



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, 2024

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 36th Annual General Meeting and Annual Report for the FY 2023-2024.

Pursuant to Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Company for the financial year 2023-24 including the Notice of Annual General Meeting (AGM).

The Annual Report for Financial Year 2023-24 along with the Notice of the 36th AGM of the Company is being dispatched to the Members electronically (through e-mail). The said documents are also available on the website of the Company at <https://smspharma.com/wp-content/uploads/2024/09/SMS-Pharmaceuticals-Limited-AR-2023-24.pdf>

The Company is pleased to provide to its members 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:

Day and Date and Time of AGM	Monday, 30 th September, 2024 at 11.00 a.m
Book Closure Dates	Tuesday, September 24, 2024 to Monday 30, September, 2024 (both day inclusive)
Record Date for Dividend	Monday, 23 rd September, 2024
Cut-off Date for e-voting eligibility and attending AGM	Monday, 23 rd September, 2024
The Remote e-voting Start date and time	Thursday, 26 th September, 2024, 9.00 a.m. (IST)



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The Remote e-voting end date and time	Sunday, 29 th September, 2024 5.00 p.m. (IST)
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Please take the above intimation on your records.

Thanking you

Yours faithfully

For SMS Pharmaceuticals Limited

Thirumalesh Tumma

Company Secretary and Compliance Officer

Encl: as above



— Exploring possibilities
— Ensuring quality
— Enhancing value

Annual Report
2023-24

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Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.



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Corporate Information

Board of Directors

Sri. Ramesh Babu Potluri
Chairman and Managing Director

Sri. Sarath Kumar Pakalapati
Independent Director

Sri. Vamsi Krishna Potluri
Executive Director

Sri. Shравan Kudaravalli
Independent Director
(Re-appointed w.e.f. 26.05.2023)

Sri. Sarvepalli Srinivas
Independent Director

Smt. Dr. Neelaveni Thummala
Independent Director

Key Managerial Persons

Sri. Lakshmi Narayana Tammineedi
Chief Financial Officer

Sri. Thirumalesh Tumma
Company Secretary & Compliance Officer

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

Registered Office

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Road No. 5, Opp. SBI Executive Enclave,
Banjara Hills, Hyderabad – 500034
Telangana, India.
CIN: L24239TG1987PLC008066

Internal Auditors

M/s Adusumilli & Associates
Chartered Accountants
Off. 7-1-390, Flat. No. 302,
Sri Sai Residency,
Balkampet Main Road,
Hyderabad-500038, Telangana

Cost Auditors

Sri. K S N Sarma
Cost Accountant 216,
Rangadhamamu HMT Satavahana
Nagar, Kukatpally,
Hyderabad – 500072, Telangana

Contact Details

Tel: 040-35359999 / 2525 9999
Fax: 040-25259889
Email: info@smspharma.com
Web: www.smspharma.com

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: unit2@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


Registrar & Share Transfer Agent

M/s. Aarthi Consultants Private Limited
1-2-285, Domalguda,
Hyderabad – 500029
Ph: 040-27638111
Email: info@aarthiconsultants.com

Sy. No. 160, 161, 163 to 168,
Kandivalasa Village,
Poosapatirega Mandal,
Vizianagaram District,
Andhra Pradesh. 535204.
Ph.No. +91- 08922 – 258051 / 53/54
Email: admin_unit7@smspharma.com

Bankers

State Bank of India
IDBI Bank Limited
RBL Bank Limited
Export Import Bank of India



Exploring possibilities
Ensuring quality
Enhancing value

At SMS Pharma, our passion lies in **exploring new possibilities**. In the rapidly evolving pharmaceutical industry, we consider every challenge an opportunity to innovate, developing solutions that improve lives. Our dedicated R&D teams work diligently to seek breakthroughs, constantly raising the bar for ourselves. For us, seizing new opportunities is more than creating new products; it is more about pioneering advancements that will set new industry standards and contribute to better healthcare outcomes.

Central to our credo is our steadfast commitment to **ensuring quality**. We understand that in the pharmaceutical sector, quality is not just a benchmark that we meet but also our assurance to millions of people who rely on us. This conviction leads us to meticulously track and refine every stage of the production process right from the sourcing of raw materials to the final delivery of products. We also enforce rigorous quality assurance protocols that ensure our products adhere to exacting global standards in terms of both quality and efficiency.

In the years ahead, as we continue to explore new possibilities while ensuring product quality, we are equally focused on **enhancing value** for all our stakeholders. We believe that true value is created when innovation and quality come together to produce outcomes that benefit not only our customers but also our personnel, partners and communities. By prioritising value creation, we seek to not only drive business growth but also contribute to the betterment of the society at large.

Delivering on our promise of quality

At SMS Pharma, since our inception in 1990, we have continued to take significant strides in our journey of value creation. Over the years, we have transformed from a single-product manufacturer into one of India's foremost research-driven pharmaceutical companies. Our journey has been marked by deep domain expertise, superior quality standards and sustainable value creation for all stakeholders.

In doing so, we have maintained a consistent focus on developing products that meet changing market demands. By leveraging advanced facilities, top-tier process equipment and strong capabilities in Active Pharmaceutical Ingredients (APIs) manufacturing, we have maintained the efficacy and reliability of our pharmaceuticals. Ongoing investments in R&D have enabled us to create key APIs across various therapeutic areas. In addition to our core offerings, our CRAMS services play a crucial role in supporting clients in drug development and manufacturing.

Our emphasis has been on reducing reliance on imports. To this end, we have built strategic partnerships and backward integrated our operations. This has not only resulted in enhanced operational efficiency but has also led to margin expansion.

We have a strong global footprint, strategically located across 75 countries. Extensive industry know-how, cost leadership through backward integration and long-standing relationships with stakeholders continue to remain the key enablers of our sustainable growth.



Vision

Being a quality conscious organization, 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.

35+ years

Legacy

800+

Customers

75+

Countries

45+

Products

100+

Regulatory filings

35+

Process patents



A legacy of creating enduring value

1989

Inception

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

1997

Recognition

Recognised by the government of Andhra Pradesh with a Jawaharlal Silver Rolling Trophy for the best productivity of the year.

2003

USFDA Audit

Successfully faced our first USFDA audit; SMS API was part of a Para IV filing from an MCN company.

2010

Green Field Project

Started a greenfield project to build an API facility on more than 100 acres of land.

2017

Demerger

Demerged the SMS group into two entities – SMS Pharmaceuticals and SMS Lifesciences.

2024

EQDM inspection

EQDM conducted a GMP inspection at a manufacturing facility located at Visakhapatnam, Andhra Pradesh

1995

Scaling Up

Became the largest manufacturer of Ranitidine API in the world.

2000

Acquisition

Acquired a facility to manufacture niche and high-value products to have a diversified portfolio.

2007

Got Listed

SMS got listed on the NSE, BSE (Indian stock exchange)

2015

Awards and Recognitions

Won the prestigious 'Indian Pharma Bulk Drug Company of the Year' award and 'Best Bulk Drug Export Company of the Year' award from the Government of India.

2021-2023

Successful commercialisation

Successfully developed and commercialised Covid-19 treated APIs (Favipiravir & Remdesivir) in FY2022.

The commercialisation of Anti-Diabetic products and Ibuprofen in FY2023.

Chairman's message

Delivering on our promise of growth

It is a pleasure to address you once again as we reflect on the past financial year and reaffirm our strategic priorities and commitment to building a sustainable future. If the past two financial years showcased our organisation's resilience, this year was all about delivering on our promise of growth.

