	776.08
Directors Sitting Fees	17.60	15.90
Associate Company		
Purchase of Goods & Services		
Sale of Goods	3,959.76	2,248.45
Other Income	34.44	79.37

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

46 Related Party Transactions (Contd..)

Particulars	March 31, 2025 Amount	March 31, 2024 Amount
Enterprises over which KMP are Interested		
Purchase of Goods & Services	1,924.05	818.24
Sale of Goods	1.86	
Other Income	3.54	
Other Related Parties		
Purchase of Goods & Services	1,734.39	534.34
Balance (Payable)/Receivable at the year end		
Key Management Personnel		
Remuneration Payable	417.08	235.80
Associate Company		
M/s. VKT Pharma Private Limited	3,018.55	1,492.27
Enterprises over which KMP are Interested		
M/s. SMS Lifesciences India Ltd	(622.91)	(418.12)
Other Related Parties	(18.30)	(28.31)
M/s. Raghavendra Engineering India Private Ltd		
Trade Payable	(202.61)	(6.71)
Capital Advances	-	81.64

(f) Note:

i) The above transactions are in the ordinary course of business and are at arm's length price.

ii) 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.

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 Chairman & Managing Director has been identified as Chief Operating Decision Maker (CODM). 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.

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 within India – Domestic

(iii) Revenue from customers - EOUs – Deemed Exports

(iv) Revenue from customers who are located in SEZ

(v) Revenue from Export Incentives

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

47 Segment Information (Contd..)

a) Revenues are attributed to geographical areas based on the location of the customers as detailed below:

Particulars	For the Year Ended March 31,2025		For the Year Ended March 31,2024	
	Revenue	%	Revenue	%
Revenue Outside India:				
Exports	54,280.81	69.35%	50,885.23	71.74%
(Export includes Demed Export, EOU ,SEZ and Export Incentive)				
Revenue within India:				
Domestic	23,994.00	30.65%	20,041.11	28.26%
Total	**78,274.81**	**100.00%**	**70,926.34**	**100.00%**

b) Non Current Asset

Particulars	March 31, 2025	March 31, 2024
With in India	59,821.33	50,019.78
Outside India	-	-
Total	**59,821.33**	**50,019.78**

Note:

Non-current assets for this purpose consist of property, plant and equipment, capital work in progress, intangible assets, intangible assets under development and other non-current assets.

48 Contingent Liabilities

Particulars	March 31, 2025	March 31, 2024
Letter of credits opened in favor of suppliers for which goods are yet to be received	598.05	243.59
Customs Duty against Advance Autharizations	438.48	265.65
NRDC claim against DSIR assistance (Refer No.20.2.1)	63.14	57.53

Income Tax Assessment Order and Management's Position

The Company has received an Income Tax Assessment Order passed under Section 144 r.w.s. 144B of the Income Tax Act, 1961 dated 22.03.2025 for the Assessment Year 2023–24, along with a demand notice of ₹ 4,562.55 Lakhs, including interest and penalty. The assessment order has been issued without considering the Company's submissions/clarifications, by rejecting the books of accounts and making an additional revenue amounting to ₹ 20,703.34 Lakhs on the following grounds:

a) The Assessing Officer has taken turnover of ₹ 74,029.03 Lakhs from CBIC GSTR-1 as against the Company's declared turnover of ₹ 5,2205.14 Lakhs.

b) The Company has also obtained confirmation letters from the GST authorities with respect to the turnover declared in GSTR-1 and GSTR-3B for FY 2022–23 (AY 2023–24), which have been submitted to the relevant authorities.

c) Despite the above the Assessing Officer has estimated taxable profit of ₹ 52,205.14 Lakhs, being 20% of the assumed revenues of ₹ 74,029.03 Lakhs.

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

This rejecting books and estimating profits demonstrates a clear violation of the principles of natural justice, as the Company was not provided with a proper opportunity of being heard.

The turnover of ₹ 74,029.02 Lakhs considered by the Assessing Officer is erroneous, as it includes ₹ 20,703.34 Lakhs, which had already been declared in GSTR-1 in earlier tax periods which do not constitute fresh or additional turnover.

Considering the above, the Company has:

- Filed an Appeal before the Commissioner (Appeals),
- Submitted a Grievance Petition before the High-Pitched Assessment Committee,
- Filed a Stay Petition against the demand, and
- Requested that penalty proceedings be kept in abeyance until disposal of the appeals.

Based on the above facts and legal position, the management strongly believes that there will be no financial impact on the Company arising from the said assessment order. Accordingly no provision for tax liability has been considered in the books of accounts.

49 Commitments

Particulars	March 31, 2025	March 31, 2024
Capital Commitments	1,045.29	4,424.65

50 Payables to Micro, Small & Medium 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	March 31, 2025	March 31, 2024
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	9.64	95.79
(ii) Interest paid on payments beyond the appointed day paid to the suppliers during the year	-	-
(iii) Interest due and payable for the delay in making payment (which have been paid but beyond the appointed day during the year but without adding the interest).	-	-
(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 Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company regarding the status of registration of such vendors under the said Act,as per the intimation received from them on requests made by the company . This has been relied upon by the auditors.The balance payable to MSME creditors are not due as on March 31,2025, so interest has not been provided.

51 Other statutory information

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

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

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

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

51 Other statutory information (Contd..)

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 utilised short term funds for long term uses.

vii) 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 Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

viii) 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 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 Group 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.

x) The Group has not entered into any scheme of arrangements which has an accounting impact on current and previous financial year.

xi) The Group 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.

52 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,2025								
Parent								
SMS Pharmaceuticals Ltd	105.23%	67,306.97	98.91%	6,838.13	96.00%	(50.35)	98.93%	6,787.77
Associate								
VKT Pharma Private Ltd	(5.22%)	(3,341.77)	1.10%	76.20	4.00%	(2.10)	1.08%	74.10
Subsidiary								
SMS Peptidies Private Ltd	(0.01)%	(0.28)	(0.01%)	(0.84)	-	-	(0.01)	(0.83)
Total	**100.00%**	**63,964.92**	**100.00%**	**6,913.49**	**100.00%**	**(52.45)**	**100.00%**	**6,861.04**
31st March,2024								
Parent								
SMS Pharmaceuticals Ltd	106.37%	57,048.78	99.19%	4,942.49	78.19%	5.27	99.17%	4,947.76
Associate								
VKT Pharma Private Ltd	(6.37%)	(3,415.89)	0.81%	40.11	21.81%	1.47	0.83%	41.58

Notes to Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

52 Additional Information, as required under schedule III to the Companies Act, 2013, of enterprises Consolidated as Subsidiary/Associates (Contd..)

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
Subsidiary								
SMS Peptidies Private Ltd								
Total	**100.00%**	**53,632.89**	**100.00%**	**4,982.60**	**100.00%**	**6.74**	**100.00%**	**4,989.34**

Salient features of financial statements of subsidiary/associates as per the Companies Act, 2013

	Associates	Subsidiary
Name of the Associates / Subsidiary	VKT Pharma Private Ltd	SMS Peptidies Private Ltd
Reporting Currency	Indian Rupees	Indian Rupees
Date of Incorporation	31-05-2006	01-11-2024

Particulars	As at 31st March,2025	As at 31st March,2024	As at 31st March,2025	As at 31st March,2024
Share Capital	1,105.52	1,053.38	100.00	-
Reserves & Surplus	4,235.06	2,230.34	(0.84)	-
Total Assets	29,360.87	25,282.46	0.65	-
Total Current Liabilities	8,730.41	6,026.98	0.48	-
Investments	7.22	7.22	-	-
Turnover/Total Income	19,846.37	9,391.69	-	-
Profit/(Loss) before taxation	892.73	92.47	(0.84)	-
Tax Expense	394.05	(78.80)	-	-
Proft/(Loss) after taxation	498.68	171.27	(0.84)	-
Proposed dividend	-	-	-	-
% Share holding	34.83%	36.55%	93.00%	-

53 Previous year figure have been regrouped and reclassified wherever considered necessary to confirm to this year's classifications.