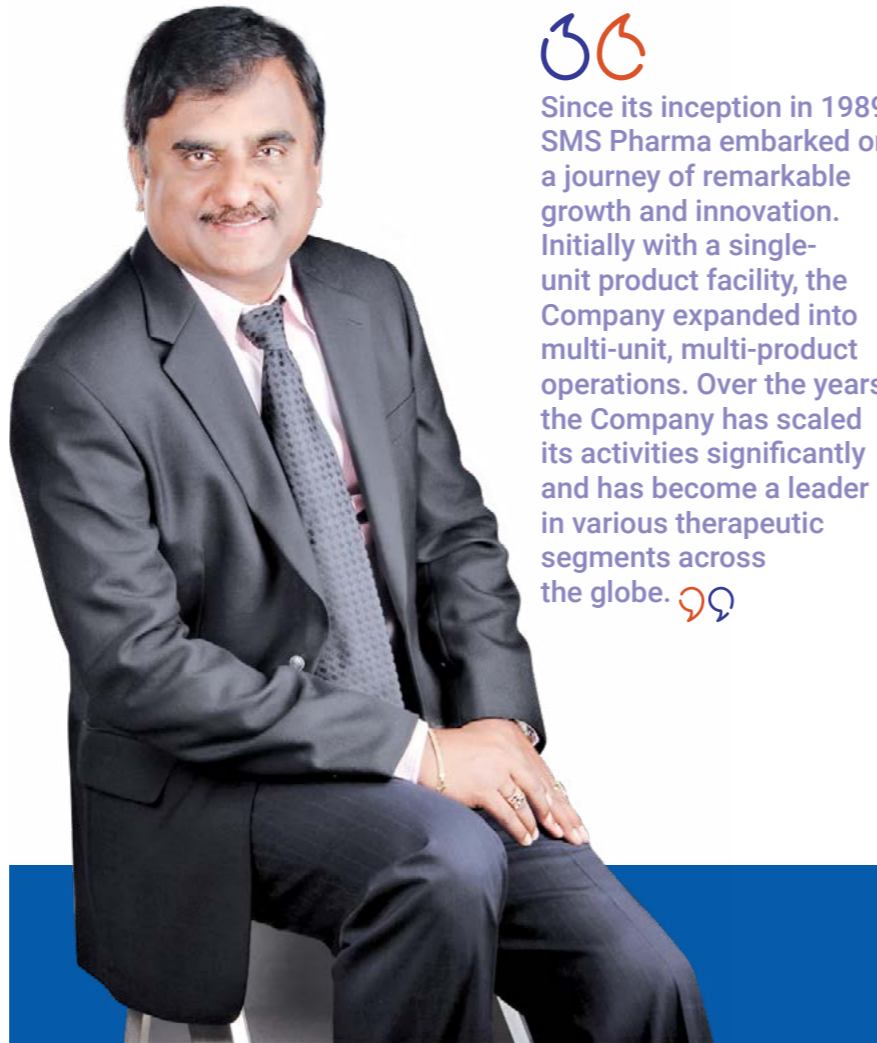
Once again, we demonstrated our ability to capitalise on emerging market opportunities. Guided by our strategic priorities, we remained nimble, resilient and efficient; a fact reflected in our FY2024 performance.

During the year gone by, SMS Pharma completed 35 years of growth and innovation because of the consistent trust, support, and partnership from our customers and suppliers and the commitment and dedication of our employees.

A year of strong performance

I am pleased to report that our performance has shown significant improvement over the past year. In FY2024, we delivered an impressive 36% increase in revenue, reaching ₹709 crore compared to ₹522 crore in FY2023. This growth reflects robust performance across all our therapeutic areas, driven by higher sales volumes. We have enhanced our product mix by focusing on high-margin products and therapeutic areas with strong market demand.

Our commitment to backward integration has been pivotal in managing raw material costs and mitigating price fluctuations, ensuring stability in our product portfolio and gross margins. Additionally, our concerted efforts in cost optimisation have resulted in a significant increase in our EBITDA margins, up by 601 basis points to 16.4% in FY2024. This translated into a PAT of ₹50 crore in FY2024.



Since its inception in 1989, SMS Pharma embarked on a journey of remarkable growth and innovation. Initially with a single-unit product facility, the Company expanded into multi-unit, multi-product operations. Over the years, the Company has scaled its activities significantly and has become a leader in various therapeutic segments across the globe.

Segment-wise, the ARV segment contributed ~20% to our revenue, supported by a solid market presence and healthy demand. We have made significant strides in expanding our ARV product range and production capabilities to meet ongoing demand and solidify our position in this key therapeutic area. The anti-inflammatory segment also has shown outstanding performance, with optimised production processes and stable raw material costs fuelling sustainable growth. Furthermore, the anti-diabetic segment has performed exceptionally well, driven by significant market penetration and rapid growth. We remain committed to further

strengthening our presence in this segment, with several promising products in development anticipated to drive future growth. With increased healthy demand for our products and off-patent opportunities in the short term, we anticipate multiple growth opportunities over the next 3 to 5 years.

Most importantly, we continued our journey to maximise shareholder value, with our Board of Directors recommending a final dividend of ₹0.40 per equity share for FY2024. Looking ahead, we remain steadfast in our commitment to providing sustainable, long-term value to our shareholders

through a balanced approach that includes both capital appreciation and dividend payments.

Strengthening our capabilities

At SMS Pharmaceuticals, Research and Development has always been fundamental to our growth, laying the groundwork for our ongoing advancement and success. Beginning with a modest lab in 2001, we have evolved into a premier research centre in Hyderabad, adeptly managing all aspects from product development to technology transfer. Our R&D facility, recognised by the Department of Scientific and Industrial Research (DSIR) under the Ministry of Science and Technology, highlights our expertise across a wide range of reaction technologies. Our API portfolio features specialised, high-value products in key therapeutic areas, including anti-diabetic, anti-epileptic, anti-migraine and anti-anginal.

During FY2024, our R&D efforts remained concentrated on high-demand therapeutic areas, where we anticipate ongoing growth. We are dedicated to addressing increasing market needs with innovative solutions and utilising our extensive expertise to explore new therapies and markets.

Our modern manufacturing facilities emphasise both efficiency and innovation. We are currently expanding our Visakhapatnam site to enhance our production capacity, particularly for Ibuprofen, with the aim of becoming a global leader in this sector. This expansion is primarily financed through internal accruals, reinforcing our financial stability and driving increased profitability.

We uphold stringent quality standards, evidenced by our ISO:14001:2015 AND ISO:45001:2018 and WHO GMP certifications across all facilities. Our integrated value chain and vertical

integration through Associate Company VKT Pharma provide stability and meticulous control over our operations.

Leading with purpose

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 near by 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.



Our focus on open communication, employee recognition and inclusion drive innovation within our organisation.



Our strong Corporate Governance framework upholds ethical practices and maximises shareholder value. Our Board of Directors oversees this through committees for Audit, Nomination and Remuneration, Stakeholders Relationship, Corporate Social Responsibility, and Risk Management.

Poised for growth

As we look forward to FY2025, SMS Pharmaceuticals is positioned for substantial growth, with a planned CAPEX of around ₹150 crore. This investment will support enhanced backward integration, expanded production capabilities and the introduction of new high-margin products. The funding will be sourced from internal resources, term loans and a recent convertible equity warrant issuance totalling ₹114.3 crore.

With most of our Capex funded through internal accruals and minimal debt, we are positioned to achieve margin expansion and healthy revenue growth.

Acknowledging your impact

I extend my heartfelt appreciation to our dedicated teams for their relentless innovation and commitment and to our shareholders for their enduring trust and support. I also wish to thank our valued business partners and the communities we engage with, whose collaboration enables us to deliver sustained value. Together, we shall continue to advance towards a future defined by new possibilities, exceptional quality and enhanced value.

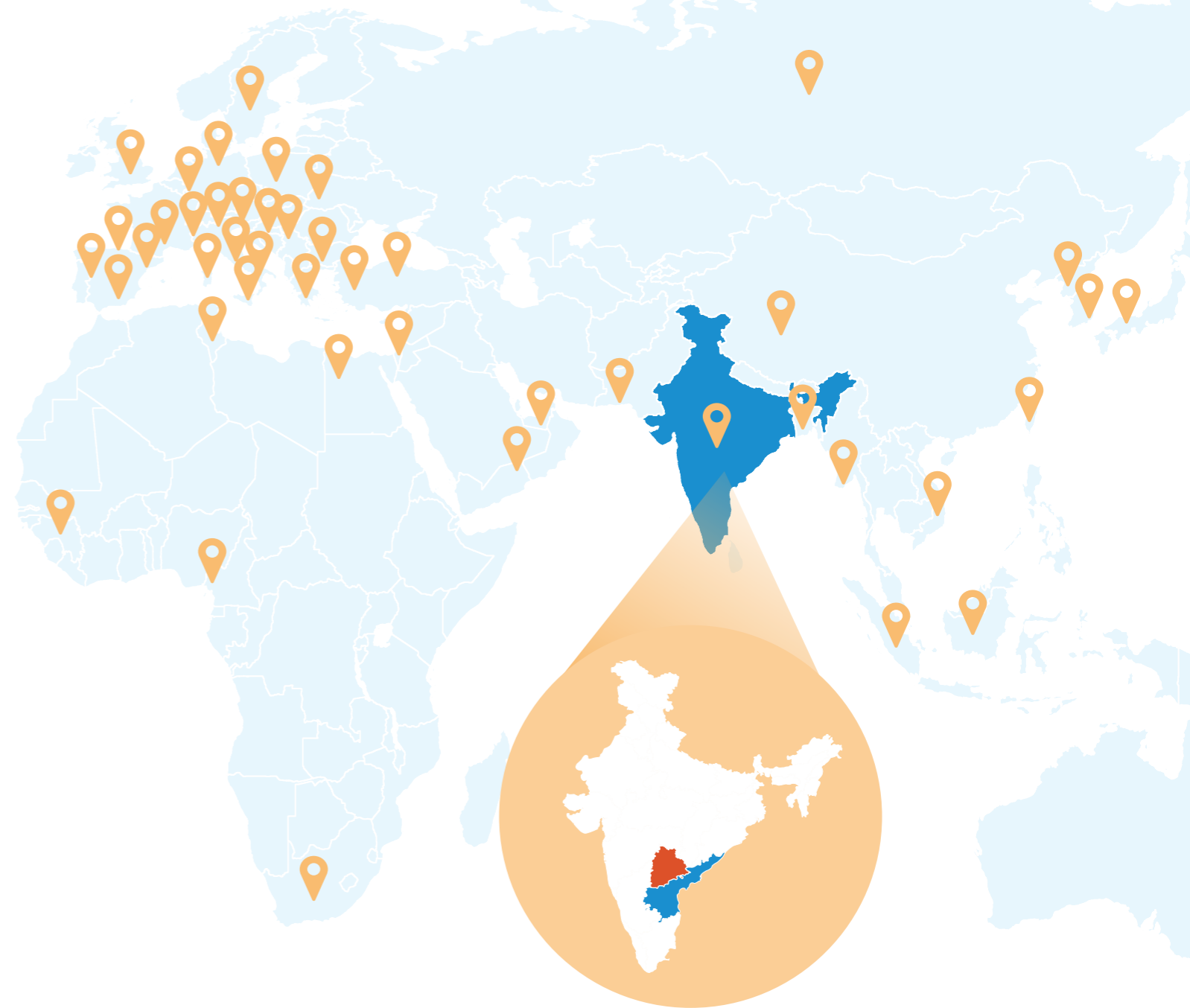
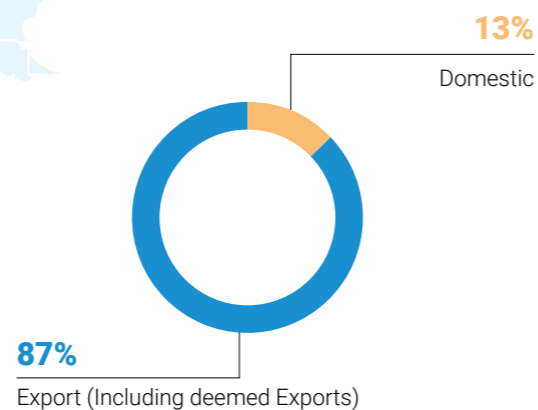
Warm regards,

Ramesh Babu Potluri
Chairman and Managing Director

Exploring possibilities across borders

Our global footprint reflects our focus on delivering high-quality pharmaceutical products to individuals worldwide. Every year, we expand our reach while reinforcing our presence in domestic markets and exploring new opportunities in international markets. At present, we operate in 75 countries across five continents, offering diversified products across a wide range of therapeutic areas.

We seek to ensure that no single region accounts for more than two-thirds of our revenue, which is a key indicator of our focus on diversifying our market exposure. This judicious distribution mitigates concentration risks associated with over-reliance on any single market, building organisational resilience against regional economic fluctuations, regulatory changes, or market-specific challenges. Although Europe constitutes a significant portion of our total sales volume, we still maintain a balanced revenue stream from other regions. The benefits of this are twofold, as it enhances stability and positions us well to capitalise on growth opportunities across various markets.



Key markets

In FY 2023-24, regulated markets have been instrumental, contributing around 71% of our sales, with Spain being the largest contributor to our growth at nearly 28%. Semi-regulated markets accounted for roughly 29% of sales, with Africa emerging as the top contributor at approximately 22%. Domestic markets also played a significant role, with a 13% contribution, led by Lupin at around 5%.