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our report of even date
for **SURYANARAYANA & SURESH**
Chartered Accountants
FRN 006631S

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

MUKTHA PRABHAKAR
Partner
M.No. 200247

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

Place: Hyderabad
Date : May 30, 2025

T. LAKSHMI NARAYANA
Chief Financial Officer

T.THIRUMALESH
Company Secretary
M.No.A35824

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 37th Annual General Meeting (AGM) of the Members of SMS Pharmaceuticals Limited (CIN: L24239TG1987PLC008066) will be held **on Monday, 29th September, 2025 at 11.00 a.m**. through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) and the venue of the Meeting shall be deemed to be the Registered Office of the Company situated at Plot. No.72, H.No. 8-2-334/3&4, Road No. 5, Opp. SBI Executive Enclave, Banjara Hills, Hyderabad, Telangana, India – 500034, to transact the following business:

ORDINARY BUSINESS:

1. **ADOPTION OF FINANCIAL STATEMENTS**

   To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2025 and the Reports of the Board of Directors and the Auditors thereon, 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 Financial Year ended 31st March, 2025 and the Reports of the Board of Directors and Auditors thereon laid before this Meeting, be and are hereby received, considered and adopted."

2. **DECLARATION OF DIVIDEND ON EQUITY SHARES FOR THE FINANCIAL YEAR 2024-25**

   To consider and declare dividend on the Equity Shares of the Company for the Financial Year ended 31st March, 2025 and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** as per recommendation of the Board of Directors, approval of the Members of the Company be and is hereby given for the payment of dividend of Re. 0.40 (i.e., @ 40%) per equity share of the Company for the Financial Year 2024-25."

3. **RE-APPOINTMENT OF MR. TRILOK POTLURI (DIN: 07634613) WHO RETIRES BY ROTATION, AND BEING ELIGIBLE, AND OFFERS HIMSELF FOR RE-APPOINTMENT**

   To consider re-appointment of Mr. Trilok Potluri (DIN: 07634613), who retires by rotation, at this Annual General Meeting and being eligible, offers himself for re-appointment 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, Mr. Trilok Potluri (DIN: 07634613), who retires by rotation and being eligible offers himself for reappointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation."

SPECIAL BUSINESS:

4. **APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS WITH M/S. VKT PHARMA PRIVATE LIMITED (VKT PHARMA).**

   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 188 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), including any statutory modification(s) or re-enactment thereof for the time being in force and subject to such approvals, consents, sanctions and permissions as may be necessary, approval of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise its powers, including the powers conferred by this Resolution) to enter into contract(s)/ arrangement(s)/ transaction(s) with the VKT Pharma Private Limited (VKT Pharma) an Associate Company as detailed in the table forming part of the Explanatory Statement annexed to this notice with respect to sale, purchase or supply of goods or materials, leasing of property of any kind, availing or rendering of any services including providing and/or receiving of loans or securities or making investments, or any other transactions of whatever nature, notwithstanding that such transactions may exceed 10% of the consolidated turnover of the Company in any Financial Year or such other threshold limits as may be specified by the Listing Regulations from time to time, up to such extent and on such terms and conditions as the Board of Directors may deem fit, in the normal course of business and on arm's length basis, during the period from the date of this 37th Annual General Meeting to till the date of next Annual General Meeting to be held in the year 2026, which shall not be more than fifteen months and within the limits as mentioned in the explanatory statement."

   "**RESOLVED FURTHER THAT** any Director or Company Secretary of the Company be hereby authorized to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to all matters arising out of and incidental thereto and to sign and to execute deeds, applications, documents and file returns with Registrar of Companies, that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

5. **APPROVAL FOR REMUNERATION PAYABLE TO THE COST AUDITORS FOR THE FINANCIAL YEAR 2025-2026**

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

"**RESOLVED THAT** pursuant to Section 148 of the Companies Act, 2013 ('Act') and Rule 6 of the Companies (Cost Records and Audit) Rules, 2014 and all other applicable provisions, if any, of the Act and the rules made thereunder, as amended, the Members be and hereby ratify the remuneration of ₹1,00,000/- (Rupees One Lakh only) and taxes as applicable plus out of packet expenses payable to M/s. Harshitha Annapragada & Co., Cost Accountants having Firm Registration No. 006031 appointed by the Board of Directors of the Company to conduct the Cost Audit for the Financial Year 2025-2026."

"**RESOLVED FURTHER THAT** any Director or Company Secretary of the Company be hereby authorized to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to all matters arising out of and incidental thereto and to sign and to execute deeds, applications, documents and file returns with Registrar of Companies, that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

6. **APPROVAL FOR APPOINTMENT OF SECRETARIAL AUDITORS OF THE COMPANY**

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 204 of the Companies Act, 2013, and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and other applicable provisions of the Companies Act, 2013, read with Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force and based on the recommendation of the Audit Committee and Board of Directors the approval of the members be and is hereby accorded for appointment of M/s. SVVS and Associates Company Secretaries LLP (ICSI UID: L2015MH000700), as the Secretarial Auditors of the Company, for a term of five consecutive financial years commencing from the Financial Year 2025-2026 to 2029-2030 to conduct Secretarial Audit of the Company at such remuneration and on such terms and conditions as may be determined by the Board of Directors (including its committees thereof), and to avail any other services, certificates, or reports as may be permissible under applicable laws.

"**RESOLVED FURTHER THAT** any Director or Company Secretary of the Company be hereby authorized to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to all matters arising out of and incidental thereto and to sign and to execute deeds, applications, documents and file returns with Registrar of Companies, that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

7. **APPROVAL FOR RE-APPOINTMENT OF MR. VAMSI KRISHNA POTLURI (DIN: 06956498) AS EXECUTIVE DIRECTOR & FIX THE REMUNERATION**

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 152, 178, 188, 196, 197, 203 other applicable provisions if any read with Schedule V of the Companies Act, 2013 read with Companies (Appointment and Qualifications of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the Articles of Association of the Company and based on the recommendation of the Nomination & Remuneration Committee and approval of the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded for re-appointment of Mr. Vamsi Krishna Potluri (DIN:06956498) as a Whole Time Director designated as an 'Executive Director' of the Company for a period of 3 (three) years effective from 1st July, 2025 and is liable to retire by rotation up on the terms and conditions including remuneration, as set out in the explanatory statement annexed to the Notice convening the Meeting with liberty to the Board to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit.

RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any financial year, the Company will pay remuneration by way of salary as decided by the Board and as per the provisions of Schedule V of the Act or in accordance with any statutory modification(s) thereof.

RESOLVED FURTHER THAT pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time, the consent be and is hereby accorded for the payment of remuneration, as set out in the Explanatory Statement annexed to the Notice convening this Meeting, to Mr. Vamsi Krishna Potluri, Executive Director, notwithstanding that (i) the annual remuneration payable to him exceeds Rupees 5 crore or 2.5% of the net profits of the Company, whichever is higher; or (ii) the aggregate annual remuneration of all the promoter Executive Directors of the Company exceeds 5% of the net profits of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to sign and execute all such documents and papers (including appointment letter etc.,) as may be required for the purpose and file necessary e-forms with the Registrar of Companies and to do all such acts, deeds and things as may considered expedient and necessary in this regard."

By the order of the Board

Ramesh Babu Potluri
Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 09.08.2025

NOTES:

1. The Ministry of Corporate Affairs ("MCA") has vide its General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 21/2021, 2/2022, 10/2022 and 09/2023 dated 08th April, 2020, 13th April, 2020, 05th May, 2020, 13th January, 2021, 14th December, 2021, 05th May, 2022, 28th December, 2022, 25th September 2023 and 19th September, 2024 (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") Circular Nos.SEBI/HO/CFD/CMD1/CIR/P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2022/62, SEBI/HO/CFD/PoD-2/P/CIR/2023/4, SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167, SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated 12th May, 2020, 13th May, 2022, 05th January, 2023, 07th October 2023, 3rd October 2024 respectively (collectively referred to as "Circulars"), Companies are permitted the holding of an Annual General Meeting ("AGM") through Video Conferencing/Other Audio Visual Means ("VC/OAVM") without the physical presence of the Members at a common venue. Accordingly, the 37th AGM of the Company will be held through VC/ OAVM in compliance with the provisions of the Act and Rules made thereunder, the SEBI Listing Regulations read with the aforesaid Circulars. The deemed venue for the 37th AGM shall be at the Registered Office of the Company, i.e., Plot. No.72, H.No. 8-2-334/3&4, Road No. 5, Opp. SBI Executive Enclave, Banjara Hills, Hyderabad, Telangana, India – 500034.