API Therapies

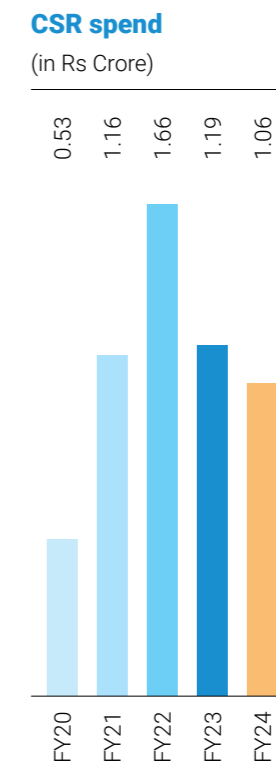
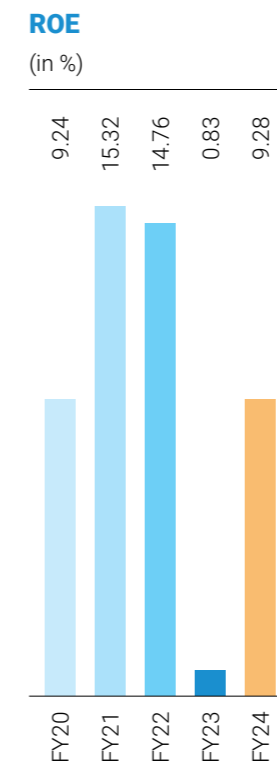
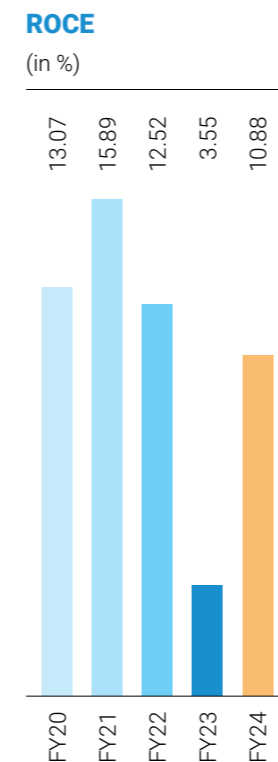
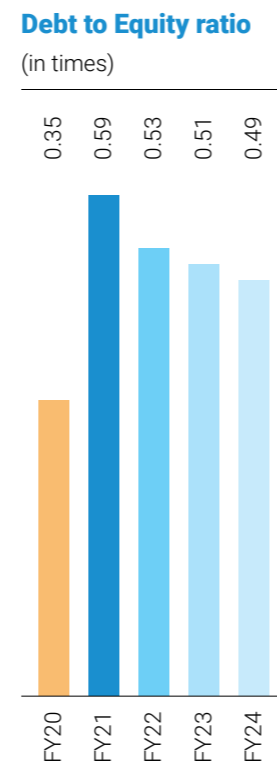
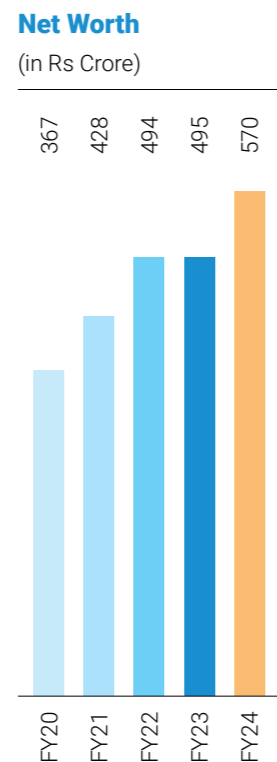
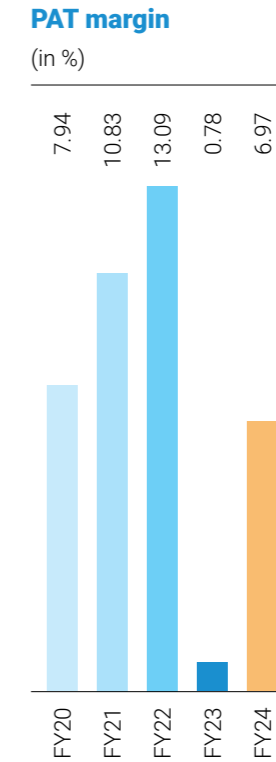
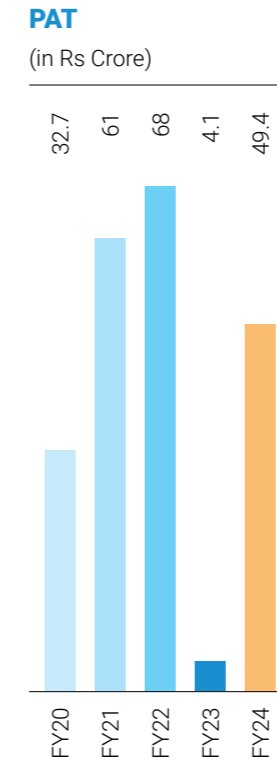
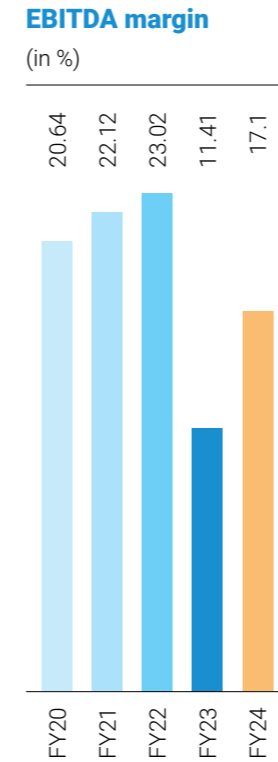
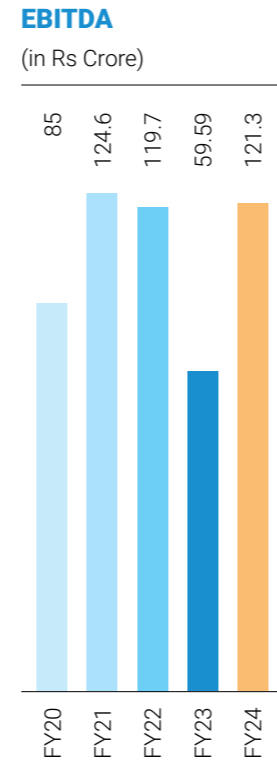
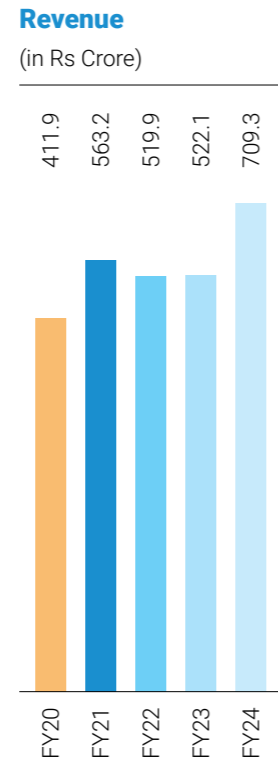
The top five therapeutic areas were key drivers, representing approximately 86% of our sales in the reporting year. Among these, anti-diabetic products were particularly substantial, contributing about 25% to total sales. Additionally, our top 10 products accounted for 90% of our sales during this period.

Customers

In the domestic segment, our largest client contributed around 5% of sales, while our top 10 clients collectively accounted for approximately 41% in FY 2023-24. On the export front, the largest client contributed around 27% of export sales, with the top 10 clients representing about 74% of sales during the past year.

Focused on enhancing value creation

Our financial performance in the fiscal year reflects our fiscal prudence, as evidenced by significant growth across our diverse product segments. Well-informed decisions, such as focusing on high-margin products and backward integration, have played a crucial role in managing costs and maintaining margin stability. The gains through operational efficiency and cost optimisation have strengthened our EBITDA margins, resulting in a turnaround to profitability from the losses recorded in the previous year.



Value creation model

Inputs

Financial Performance

₹ **8.47 crores** Equity Share Capital
 ₹ **570.49 Cr** Net worth

₹ **434.19 Cr** Capex

Manufactured Excellence

Hyderabad **Visakhapatnam**
120 KL **3,000 KL**
 Installed capacity Installed capacity

Research and Development

100+ ₹ **11.82 Cr**
 Scientists R&D expenditure
8 in FY24
 PHDs

Employee Focus

1,197
 Total headcount number for FY24

3,442
 Employees trained on health
 and safety in FY24

Society and Community Relationships

₹ **1.05 Cr**
 CSR spend
4
 CSR projects undertaken
200
 Employees Volunteered

Natural Capital

415 Lakhs Units
 Total energy consumption
1,65,873 KL
 Total water withdrawal

Value creation process



Outputs

Financial Performance

₹ **709.26 crores** Revenue from operations
 ₹ **49.42 crores** Profit after tax
5.84 Earnings per share

Manufactured Excellence

2247.88 M.T.
 Product sales

Research and Development

35+
 process patent held by
 the Company

Employee Focus

17
 Female participants
270
 New recruits
32,492 hours
 Total training hours

Society and Community Relationships

4,520
 CSR Beneficiaries

Natural Capital

13,722 units/ p.m
 Energy saved
2, 839 KL/ p.m
 Water recycled

Stakeholders impacted



Patients



Employees



Investors



Communities



Government authorities



Business partners

Robust R&D capabilities

R&D has remained a key growth driver since our inception. Starting with a humble in-house setup in 2001, we expanded to a state-of-the-art research centre in Hyderabad, which is equipped to manage everything from product conception to technology transfer.

Also, we now have in place a research team that is proficient in process and analytical research, scale-up and technology transfer. Their expertise enables us to deliver top-notch contract research services to international clients, showcasing our capabilities across various reaction technologies and organic compound categories. To support this team, we have also developed a dedicated project management team.

Our R&D facility is recognised by the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Government of India.

20 new products to the company's product basket over the past few years

Allocation of **1.5-2%** of sales to R&D

8 PhDs

100+ Scientists

35+ Process Patents filed

100+ Total DMFs

Partnership

- JV with the Spanish pharma giant
- Chemo Iberica S.A.

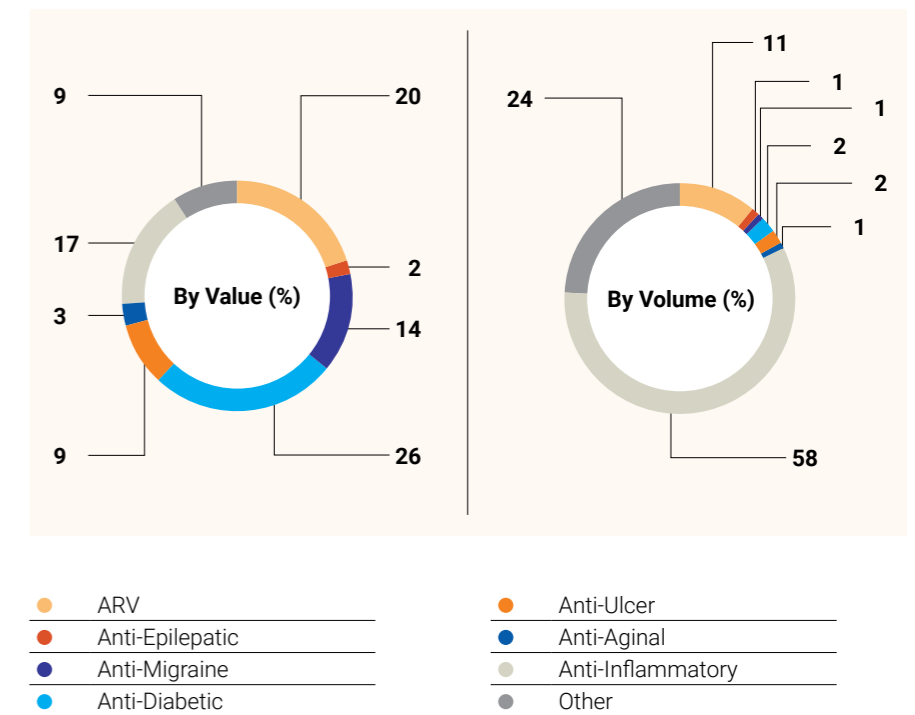


A niche product portfolio

Over the years, we have built a strong API portfolio that encompasses a range of specialised and profitable products in niche therapeutic areas, reflecting our strong capability to enter high-value, complex markets. We develop numerous products every year across a diverse array of therapeutic areas, covering both high-value and high-volume categories. Our track record demonstrates a successful expansion into complex, profitable products, positioning us as a frontrunner in several API molecules.

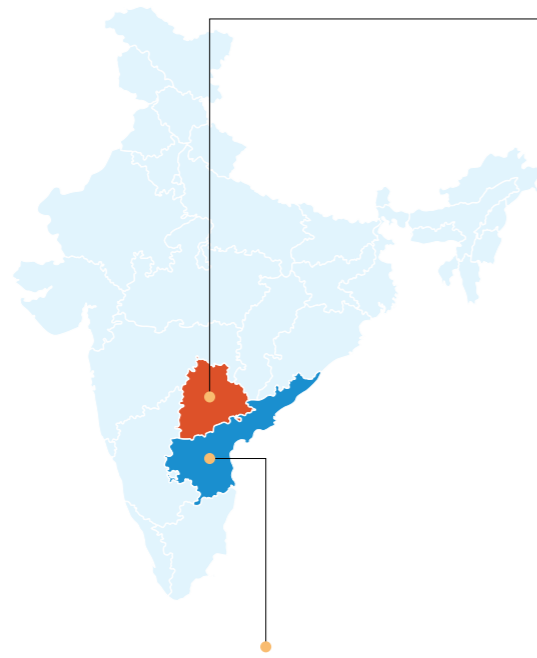
Our presence spans multiple high-margin, non-commoditised therapeutic areas such as ARV, Anti-Epileptic, Anti-Migraine and Anti-Anginal. Leveraging our expertise in synthesis and R&D, we are well-positioned to explore further complex API products and therapies. SMS Pharma currently holds a global leadership role in over 10 therapeutic products, underscoring our strength in this field.

Growing share of high-value products



Manufacturing excellence ensuring high quality

We operate state-of-the-art manufacturing facilities equipped with advanced technologies. These plants are designed to produce high-quality pharmaceutical products for global markets. Emphasising efficiency, innovation and continuous improvement, we consistently enhance our processes to meet and exceed industry standards. Our focus on operational excellence drives our ability to deliver exceptional value to stakeholders, ensuring that each of our products adheres to the highest standards of quality and reliability.



Visakhapatnam

2010

Year of establishment

3,45,007 sq.M

Plant area

39,704 sq.M

Built up area

3,000 KL

Capacity

Key products

Ibuprofen, Tenofavir, Ranolazine, Levetiracetam, Lamuvidine, Lamotrigine, Efavirenz, Sitagliptin and so on.

Regulatory approvals

USFDA, KFDA, CDSCO, PMDA

Key features

- 3 times approved by USFDA.
- Flagship, Multipurpose API manufacturing facility.
- Facility aligned for manufacturing niche large-volume molecules.
- Huge CMO facility to cater to highly reputed clients
- Dedicated Ibuprofen largest single-block, single-product plant in Asia

Hyderabad

2000

Year of establishment

19,685 sq.M

Plant area

5,127 sq.M

Built up area

120 KL

Capacity

Key products

Famotidine, Rizatriptan Benzoate, Tadalafil, Sumatriptan Succinate, Itraconazole, Eletriptan HBr and more.