2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, the requirement of physical attendance of members has been dispensed with. Accordingly, in terms of the MCA circulars and the SEBI circulars, the facility for appointment of proxies by the members will not be available for this AGM and hence the proxy form, attendance slip and route map of the AGM venue are not annexed to this notice.

3. The Explanatory Statement pursuant to Section 102 of the Act setting out material facts concerning the business under Item Nos. 4 to 7 of the Notice is annexed hereto. Further the relevant details pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI), in respect of Directors seeking appointment/re-appointment at this AGM are also annexed.

4. The Members can join the AGM in the VC/OAVM Mode 15 minutes before & after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and 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 joining the Meeting through VC/OAVM forms part of this notes.

5. Pursuant to Section 113 of the Companies Act, 2013, Institutional / Corporate shareholders (i.e., other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF / JPG Format) of their respective Board or governing body Resolution / Authorisation etc., authorising their representative to attend the AGM through VC / OAVM on their behalf and to vote through remote e-Voting. The said Resolution / Authorisation shall be sent to the Scrutiniser by e-mail on its registered e-mail address to csbassociates27@gmail.com with a copy marked to cs@smspharma.com

6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

7. In case of joint holders, the Members whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

8. In accordance with the Secretarial Standard - 2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI") read with Clarification/Guidance on applicability of Secretarial Standards - 1 and 2 dated 15th April, 2020 issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.

9. In line with aforementioned MCA and SEBI Circulars, the Notice of the AGM along with the Integrated Annual Report for the Financial Year 2024-25 is being sent through e-mail, allowed to vote to those Members whose e-mail addresses are registered with the Company/ Registrar & Share Transfer Agent (RTA)/ Depository Participant/ Depositories. The Notice convening the 37th AGM along with the Integrated Annual Report for the Financial Year 2024-25 has been uploaded on the website of the Company at www.smspharma.com and may also be accessed from the relevant section of the websites of the Stock Exchanges i.e. BSE Limited and the National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

10. The Company's Registrar and Transfer Agent for its Share Registry Work (Physical and Electronic) is Aarthi Consultants Private Limited having its office at 1-2-285, Domalguda, Hyderabad - 500029, Telangana, India.

11. **Process for registering/ updating e-mail address and mobile number:**

- In case shares are held in physical form: Please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), self-attested scanned copy of PAN card, self-attested scanned copy of Aadhaar Card, by email to the RTA at info@aarthiconsultants.com with a copy mark to cs@smspharma.com.

- In case shares are held in demat form: please provide DP ID-Client ID (8 digit DP ID + 8 digit Client ID or 16 digit Beneficiary ID), name, client master or copy of consolidated account statement, self-attested scanned copy of PAN card, self-attested scanned copy of Aadhaar Card by email to the RTA at info@aarthiconsultants.com with a copy mark to cs@smspharma.com.

- The RTA/Company shall co-ordinate with CDSL and provides the login credentials to the above mentioned 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.

Alternatively, Members may also visit website of the Company's RTA and submit their details at below link: http://www.aarthiconsultants.com/investors/register.php

12. **Record Date, Book Closure and Dividend:**

a) The Company has fixed Monday, **22nd September, 2025** as the '**Record Date**' for determining entitlement of Members to dividend for the Financial Year ended 31st March, 2025, if approved at the AGM.

b) The Register of Members and the Share Transfer Books of the Company will be closed from **Tuesday, 23rd September, 2025 to Monday, 29th September, 2025** (both days inclusive).

c) If the dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend subject to deduction of tax at source will be made within 30 days from the date of AGM as under:

i. To all Beneficial Owners in respect of shares held in dematerialised form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as at the end of day on Monday, 22nd September, 2025;

ii. To all Members in respect of shares held in physical form after giving effect to valid transmission or transposition requests lodged with the Company as at the closure of business hours on Monday, 22nd September, 2025.

13. Regulation 40 of SEBI Listing Regulations, as amended, mandates that transfer, transmission and transposition of securities of listed companies held in physical form shall be effected only in Demat mode. Further, SEBI Master Circular No. SEBI/ HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024, has clarified that listed companies, with immediate effect, shall issue the securities only in Demat mode while processing investor service requests pertaining to 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, transposition etc. Accordingly, Members are requested to submit duly filled and signed Form ISR-4.

The Form is available on website of Company at https://smspharma.com/company-announcements/communication-to-shareholders/ and RTA at http://www.aarthiconsultants.com/investors/register.php. In view of this, Members holding shares in physical form are requested to consider converting their holdings to Demat mode. Any shareholder who is desirous of dematerialising their securities may write to the Company at cs@smspharma.com or Company's Registrar and Share Transfer Agent, M/s. Aarthi Consultants Private Limited at 1-2-285, Domalguda, Hyderabad - 500029, India, Email Id: info@aarthiconsultants.com www.aarthiconsultants.com ("RTA" or "Registrar") for assistance in this regard.

14. Pursuant to Finance Act, 2020, dividend income is taxable in the hands of shareholders w.e.f., 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, please refer to the Finance Act, 2020 and the amendments thereof. The shareholders are requested to update their PAN with the Depository Participant (if shares held in electronic form) and Company / RTA (if shares held in physical form). A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G / 15H, to avail the benefit of non-deduction of tax at source by e-mail to info@aarthiconsultants.com/ cs@smspharm.com on or before 22nd September, 2025. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders [including Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)] can avail beneficial rates under tax treaty between India and their country of tax residence, subject to providing necessary documents i.e., No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits. For this purpose, the shareholder may submit the above documents (PDF / JPG Format) by e-mail to info@aarthiconsultants.com /cs@smspharm.com. The aforesaid declarations and documents need to be submitted by

the shareholders on or before 22nd September, 2025. For further details and formats of declaration available on the Company's website at https://smspharma.com/company-announcements/corporate-announcements/.

15. Members may please note that as per SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3rd November, 2021 as amended from time to time, the latest being SEBI/HO/MIRSD/POD-1/P/CIR/2023/181 dated 17th November, 2023, Members, who hold shares in physical form and whose folios are not updated with any of the KYC details [viz., (i) PAN (ii) Choice of Nomination (iii) Contact Details (iv) Mobile Number (v) Bank Account Details and (vi) Signature], shall be eligible to get dividend only in electronic mode with effect from 1st April, 2024. Accordingly, payment of final dividend, subject to approval by the Members in the AGM, shall be paid to physical holders only after the above details are updated in their folios. Members may refer to FAQs issued by SEBI in this regard available on their website at https://www.sebi.gov.in/sebi_data/faqfiles/jan-2024/1704433843359.pdf (FAQ Nos. 38 & 39). Communication in this regard has been sent to all physical holders whose folios are not KYC updated at the latest available address/email-ID. Members are once again requested to update their KYC details by submitting the Investor Service Request (ISR) Forms, viz. ISR-1, ISR-2, ISR-3/SH-13, as applicable, duly complete and signed by the registered holder(s) so as to reach our RTA, on or before 15th September, 2025 so that the folios can be KYC updated before the cut-off date of 22nd September, 2025. ISR Forms can be accessed from our website at https://smspharma.com/company-announcements/communication-to-shareholders/

16. Members are also requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, PAN, registering of nomination, power of attorney registration, Bank Mandate details, etc., to Registrar/respective DPs as may be applicable.

17. Updation of bank mandate for receiving dividends directly in bank account through Electronic Clearing System or any other electronic means in a timely manner:

Shares held in physical form: Members are requested to send a scanned copy of the following details/ documents at info@aarthiconsultants.com copy mark to cs@smspharm.com:

a) signed request letter mentioning their name, folio number, complete address and following details relating to bank account in which the dividend is to be received:

i) Bank Name and Branch of Bank, Bank Account type and 11 digit IFSC Code;

ii) Bank Account Number & Type allotted by the Bank after implementation of Core Banking Solutions;

b) self-attested scanned copy of cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;

c) self-attested scanned copy of the PAN Card; and

d) self-attested scanned copy of any document (such as Aadhaar Card, Driving Licence, Election Identity Card, Passport) in support of the address of the Member as registered with the Company.