Regulatory approvals

USFDA, EUGMP, KFDA, CDSCO, PMDA

Key features

- 5 times approved by USFDA
- Facility aligned for manufacturing niche small-volume molecules
- One of the largest exporters of Triptans



Scaling capacity for growth

The capacity expansion project in the Visakhapatnam facility has positioned us for the next phase of growth. This brownfield capital expenditure is focused on expanding our capacity across multiple products and therapies. Notably, we have increased our Ibuprofen production capacity by 1,300 KL, aiming to become one of the largest manufacturers of Ibuprofen worldwide.

Our expansion strategy is further supported by our strong R&D capabilities, enabling us to explore new therapeutic areas, products and markets. The majority of this investment is financed through internal accruals and minimal debt, ensuring that our balance sheet remains robust. We anticipate that this expansion will lead to higher margins and improved profitability, driven by operating leverage and additional revenue streams.

Adhering to global standards

Ensuring quality excellence and improving customer satisfaction are fundamental objectives that we achieve by adhering to Good Manufacturing Practices. All our manufacturing facilities are ISO:14001:2015 AND ISO:45001:2018-certified and compliant with WHO GMP standards, guaranteeing the highest levels of quality control. Our facilities are

equipped with advanced laboratories and state-of-the-art equipment, which facilitates comprehensive analysis from raw materials to final products. This robust infrastructure is managed by skilled professionals, enabling the consistent delivery of superior pharmaceutical products.

De-risked and integrated value chain

We have strategically invested in creating a de-risked and integrated value chain to enhance our self-reliance and reduce supply chain vulnerabilities. Over the years, we have prioritised backward integration to strengthen our operations and mitigate supply chain risks. At present, our in-house API business utilises 80% of the intermediates. We have achieved vertical integration through our associate company, VKT Pharma Private Limited. VKT Pharma specialises in the production of formulations and semi-finished formulations. This approach offers greater control and maintains stability in our manufacturing processes.

Empowering our talent pool

At SMS Pharma, we value the contribution of our team members to building a sustainable organisation. Employee well-being is close to our heart and we encourage a culture of open communication to create an engaging work environment. Our approach to talent management, training and health and safety is guided by a commitment to maintaining a positive and inclusive workplace.

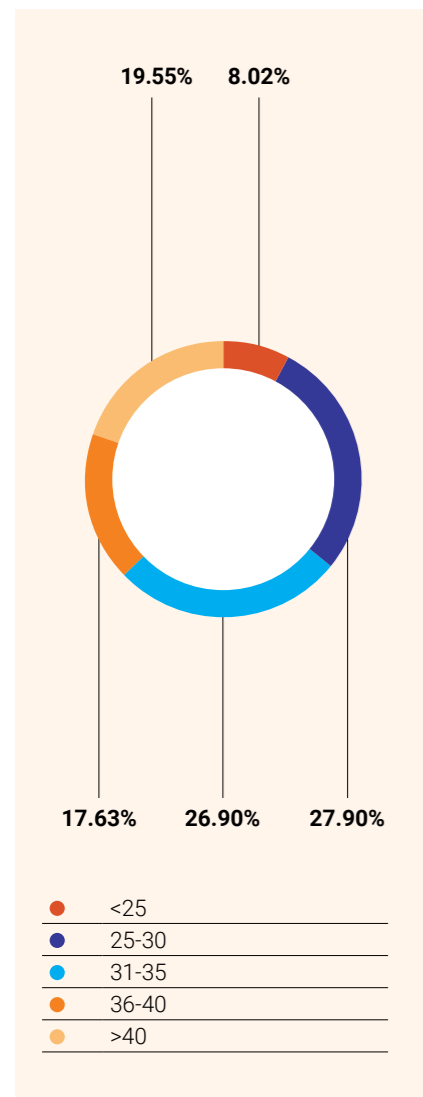
1,197

Employee count

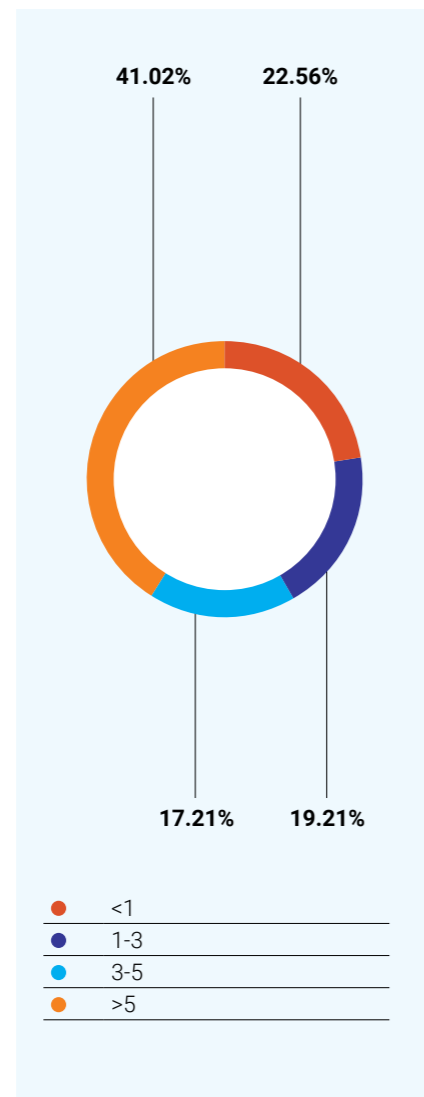
4.51%

Women employees

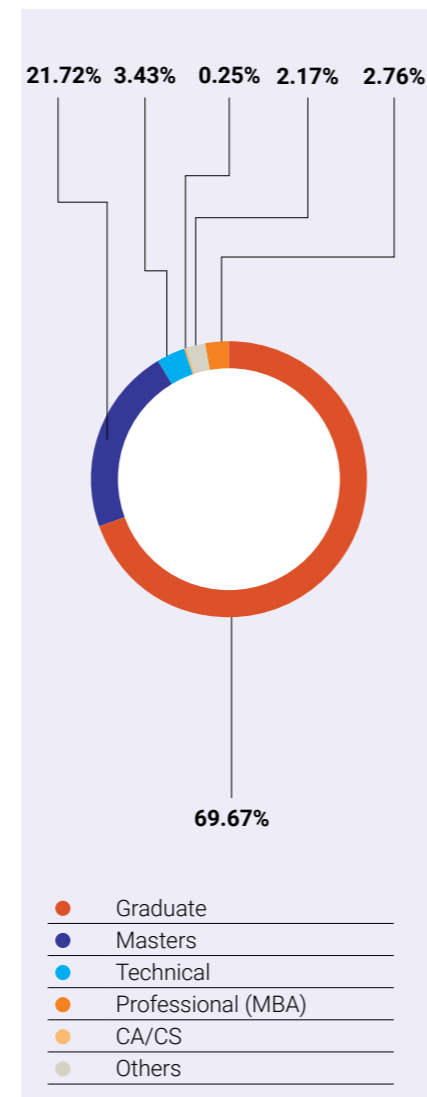
Age (years)



Tenure (years)



Educational qualification



Environment stewardship in word and deed

At SMS Pharma, we consistently evaluate the ecological impact of our operations. To reduce our environmental footprint, we undertake several efforts focused on addressing pressing issues like climate change and pollution as well as ensuring resource optimisation. Guided by the principle, 'Nurture the nature in which we exist,' we strive to ensure that our operations help safeguard the environment and its resources.

Further, by raising awareness among our workforce, enhancing their contributions through training, providing them with access to advanced technology and ensuring sufficient resources, we encourage our people to minimise environmental impact.