Shares held in electronic form: Members may please note that their bank details as furnished by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for change/addition/ deletion in such bank details. Accordingly, the Members holding shares in demat form are requested to update their Electronic Bank Mandate with their respective Depository Participants (DP).

Further, please note that instructions, if any, already given by Members in respect of shares held in physical form, will not be automatically applicable to the dividend paid on shares held in electronic form.

18. The Members who are unable to receive the dividend directly in their bank accounts through Electronic Clearing Service or any other electronic means, due to non-registration of the Electronic Bank Mandate or other technical reasons like change in IFSC, inactive account etc., the Company shall dispatch the dividend warrant/ bankers' cheque/demand draft to such members through postal or courier services to their registered address.

19. Members are requested to note that dividends that are not claimed within seven (7) years from the date of transfer to the Company's Unpaid Dividend Account, shall, as per Section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF). **Further, shares on which the dividends remain unclaimed for seven consecutive years will also be transferred to the IEPF as per Section 124 of the Act, and the applicable rules**. Hence, members who have not claimed/ encashed their dividend warrant for respective Financial Years are requested to write to the Company/ Registrar and Share Transfer Agent (RTA) at least a month before the due dates mentioned hereunder:

Due date for transfer of unclaimed dividend to IEPF				
Year	Dividend per share (₹)	Date of declaration	Due date for transfer to IEPF	Amount of Unpaid Dividend(₹)
2017-18	Re. 0.25	20/09/2018	27/10/2025	84,413.00
2018-19	Re. 0.25	30/09/2019	04/10/2026	82,586.00
2019-20	Re.0.25	18/03/2020 (interim Dividend)	18/04/2027	1,09,480.25
2020-21	Re.0.30	30/09/2021	04/10/2028	61,343.00
2021-22	Re.0.30	30/09/2022	04/10/2029	3,41,337.40
2022-23	Re.0.30	30/09/2023	04/10/2030	1,28,565.70
2023-24	Re. 0.40	30/09/2024	04/10/2031	1,47,911.20

20. Members seeking any information with regard to the financial statements or any matter to be placed at the AGM are requested to write to the Company on or before **22nd September, 2025** through e-mail on cs@smspharma.com. The same will be replied by the Company suitably.

21. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DPs and holdings should be verified from time to time.

22. Details of Unclaimed Shares: The Company doesn't have any shares remaining unclaimed in the unclaimed suspense account.

INSTRUCTIONS FOR REMOTE E-VOTING & E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/ OAVM ARE AS UNDER:

Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in Demat mode.

Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in Demat mode.

i. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of Listing Regulations (as amended) and the MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the 37th AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorised e-Voting agency. The facility of casting votes by a Member using remote e-voting system as well as e-Voting during the AGM will be provided by CDSL.

ii. The remote e-voting period commences on **Thursday, 25th September, 2025 at 9.00 a.m. (IST) and ends on Sunday, 28th September, 2025 at 5.00 p.m. (IST)**. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The voting rights of the Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date i.e., as on the closure of business hours on **Monday, 22nd September, 2025**.

iii. Members of the Company holding shares either in physical form or in electronic form as on the closure of business hours on **Monday, 22nd September, 2025 i.e., cut-off date** may cast their vote by remote e-voting. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of e-Voting before the AGM as well as remote e-voting during the AGM.

Any person who acquires shares of the Company and becomes a Member of the Company after the dispatch of the Notice and holds shares as on the cut-off date i.e., as on the closure of business hours on Monday, 22nd September, 2025, may obtain a copy of AGM Notice by sending a request to info@aarthiconsultants.com or can also be downloaded from the Company's website at www.smspharma.com and participate in remote e-voting or e-voting at AGM by following the instructions provided herein.

iv. The Members who have cast their vote by remote e-voting prior to the AGM may attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote on such resolution again. Members who have voted on some of the resolutions during the said voting period are also eligible to vote on the remaining resolutions during the AGM.

v. Mr. C. Sudhir Babu, Practicing Company Secretary, Hyderabad has been appointed as the Scrutiniser(s) to scrutinise the e-voting process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for same purpose.

vi. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (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 shareholders/ retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility 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.

Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in Demat mode.

vii. In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, 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.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with **CDSL Depository**	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 users to login to Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by the Company. On clicking the e-Voting 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, 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 CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from an 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 be able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with **NSDL Depository**	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.

Type of shareholders	Login Method
	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.
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants (DP)**	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 in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 21 09911
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in 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

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in Demat mode.

I. Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

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 Physical shareholders and other than individual shareholders holding shares in Demat.
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.
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.

II. After entering these details appropriately, click on "SUBMIT" tab.

III. 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 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.

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

V. Click on the EVSN for the relevant <SMS Pharmaceuticals Limited> on which you choose to vote.

VI. 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.

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

VIII. 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.

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

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

XI. 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.

XII. There is also an optional provision to upload BR/ POA if any uploaded, which will be made available to scrutinizer for verification.

Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.

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

- 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.

- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.

- It is Mandatory that, 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.

- Alternatively Non Individual shareholders are required mandatorily to send the relevant Board Resolution/ Authority letter etc., together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address cs@smspharma.com (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-Voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1) The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.

2) The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-Voting.

3) Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM except on the resolutions which couldn't be voted during the remote e-Voting.

4) Members may join the Meeting through laptops, smartphones, tablets and iPads for better experience. Further, Members will be required to use Internet with a good speed/ band to avoid buffering/ disconnections during the Meeting. Please note that participants connecting from mobile devices or tablets or through laptops 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 glitches.

5) Members who would like to express their views/ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered email address mentioning their names, DP ID and Client ID/ folio number, PAN and mobile number at cs@smspharma.com **before 6.00 p.m. (IST) on 22nd September, 2025**. Only those Members who have preregistered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

6) Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the 37th AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number/folio number and mobile number, to reach the Company's e-mail addresses at cs@smspharma.com **before 6.00 p.m. (IST) on 22nd September, 2025**. Such questions by the Members shall be suitably replied by the Company.

7) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

8) Only those shareholders, who are 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 during the AGM.

9) If any votes are cast by the shareholders through the e-Voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-Voting during the meeting is available only to the shareholders attending the meeting.

10) During the AGM remote e-voting module will be enabled for e-Voting and the same will be open for 15 minutes after conclusion of the meeting.

Other instructions:

o The Scrutiniser shall, immediately after the conclusion of voting at the AGM, unblock the votes cast during the AGM and votes cast through remote e-Voting and make, not later than 2 working days of conclusion of the AGM, a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

o The result declared along with the Scrutiniser's Report shall be placed on the Company's website at www.smspharma.com. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

o The resolutions proposed 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.

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 toll free no. 1800 21 09911

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 toll free no. 1800 21 09911 or or call on 022-23058542/43.

Information at a glance:

Day, date & time of AGM	Monday, 29th September, 2025 ,11.00 a.m. IST
Book Closure	Tuesday, 23rd September, 2025 to Monday 29th September, 2025 (both day inclusive)
Record Date for Dividend	Monday, 22nd September, 2025
Cut-off Date for e-voting eligibility and attending AGM	Monday, 22nd September, 2025
E-Voting Start date and time	Thursday, 25th September, 2025, 9.00 a.m. IST
E-Voting End date and time :	Sunday, 28th September, 2025, 5.00 p.m. IST
Company	SMS Pharmaceuticals Limited Phone: 040-35359999 Email : cs@smspharma.com; complianceoffier@smspharma.com
Registrar and Transfer Agent	M/s. Aarthi Consultants Private Limited Phone: 040-27638111/ 27634445/ 27642217 Email: info@aarthiconsultants.com
e-Voting Agency	M/s. Central Depository Services (India) Limited E-mail : helpdesk.evoting@cdslindia.com Toll Free : 1800 21 09911
Scrutinizer	Mr. C. Sudhir Babu, Practicing Company Secretary Phone: 7981191458 / 9493676368 Email : csbassociates27@gmail.com

EXPLANATORY STATEMENT

Pursuant to Section 102 of the Companies Act, 2013 and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Item No. 4:

Pursuant to the provisions of Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, the Related Party Transactions as mentioned in Clause (a) to (g) of the said Section requires a Company to obtain approval of the Board of Directors and subsequently the Shareholders of the Company by way of ordinary resolution in case the value of the Related Party Transactions exceed the stipulated thresholds prescribed in Rule 15 of the said Rules and transactions other than in ordinary course of business and on arm's length basis.

Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') read with the Company's Policy on Related Party Transactions, stipulates that entering into Material Related Party Transactions which, either individually or taken together with previous transaction(s) during a financial year, exceed ₹ 1,000 crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower, requires approval of the shareholders through ordinary resolution.

Based on the Audited Financial Statements of March 31, 2025, the threshold limit for Material Related Party Transactions (RPTs) is ₹ 78.90 Crores.

As per the SEBI vide its Circular no. SEBI/HO/CFD/CMD1/CIR/P/2022/47 dated 08th April, 2022 clarified that the shareholders' approval of omnibus Related Party Transactions approved in an Annual General Meeting shall be valid up to the date of the next Annual General Meeting for a period not exceeding fifteen months.

Accordingly, the Company took approval of the shareholders in its AGM held on 30th September, 2024 for the Material Related Party Transactions from the conclusion of the 36th AGM till the conclusion of 37th AGM. To continue to enter in to the related party transactions after the 37th AGM till the conclusion of 38th AGM of the Company. Similar to that to continue to enter in to the related party transactions after the 37th AGM, the Material Related Party Transactions as recommended by the Audit Committee and approved by the Board of Directors at their meetings held on 09th August, 2025 are hereby placed before the shareholders for their approval by way of Ordinary Resolution to enable the Company to enter into the following Material Related Party Transactions in one or more tranches, during the period from the date of this Annual General Meeting to till date of next Annual General Meeting, which shall not be more than fifteen months. The approval by the shareholders' is without prejudice to the need for the Audit Committee to approve, authorize and review transactions on a financial year basis.

Further, Securities and Exchange Board of India ("SEBI") vide its circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated 14 February 2025 has introduced the Industry Standards on "Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction" ("Industry Standards") to facilitate uniform approach and assist listed companies in complying with the provisions of Regulation 23 of the Listing Regulations read with the SEBI Master Circular no. SEBI/HO/CFD/PoD2/CIR/P/0155 dated 11 November 2024 ("SEBI Circular") which shall be applicable from 01 July 2025. The Industry Standards inter-alia requires listed entity to provide minimum information, in specified format, relating to the proposed RPTs, to the Audit Committee and to the shareholders, while seeking approval.

Details of the proposed transactions with VKT Pharma Private Limited (VKT Pharma) being a related party of the Company, including the information pursuant to Clause 4 of the Industry Standards read with SEBI Circular and applicable provisions of the Act, if any, and as placed before the Committee for consideration while seeking prior approval of the proposed RPT(s), are provided below:

S. No.	Particulars of the information	Information provided by the management	Comments of the Audit Committee
A. Details of the related party and transactions with the related party			
A(1). Basic details of the related party			
1.	Name of the related party	VKT Pharma Private Limited (VKT Pharma)	
2.	Country of incorporation of the related party	India	
3.	Nature of business of the related party	Manufacturing of Pharmaceuticals formulations and related activities	
A(2). Relationship and ownership of the related party			
4.	Relationship between the listed entity/subsidiary (in case of transaction involving the subsidiary) and the related party.	VKT Pharma is an Associate Company to SMS Pharmaceuticals Limited	
5.	Shareholding or contribution % or profit & loss sharing % of the listed entity/ subsidiary (in case of transaction involving the subsidiary), whether direct or indirect, in the related party.	SMS Pharmaceuticals is holding 34.83 % in VKT Pharma Private Limited. VKT Pharma having common Promoter Directors Mr. Vamsi Krishna Potluri (MD) and Mr. Ramesh Babu Potluri holding 2.54% and 17.03% respectively. Mr. Vamsi Krishna Potluri is son of Mr. Ramesh Babu Potluri.	
6.	Shareholding of the related party, whether direct or indirect, in the listed entity/subsidiary (in case of transaction involving the subsidiary).	VKT Pharma does not have any Shareholding in SMS Pharmaceuticals Limited. However the directors of VKT Pharma Mr. Ramesh Babu Potluri and Mr. Vamsi Krishna Potluri are the promoters, Managing Director and Executive Director respectively who also has shareholding in SMS Pharma	
A(3). Financial performance of the related party			
7.	Standalone turnover of the related party for each of the last three financial years:	Amount (₹ in Lakhs.)	
	FY 2024-2025	19,846.37	
	FY 2023-2024	9,391.69	
	FY 2022-2023	3,177.51	
8.	Standalone net worth of the related party for each of the last three financial years:		
	FY 2024-2025	5,340.58	
	FY 2023-2024	4,847.93	
	FY 2022-2023	4,674.20	
9.	Standalone net profits of the related party for each of the last three financial years:		
	FY 2024-2025	498.68	
	FY 2023-2024	171.27	
	FY 2022-2023	(2994.05)	
A(4). Details of previous transactions with the related party			
10.	Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party during each of the last three financial years.		
	FY 2024-2025		

Sl. No.	Nature of Transactions	Amount (₹ in Lakhs)
1.	Sales	3,959.76
2.	Rent Receivable	28.11
3.	Other income	6.32
	Total	**3,994.19**

S. No.	Particulars of the information	Information provided by the management	Comments of the Audit Committee

FY 2023-2024

Sl. No.	Nature of Transactions	Amount (₹ in Lakhs)
1.	Sales	2,248.45
2.	Rent Receivable	26.27
3.	Other income	53.10
	Total	**2,327.82**

FY 2022-2023

Sl. No.	Nature of Transactions	Amount (₹ in Lakhs)
1.	Sales	1,072.93
2.	Rent Receivable	25.56
3.	Other income	62.31
	Total	**1,160.80**

S. No.	Particulars of the information	Information provided by the management	Comments of the Audit Committee
11.	Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party during the current financial year (till the date of approval of the Audit Committee / shareholders).	Actual amount of all transactions undertaken during the FY 2024-25 is ₹ 3994.19 lakhs and Q1 2025-26 is ₹1207.82 Lakhs The Company has taken the approval of the shareholders till the date of 37th AGM to be held in the FY 2025-26 and these transactions fall within the approved Limits.	
12.	Whether prior approval of Audit Committee has been taken for the above mentioned transactions?	Yes	
13.	Any default, if any, made by a related party concerning any obligation undertaken by it under a transaction or arrangement entered into with the listed entity or its subsidiary during the last three financial years.	No	

A(5). Amount of the proposed transactions (All types of transactions taken together)

14. Total amount of all the proposed transactions being placed for approval in the current meeting

Nature of Transaction	Amount ₹ In Lakhs
Sales	17,000
Purchases	300
Rent (Receivable)	100
Other Reimbursement	100
Total	**17,500**

Sale of Active Pharmaceutical Ingredients (APIs), office rent receivable or any other transactions for transfer of resources, services or obligations and other reimbursements/ recoveries for business purpose from/to VKT Pharma for aggregate monetary value not to exceed Rupees 17,500 lakhs from the conclusion of the 37th AGM to till the conclusion of the 38th AGM to be held in the FY 2026-27.

S. No.	Particulars of the information	Information provided by the management	Comments of the Audit Committee
15.	Whether the proposed transactions taken together with the transactions undertaken with the related party during the current financial year is material RPT in terms of Para 1(1) of these Standards?	Yes	

S. No.	Particulars of the information	Information provided by the management	Comments of the Audit Committee
16.	Value of the proposed transactions as a percentage of the listed entity's annual consolidated turnover for the immediately preceding financial year	The Company's Annual Consolidated turnover for the FY 2024-25 is ₹78,897.25 Lakhs so the proposed transaction shall constitute 22.18% of the Annual consolidated turnover.	
17.	Value of the proposed transactions as a percentage of subsidiary's annual standalone turnover for the immediately preceding financial year (in case of a transaction involving the subsidiary, and where the listed entity is not a party to the transaction)	NA	
18.	Value of the proposed transactions as a percentage of the related party's annual standalone turnover for the immediately preceding financial year.	88.18 % VKT Pharma's Annual Standalone Turnover ₹19,846.37 Lakhs	
B. Details for specific transactions			
B(1). Basic details of the proposed transaction			
1.	Specific type of the proposed transaction (e.g. sale of goods/services, purchase of goods/services, giving loan, borrowing etc.)	Sales, Purchases and Rent receivables and other reimbursement in the ordinary course of business	
2.	Details of the proposed transaction	a) Sale Active Pharmaceuticals Ingredients (APIs). b) Purchase of consumables and other miscellaneous items c) Leasing of Office premises & R&D Premises. d) Availing or rendering of any services e) Any transfer of resources, services, or obligations to meet its objective/ requirements	
3.	Tenure of the proposed transaction (tenure in number of years or months to be specified)	One year The shareholders' approval will be valid for the period commencing from the conclusion of 37th Annual General Meeting upto the date of 38th Annual General Meeting of the Company to be held in the year 2026.	
4.	Indicative date /timeline for undertaking the transaction	The Transactions in one or more tranches, during part of the financial year 2025-26 as well as part of the financial year 2026-27 i.e., from conclusion of the 37th AGM till the date of the 38th AGM of the Company to be held in the FY 2026.	
5.	Whether omnibus approval is being sought?	These related party transactions are recurring transactions, in the ordinary course of business for both transacting parties Refer Point No. 14 in section A(5) above for the breakup of the transactions. The actual transactions are reviewed quarterly by the Audit Committee	

S. No.	Particulars of the information	Information provided by the management	Comments of the Audit Committee
6.	Value of the proposed transaction during a financial year. In case approval of the Audit Committee is sought for multi-year contracts, also provide the aggregate value of transactions during the tenure of the contract. If omnibus approval is being sought, the maximum value of a single transaction during a financial year.	Not Applicable Since the Company is taking approval from the conclusion 37th AGM to till the date of the 38th AGM	
7.	Whether the RPTs proposed to be entered into are: (i) not prejudicial to the interest of public shareholders, and (ii) going to be carried out on the same terms and conditions as would be applicable to any party who is not a related party	Yes. Further, Certificate from the Promoter Director(s) & CFO of the Company confirming that the proposed transactions are not prejudicial to the interest of the public shareholders of SMS Pharma	
8.	Provide a clear justification for entering into the RPT, demonstrating how the proposed RPT serves the best interests of the listed entity and its public shareholders.	Since, VKT Pharma is forward integration to SMS Pharma which is value addition to the company. Considering the current business scenario, for sale of Company's API's to VKT Pharma, shall support to increase of its overall operations and profitability and for growth of the business of the Company. The procurement of consumables and other miscellaneous items from VKT Pharma to meet immediate requirement if any. These transactions shall be purely on the basis of day to day business requirements and in the Ordinary Course of business.	
9.	Details of the promoter(s)/ director(s) / key managerial personnel of the listed entity who have interest in the transaction, whether directly or indirectly. The details shall be provided, where the shareholding or contribution or % sharing ratio of the promoter(s) or director(s) or KMP in the related party is more than 2%. a. Name of the director / KMP b. Shareholding of the director / KMP, whether direct or indirect, in the related party	None of the promoters are interested, directly or indirectly, in the proposed transactions, except to the extent of their shareholding. The details of promoters/directors/KMPs of listed company have interest in VKT Pharma: Mr. Ramesh Babu Potluri-17.03% Mr. Vamsi Krishna Potluri-2.54% Mr. Trilok Potluri-3.18% Mrs. Hima Bindu Potluri-7.20% And Mr. Ramesh Babu Potluri- CMD of SMS Pharma is a Director in VKT Pharma Mr. Vamsi Krishna Potluri- ED of SMS Pharma is an MD in VKT Pharma and Mr. Vamsi Krishna Potluri is son of Mr. Ramesh Babu Potluri	
10.	Details of shareholding (more than 2%) of the director(s) / key managerial personnel/ partner(s) of the related party, directly or indirectly, in the listed entity. a. Name of the director / KMP/ partner b. b. Shareholding of the director / KMP/ partner, whether direct or indirect, in the listed entity	Refer Point No. 9 in section B(1) above.	

S. No.	Particulars of the information	Information provided by the management	Comments of the Audit Committee
11.	A copy of the valuation or other external party report, if any, shall be placed before the Audit Committee.	All contracts with the related parties in the ordinary course of business and on arm's length basis and the same shall be placed before the Audit Committee for review and approval.	
12.	Other information relevant for decision making.		
B(2). Additional details for proposed transactions relating to sale, purchase or supply of goods or services or any other similar business transaction			
13.	Number of bidders / suppliers / vendors / traders / distributors / service providers from whom bids / quotations were received with respect to the proposed transaction along with details of process followed to obtain bids.	The proposed transactions are repetitive and in the ordinary course of business of SMS Pharma. The transactions with the related party being the Associate company of the listed entity is beneficial for both parties as well as shareholders of the Companies. The arm's length pricing is being validated by the Audit Committee of the listed Company. Therefore, management is of the view that bids are not required for the said transactions.	
14.	Best bid / quotation received. If comparable bids are available, disclose the price and terms offered.		
15.	Additional cost / potential loss to the listed entity or the subsidiary in transacting with the related party compared to the best bid / quotation received.		
16.	Where bids were not invited, the fact shall be disclosed along with the justification for the same.		
17.	Wherever comparable bids are not available, state what is basis to recommend to the Audit Committee that the terms of proposed RPT are beneficial to the shareholders.		
Point No. B(3) to B(6) of table forming part of Clause 4 of the Industry Standards are not applicable.			
B(7). Additional details for proposed transactions relating to sale, lease or disposal of assets of subsidiary or of unit, division or undertaking of the listed entity, or disposal of shares of subsidiary or associate			
19.	Number of bidders / suppliers / vendors / traders / distributors / service providers from whom bids / quotations were received with respect to the proposed transaction along with details of process followed to obtain bids.	The Company has vacant portion at Research & Development (R&D), which is providing on lease to its Associate Company VKT Pharma. The management is of the opinion that the said transaction is in the ordinary course of business and the Company may not get bids for the lease from the other parties since the Company cannot provide the unused portion to outside party due to business confidentiality and secrecy especially in R & D facility VKT Pharma is a forward integration to SMS Pharma it can provide lease to VKT Pharma, it cannot provide lease to other API Manufacturing companies. Hence, the Company has not obtained comparable bids. Based on the circumstances and the transaction was approved by the Audit Committee.	
20.	Best bid / quotation received If comparable bids are available, disclose the price and terms offered.		
21.	Additional cost / potential loss to the listed entity or the subsidiary in transacting with the related party compared to the best bid / quotation received.		
22.	Where bids were not invited, the fact shall be disclosed along with the justification for the same.		
23.	Wherever comparable bids are not available, state what is the basis to recommend to the Audit Committee that the terms of proposed RPT are beneficial to the shareholders.		
24.	Reasons for sale, lease or disposal of assets of subsidiary or of unit, division or undertaking of the listed entity, or disposal of shares of subsidiary or associate.		
25.	Financial track record of the subsidiary / undertaking that is being sold (in case of sale of undertaking, segment level data to be provided) during the last three financial years:	NA	

S. No.	Particulars of the information				Information provided by the management	Comments of the Audit Committee
		FY 2022-2023	FY 2023-2024	FY 2024-2025		
	Turnover					
	Net worth					
	Net Profit					
	Net Profit Margin					
	Operating Cash FlowMargin					
	Return on Assets (RoA					
26.	Expected financial impact on the consolidated turnover, net worth and net profits of the listed entity or its subsidiary due to sale of the subsidiary / undertaking				NA	
	a. Expected impact on turnover					
	b. Expected impact on net worth					
	c. Expected impact on net profits					
27.	Details of earlier sale, lease or disposal of assets of the same subsidiary or of the unit, division or undertaking of the listed entity, or disposal of shares of the same subsidiary or associate to any related party during the preceding twelve months.				The same facility was leased to the same party during the preceding twelve months.	
28.	Whether the transaction would result in issue of securities or consideration in kind to a related party? If yes, please share the relevant details.				NA	
29.	Would the transaction result in eliminating a segment reporting by the listed entity or any of its subsidiary?				NA	
30.	Does it involve transfer of key intangible assets or key customers which are critical for continued business of the listed entity or any of its subsidiary?				NA	
31.	Are there any other major non- financial reasons for going ahead with the proposed transaction?				NA	
Point No. B(8) of table forming part of Clause 4 of the Industry Standards is not applicable.						