Waste management

We are the first Indian pharmaceutical company to receive the Indo-US GCNC award for our adoption of green chemistry practices. This recognition highlights our efforts to reduce the environmental impact of our operations while also delivering commercial benefits. We have developed a commercial process to produce Neopentyl glycol from waste generated during the Ibuprofen synthesis process, converting by-products into valuable raw materials.



Energy management

We have invested in cutting-edge pollution control equipment to reduce our ecological footprint. All our manufacturing operations and R&D centres comply fully with applicable environmental laws, regulations and guidelines at both national and state levels.

1.64 lakh units/year

Energy saved



Water management

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.

93 KL

Water recycled each day



Training and development

We invest in comprehensive training programmes that cover technical skills, compliance and leadership development. Regular sessions keep our employees updated on industry trends and best practices. This approach supports continuous learning, enabling our team to meet evolving industry demands effectively.

32,492

Training hours

176

Training initiatives

Talent management

We prioritise attracting and retaining skilled professionals by offering growth opportunities and career advancement. Through internal promotions and job rotations, we enable our team members to enhance their skills and play a meaningful role within the organisation, ensuring a dynamic and resilient workforce.

Employee engagement

Engaging our workforce is key to our HR strategy. We encourage open communication, recognise achievements and provide platforms for employee feedback. By cultivating a collaborative work environment, we ensure that our team members remain motivated and effectively contribute to our overall success.

Diversity and inclusion

We believe that diversity is crucial for driving innovation and knowledge-sharing within our teams. Aligned with this, we maintain an inclusive environment where all our people, regardless of their background or identity, feel respected and valued. We ensure that the diverse perspectives of our people are celebrated and embraced.

Employee safety

Central to our organisational culture is a deep-rooted commitment to ensuring the well-being of our personnel. In keeping with this, we implement rigorous safety protocols and conduct regular risk assessments to prevent workplace hazards. Our comprehensive safety training ensures that all team members are trained and prepared to address unforeseen challenges, maintaining a secure work environment.

14

Safety trainings conducted

Nurturing stronger communities

At SMS Pharma, our Corporate Social Responsibility (CSR) initiatives are aimed at enhancing access to healthcare, advancing education, supporting those in need and promoting rural development and socially and economically backward groups. Through targeted projects, we strive diligently to make a positive and lasting impact on the communities we engage with.

INR **1.05** Crore

CSR expenditure

4,520

Beneficiaries



Healthcare

At SMS Pharma, improving healthcare access for underserved communities is our top priority. Continuing finance support for Campus Challenge, Konada Junction (On NH- 16), Kotha Kopperla (PO), Singavaram (SO), Vizianagaram Dist-535213. Campus Challenge is works for disadvantaged children in Coastal and Tribal Andhra Pradesh. We also Continuing Support to poor people crippled with heart, lung and vascular diseases, through Dr. Alla Gopala Krishna Gokhale, Sahrudaya Health, Medical and Educational Trust. These efforts directly contribute to better health outcomes, addressing critical needs in rural areas.

Education

Believing in the transformative power of education, we have sponsored and constructed schools at AP Balayogi Gurukulam (APSWRS) Premises at Kopperla Village, Poosapatirega (M), Vizianagaram and at Ayanapet Village, Poosapatirega (M), Vizianagaram, Andhra Pradesh and provided underprivileged children with access to quality education during the previous years. These initiatives are aimed at equipping children with essential skills, paving the way for a brighter future.



Community development

Our rural development projects focus on uplifting local communities by addressing their essential needs. Construction of Community hall in Kumili Village, Pusapatirega Mandal Vizianagaram Distirict Andhra Pradesh for the usage of village people and nearby villages people for agricultural reforms, social and cultural gatherings. These projects are vital to improving the quality of life and supporting sustainable growth in rural regions.



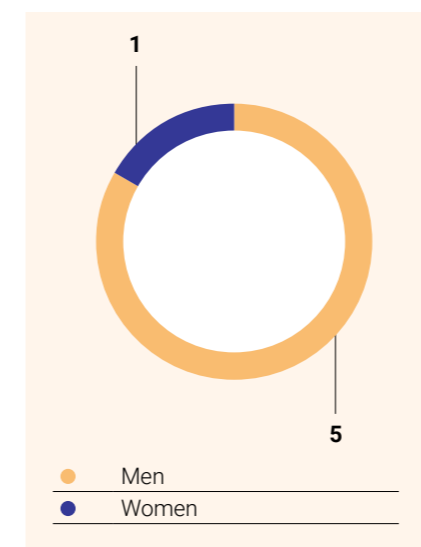
Fostering a culture of effective governance

A comprehensive Code of Conduct is in place that inspires our commitment to ethical and legal practices. Further, we execute a well-crafted Corporate Governance Policy to drive our sustainable growth. With a robust Board of Directors, a well-established corporate governance framework and a culture that values integrity, accountability and transparency, we remain steadfast in enhancing enterprise value creation over the years to come.

Board demographics

Our Board comprises industry experts with diverse backgrounds who offer valuable insights into our business practices. With a long-term vision, the Board consistently prioritises strategic initiatives that strengthen organisational capabilities while concurrently creating value for our stakeholder fraternity. As the apex governing body, the Board ensures regulatory compliance and provides guidance across economic, social and environmental dimensions.

Board diversity



56 years

Average age of Directors



Board of Directors



Sri Ramesh Babu Potluri

Chairman & Managing Director

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.



Sri 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



Sri Sarath Kumar Pakalapati

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.



Sri Shravan Kudravallii

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.



Dr. Smt. Neelaveni Thummala

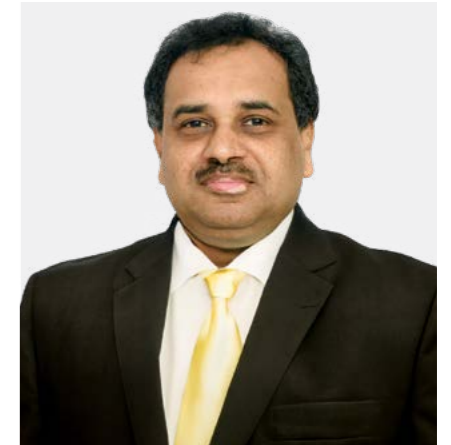
Independent Director

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.



Sri Sarvepalli Srinivas

Independent Director

Holds a B.Com. Degree from the University of Delhi.

Accomplished Business leader with 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 was a former Managing Director of National Handloom Development Corporation Ltd (NHDC) & former Chairman & Managing Director of National Textile Corporation Ltd (NTC).

Awards and accolades



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

Your Directors take pleasure in presenting the 36th Annual Report of SMS Pharmaceuticals Limited ("The Company") along with the Audited Financial Statements for the Financial Year ended 31st March, 2024. 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, 2024, 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	
	2023-24	2022-23	2023-24	2022-23
Gross Sales	73,406.91	53,139.29	73,406.91	53,139.29
Net Sales	69,232.52	50,075.85	69,232.52	50,075.85
Income from Services	1,413.13	1,898.83	1,413.13	1,898.83
Other Operating Income	280.69	230.46	280.69	230.46
Net Revenue from Operations	70,926.34	52,205.14	70,926.34	52,205.14
Other Income	445.97	491.38	445.97	491.38
EBIDTA	12,130.42	5,958.83	12,107.93	5,938.78
Finance Charges	2,345.68	2,191.33	2,345.68	2,191.33
Depreciation	3,151.57	3,212.54	3,151.57	3,212.54
Profit Before Tax	6,633.17	554.96	6,610.68	534.91
Taxation	1,690.68	146.50	1,690.68	146.50
Profit After Tax	4,942.49	408.46	4,982.60	(705.93)
Earnings per share - Basic/Diluted(Rs)	5.84	0.48	5.89	(0.83)

STATEMENT OF AFFAIRS AND COMPANY'S PERFORMANCE

Financial & Production performance

During the year Company had achieved production of 2247.88 M.T. of APIs and their Intermediates in comparison with 1,147.53 M.T. for the previous FY 2022-23.