The proposed contracts/arrangements/transactions relate to sale/purchase of goods/services or any other transaction(s), which shall be governed by the Company's Related Party Transaction Policy and shall be reviewed by the Audit Committee within the overall limits approved by the members.

The proposal outlined above will contribute to the principal business activities of your Company and is in the interest of the Company. Hence, the Audit Committee/Board recommends the resolution set out in the Item No. 4 of the notice for your approval as an Ordinary Resolution. None of the Related Parties shall vote in favour of the resolution.

Except Mr. Ramesh Babu Potluri, Chairman & Managing Director, Mr. Vamsi Krishna Potluri, Executive Director and Mr. Trilok Potluri, Non-Executive Director and their respective relatives, none of the other Directors/ Key Managerial Personnel/their respective relatives are in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 5

Based on the recommendations of the Audit Committee, the Board in their meeting held on 30th May, 2025, has appointed the Cost Auditor M/s. Harshitha Annapragada & Co., Cost Accountants, having Firm Registration No. 006031, to conduct the Audit of the cost records of the Company for the Financial Year 2025-26.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration of the Cost Auditor requires ratification from the members of the Company. Accordingly, consent of the members is accorded, for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31st March, 2026 as set out in the Notice.

The Board of Directors, based on the said recommendation of the Audit Committee, recommends resolution No. 5 for approval of members as set out in the Notice convening the annual general meeting.

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

Item No. 6

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time, every listed public Company is required to annex with its Board's Report made out in terms of Section 134(3) of the Companies Act, 2013, a Secretarial Audit Report given by a Company Secretary in practice.

SEBI vide its notification dated 12 December 2024, amended the Listing Regulations. As per the amended Listing Regulations, on the basis of recommendation of the Board of Directors, a listed entity shall appoint or re-appoint a Secretarial Audit firm as Secretarial Auditor for not more than two terms of five consecutive years, subject to approval of the shareholders in the AGM. Further, such a Secretarial Auditor must be a peer-reviewed company secretary and should not have incurred any of the disqualifications as specified by SEBI.

In light of the aforesaid, M/s. SVVS Associates Company Secretaries LLP (ICSI UID: L2015MH000700), being eligible, has consented to act as Secretarial Auditors of the Company for a period of five consecutive financial years i.e., from 2025-26 to 2029-30 as required under Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015. M/s. SVVS Associates has provided a confirmation that they have subjected themselves to the peer review process of the Institute of Company Secretaries of India and hold a valid peer review certificate. Based on the profile and experience of M/s. SVVS Associates, the Audit Committee has recommended the appointment of M/s. SVVS Associates as the Secretarial Auditors of the Company for a period of five financial years i.e., from 2025-26 to 2029-30.

The proposed remuneration to be paid to M/s. SVVS Associates of ₹ 1,25,000/- per annum (Rupees One Lakh Twenty-Five Thousand only) with an annual increase in remuneration plus out of pocket expenses (if any) at actuals to conduct Secretarial Audit of the Company, the annual increase of remuneration as may be decided by Board of Directors in consultation with the Audit Committee. Besides the secretarial audit services, the Company may also obtain certifications from M/s. SVVS Associates under various statutory regulations and certifications required by banks, statutory authorities, audit related services and other permissible non-secretarial audit services as required from time to time, for which they will be remunerated separately on mutually agreed terms, as approved by the Board of Directors in consultation with the Audit Committee. The above fee excludes the proposed remuneration to be paid for the purpose of secretarial audit of subsidiaries, if any.

The Board of Directors, based on the said recommendation of the Audit Committee, recommends resolution No. 6 for approval of members as set out in the Notice convening the annual general meeting.

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

Item No. 7

Mr. Vamsi Krishna Potluri was appointed as an Executive Director of the Company for a period of 5 years commencing from 01st July, 2020 which concluded on 30th June, 2025.

The Board of Directors of the Company, based on the recommendation of the Nomination & Remuneration Committee ("NRC") at its meeting held on 14 June, 2025, approved the re-appointment of Mr. Vamsi Krishna Potluri as Whole Time Director designated as an Executive Director for the period of 3 (three) years w.e.f. 01st July 2025 to 30th June, 2028 subject to the approval of the shareholders.

Background & Profile of Mr. Vamsi Krishna Potluri

Mr. Vamsi Krishna Potluri is currently serving as the Executive Director of the Company. He holds a Bachelor's degree in Electrical and Electronics Engineering from BITS Pilani, Dubai, and a Master's in Engineering Management from the Missouri University of Science and Technology, USA.

Mr. Vamsi Krishna Potluri, has done his internship in Julphar, one of the biggest Pharma companies in Middle East. He began his career with OHM Labs (Ranbaxy, USA) in supply chain operations before joining SMS Pharmaceuticals. He initially joined in the Company as Vice President (Operations) in 2013. During his tenure as Vice President (Operations), he has made significant contributions and has successfully led the Company's marketing operations. Under his leadership, the Company witnessed a notable increase in the client base, his strategic approach and operational oversight played a key role in strengthening the market presence of the Company.

Subsequently, he was appointed as an Executive Director in 2020, as he consistently demonstrated strong management capabilities and leadership qualities in people management and resource optimization skills which have greatly benefited the organization. He embraces a hands-on management style, effectively blending contemporary business practices with time-tested principles. His vision and execution capabilities continued in positioning the Company for future growth. His initiative related to new products introduction and strategic backward integration of ibuprofen project enhanced supply chain resilience, cost savings, a substantial rise in sales turnover, long-term growth potential increased profitability and efficient gains to the Company.

Mr. Vamsi Krishna Potluri also holds the position of Managing Director of VKT Pharma Private Limited and therefore the consent of all the Directors present at the meeting was accorded in terms of third proviso to Section 203(3) of the Companies Act, 2013.

Mr. Vamsi Krishna Potluri has confirmed that he is not disqualified from being appointed as Director in terms of the provisions of Section 164(1) and (2) of the Act. Mr. Vamsi Krishna Potluri has provided his consent for such appointment and has also confirmed that he is not debarred from holding the office of Director by virtue of any SEBI order or any such authority, pursuant to circulars dated June 20, 2018 issued by the BSE Limited and the National Stock Exchange of India Limited, pertaining to the enforcement of SEBI orders regarding the appointment of Directors by the listed companies. The Other detail of Mr. Vamsi Krishna Potluri under Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, are provided in the "**Annexure**" to the Notice.

Terms and Condition and Remuneration of appointment of Mr Vamsi Krishna Potluri is as under:

I. Period of Appointment

The re-appointment is for a period of 3 (three) years with effect from 01st July, 2025 to 30th June, 2028.

II. Salary:

Salary: ₹ 15,00,000/- (Rupees Fifteen Lakhs Only) per month and the Board reserves the right to revise remuneration within applicable limits

III. Allowances & Perquisites:

a) Housing:

   i. Rent Free Accommodation. If no accommodation is provided by the Company, the Executive Director shall be entitled to House Rental Allowance for an amount of ₹ 1,50,000 (Rupees One Lakhs Fifty Thousand Only) p.m.

   ii. Actual expenses pertaining to maintenance of accommodation, Gas, Electricity, Water and other utilities will be / reimbursed by the Company.

   iii. The Company shall provide such furniture, furnishings, domestic servant and security guards at his residence as may require.

b) Provident Fund, Gratuity: Company's contribution to the Provident Fund and payment of Gratuity shall be as per the Rules of the Company.

c) Medical Reimbursement: Reimbursement of actual medical expenses incurred in India and abroad for self and dependent family members.

d) Medical Insurance: Premium will be paid by the Company as per the Company's Policy.

e) Leave Travel Allowance (LTA): LTA will be paid once in a year for maximum of one month salary, as per Rules of the Company.

f) Leave Encashment: As per rules of the Company.

g) Personal Accident Insurance: The premium shall not exceed ₹ 2,00,000/- per annum.

h) Club Membership: Subscription or reimbursement of membership fees (excluding admission and life membership) for two clubs.

i) Benefits if any, assigned under Keyman Insurance Policy.

j) Other allowances as may be decided by the Board / nomination and remuneration committee from time to time, subject to the provisions of the Companies Act, 2013.

IV. Amenities, Terms & Conditions:

i. Conveyance facility: The Company shall provide a Car with Driver.

ii. Communication facilities: The Company shall provide Telephone, Cell Phone, Internet, and other communication facilities at the Executive Director's residence.

iii. Travelling expenses actually incurred on travelling and boarding and lodging for self and spouse and also attendant, if required accompanying him during domestic and overseas business trips.

iv. Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent that these either singly or together are not taxable under the Income Tax Act. He is also entitled for Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure. All these shall not be included in the computation of ceilings aforesaid.

v. For the purposes of calculating the above overall ceiling, perquisites and allowances shall be as per Income Tax Rules, wherever applicable; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost or hire charges.

vi. The terms and conditions of the said appointment may be altered and varied from time to time by the Board and Nomination and Remuneration Committee as it may, in its discretion, deem fit, within the maximum amount payable to the Executive Director in accordance with Schedule V to the Act or any amendments thereto made hereinafter in this regard, as may be agreed by the Board and Mr. Vamsi Krishna Potluri.

V. **Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained, where in any financial year during the tenure of the Appointee, the Company has no profits or its profits are inadequate, the Company shall pay minimum remuneration by way of salary, allowances and perquisites as specified above.

VI. **Remuneration based on profits:**

Remuneration based on profits as percentage of profits as may be decided by the Board of Directors on yearly basis.

In view of the above, the Board on the recommendation of the Nomination and Remuneration Committee, taking into consideration, the valuable contribution of Mr. Vamsi Krishna Potluri, to steer the Company in these challenging times, have approved the payment of remuneration to Mr. Vamsi Krishna Potluri as per terms and conditions mentioned above, pursuant to the approval of members accorded by Special Resolution at the General Meeting.

However, the total remuneration payable to Mr. Vamsi Krishna Potluri would not exceed the ceiling prescribed under section 197 of the Companies Act, 2013 which prescribes the limit of 5% of net profit computed as per Section 198 of the Companies Act, 2013 for one Managing Director / Executive Director and 10% of net profit for all the Managing Directors / Executive Directors in aggregate.

Except Mr. Vamsi Krishna Potluri Executive Director, Mr. Trilok Potluri Non-Executive Director, and Mr. Ramesh Babu Potluri Chairman & Managing Director none of the other Directors/ Key Managerial Personnel/their respective relatives are in any way, concerned or interested, financially or otherwise, in this resolution.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India]

Name	Mr. Trilok Potluri	Mr. Vamsi Krishna Potluri
DIN	07634613	06956498
Age	35	36
Date of first appointment/ re-appointment	12.08.2024	05.06.2020 as Director
Qualifications	B.E. Computer Science from BITS Pilani- Dubai Diploma in Arts & Design and Game Design from Vancouver Film School, Canada.	BE(EEE) from Bits Pilani – Dubai Masters in engineering management from Missouri University of science and technology, US.
Expertise in specific functional areas	Information Technology, Cyber Security, Business Management and financial planning.	Strong leadership, managerial capabilities, and effective team-building skills, Governance & Board Relations, finance and cash flow management
Skills and capabilities required for the role and the manner in which the Directors meet the requirements	He has expertise skills in Strategic planning, Monitoring & evaluating, financial planning, Business Management, Communication, Tactical Market Planning, Organizational strategy, structure and dealt with various domestic and international clients.	He had exposure to subjects like Lean manufacturing; finance and cash flow management, international marketing, strategic Decision-Making & Problem-Solving skills etc. which will keep him in a good stead going forward in managing Pharma industry.
Brief Profile	Mr. Trilok Potluri has completed his under graduation in Computer Science at BITS Pilani-Dubai and has pursued his diploma in the field of Arts & Design and Game Design from Vancouver Film School. He is a passionate game designer and a serial entrepreneur with a 9+ years of management experience encompassing the avenues of Gaming, Animation, F&B & IT services. He has expertise skills in Strategic planning, Monitoring & evaluating, financial planning, Business Management, Communication Tactical Market Planning, Organizational strategy, structure and dealt with various domestic and international clients. **Professional Experience** • Zynga Games Inc. (2013-2016) —Game Designer • Pixalot Labs Private Limited (2016 onwards) - Founder, Director & CEO Lucratech Solutions Private Limited (2019 onwards) - Co-Founder & Director	Mr. Vamsi Krishna Potluri is currently serving as the Executive Director of the Company. He holds a Bachelor's degree in Electrical and Electronics Engineering from BITS Pilani, Dubai, and a Master's in Engineering Management from the Missouri University of Science and Technology, USA. He began his career with OHM Labs (Ranbaxy, USA) in supply chain operations before joining SMS Pharmaceuticals in 2014. In addition to his role as Executive Director, Mr. Vamsi Krishna also leads the Company's marketing division and oversees research and development operations. Mr. Vamsi Krishna's hands-on leadership, modern management style, and strong people skills, has been instrumental in fostering innovation, enhancing operational efficiency, and driving sustained growth across the organization.
Terms and conditions of appointment / reappointment	Appointment as a Non-executive Independent Director	Appointment as Whole-Time Director designated as an Executive Director

Name	Mr. Trilok Potluri	Mr. Vamsi Krishna Potluri
Remuneration proposed to be paid	Sitting fees for attending Board Meetings and Committee meetings, if any, where he is a member.	15,00,000/- p.m. excluding perquisites and benefits
Shareholding in the Company as on 31 March 2025 (including shareholding as Beneficial Owner)	Equity Shares - 21,88,000 Convertible Warrants - 25,00,000	Equity Shares - 1,33,28,370 Convertible Warrants - 25,00,000
Relationship with other Directors/Key Managerial Personnel/Manager	Mr. Trilok Potluri is younger son of Mr. Ramesh Babu Potluri who is a Chairman and Managing Director of the Company and Mr. Trilok Potluri is brother of Mr. Vamsi Krishna Potluri who is Executive Director of the Company.	Mr. Vamsi Krishna Potluri is the eldest son of Mr. Ramesh Babu Potluri, Chairman and Managing Director of the Company and he is also brother of Mr. Trilok Potluri Non-Executive Director of the Company.
Directorship of other Boards as on 31 March 2025	Nil	Nil
Membership/Chairmanship of Committees of the other Boards as on 31 March 2025	Member in Stakeholders Relationship Committee	Member in Audit Committee
Listed Entities from which resigned in past three years	Nil	Nil
Information as required under Circular No. LIST/ COMP/14/2018-19 and NSE/ CML/2018/02	Mr. Trilok Potluri is not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI) or any other authority.	Mr. Vamsi Krishna Potluri is not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI) or any other authority.

Further, they are not disqualified from being appointed as a director in terms of section 164 of the Companies Act, 2013.

Notes:

1. The Directorships, Committee memberships and Chairmanships do not include unlisted Companies and Private Companies, LLPs, position as an advisory Board Member and position in Companies incorporated under Section 8 of Companies Act, 2013.

2. Information pertaining to the remuneration paid to the directors who are being appointed / re-appointed and the number of Board Meetings attended by them during the year 2024-25 have been provided in the Corporate Governance Report forming part of the Annual Report.

By the order of the Board

Ramesh Babu Potluri
Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 09.08.2025

NOTES

sms pharmaceuticals ltd

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