During the FY 2023-24 the Company has recorded the net sales of ₹ 69,232.52 Lakhs as against ₹ 50,075.85 Lakhs for the previous FY 2022-23. The Company has recorded EPS of ₹ 5.84 in the FY 2023-24 as against ₹ 0.48 for the previous FY 2022-23.

Subsidiaries and Associates

Your Company is having one Associate Company i.e., "VKT Pharma Private Limited". Your Company is holding 36.55% equity shares in the said Associate Company during the Financial Year ended and the share of profit for your Company for the Financial Year 2023-24 was ₹ 62.60 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 Indian Accounting Standard (Ind As) 28 investments in Associates & Joint Ventures 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 ₹3,38,60,812/- (Rupees Three Crores Thirty-eight 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, there is no change in the Directors and Key Managerial Personnel of the Company. However, after the year under review the following changes have occurred which are mentioned as under:

(i) Appointment:

- a. On the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on 05th August, 2024 had appointed Dr. Suresh Kumar Gangavarapu (DIN: 00183128) as an Independent Director of the Company for a term of Five consecutive years from 12th August, 2024 to 11th August, 2029, subject to the approval of the members at the ensuing AGM.
- b. On the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on 05th August, 2024 had appointed Mrs. Shanti Sree Bolleni (DIN: 07092258) as an Independent Director (Women) of the Company for a term of Five consecutive years from 12th August, 2024

to 11th August, 2029, subject to the approval of the members at the ensuing AGM.

- c. On the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on 05th August, 2024 had appointed Mr. Trilok Potluri (DIN: 07634613) as a Non-Executive Non Independent Director of the Company w.e.f. 12th August, 2024, subject to the approval of the members at the ensuing AGM.
- d. On the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on 05th August, 2024 had appointed Dr. Sunkara Venkata Satya Shiva Prasad (DIN: 10404277) as a Non-Executive Non Independent Director of the Company w.e.f. 12th August, 2024, subject to the approval of the members at the ensuing AGM.

(ii) Re-appointment:

On the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on 05th August, 2024 has re-appointed Mr. Sarvepalli Srinivas (DIN: 02292051) as an Independent Director of the Company for a second term of Five Years (5) with effect from 12th August, 2024 to 11th August, 2029, 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 with effect from the close of business hours on 11th August, 2024 after completion of his second term of directorship which was from 12th August, 2019 to 11th August, 2024.
- b. Mrs. Neelaveni Thummala (DIN: 00065571), has retired as an Independent Director of the Company with effect from the close of business hours on 11th August, 2024 after completion of her second term of directorship which was from 12th August, 2019 to 11th August, 2024.

The Board placed on record its sense of deep appreciation for the services rendered by the above Independent Directors to the Company.

(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. Vamsi Krishna Potluri (DIN: 06956498), Whole Time 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, 2024, as required under the provisions of the Listing Regulations.

SHARE CAPITAL**Equity Share Capital:**

During the year under review there were no changes in authorized and paid-up share capital of the Company. The authorised share capital of the Company is ₹ 12,00,00,000 /- divided into 12,00,00,000 Equity Shares of ₹1/- each and Paid-up share capital of the Company is ₹8,46,52,030/- divided into 8,46,52,030 Equity Shares of ₹1/- each. 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 2024-25 to both the Exchanges].

Issue of Warrants convertible into Equity Shares on a private placement basis

During the year under review, pursuant to the approval accorded by the members, at their Extra-Ordinary General Meeting held on 06th March, 2023 and 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 Warrant aggregating up to ₹114,30,00,000/- (One Hundred Fourteen Crores and Thirty Lakhs only) to promoters/promoters group of the Company.

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) was received by the Company

on allotment of warrants. The balance money of 75% of the issue price i.e., ₹95.25/- per warrant will be paid by the warrant holders on conversion of the warrants.

Further, the Securities Allotment Committee of Board of Directors passed resolution on 19th March, 2024 for allotment of 90,00,000 Convertible warrants to the Promoters/Promoters Group of the Company on Preferential basis.

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:

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 manner of the evaluation of the Board and other Committees has been determined 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 a separate Meeting of Independent Directors during the year on 08th August, 2023 in which they had evaluated the performance of Executive directors and Non-Executive directors. Further, at the Board meeting that followed the meeting of Nomination and Remuneration Committee in its meeting held on 08th February, 2024 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:

The Members of the Board of the Company have been provided opportunities to familiarize themselves with the Company, its Management, and its operations. 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 system to familiarize its Independent Directors with the Company, their roles, rights & responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. further

the Company has provided an opportunity to Directors to attend the programs conducted by various organizations

The Board members are periodically updated in its meetings about the industry overview, business operations, Company's performance, compliance procedures and practices in place, various statutory amendments, the operations of the Company, its plans, strategy, risks involved, new initiatives etc., and seek their views and suggestions on the same.

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 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 had formulated a Risk Management Policy for dealing with different kinds of risks which it faces in day-to-day operations of the Company. Risk Management Policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Company has adequate internal control systems and procedures to combat risks. The Risk management procedures are reviewed by the Audit Committee and the Board of Directors on a quarterly basis at the time of review of the Quarterly Financial Results of the Company.

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, 2024 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 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 criteria of independence are 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 five (5) Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report, which forms part of this report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Listing Regulations.

ANNUAL RETURN

The Annual Return of the Company as on 31st March, 2024, 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, 2024, 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 Board of Directors of the Company had adopted a vigil mechanism and formulated a Whistle Blower Policy to provide mechanism for directors and employees of the Company to report their concerns about any unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Policy provides that the Company investigates such incidents, when reported, in an impartial manner and takes appropriate action to ensure that requisite standards of professional and ethical conduct are always upheld. This mechanism also provides for adequate safeguards against victimization of director(s)/ employee(s) who avail the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. There were no allegations / disclosures / concerns received during the year under review in terms of the vigil mechanism established by the Company. A copy of the Whistle Blower Policy is hosted 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 2023-24 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 Obligation & Disclosure Requirement) Regulation, 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/2022/08/Policy-on-Related-Party-Transactions.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 Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has constituted the Corporate Social Responsibility (CSR) Committee.

The brief outline of the CSR policy of the Company, details regarding CSR Committee and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure-4**, of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. CSR Policy is available on the Company's website on <https://smspharma.com/wp-content/uploads/2022/08/corporate-social-responsibility-policy.pdf>

PARTICULARS OF EMPLOYEES

The information relating to remuneration and other details as required, pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is mentioned under 'Employees Remuneration Report' which forms part of this report as **Annexure-5**

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Rules does not form part of this Report however the same shall be kept open for inspection in terms of Section 136 of the Act and any member can obtain a copy of the said statement by writing an email to the Company Secretary at cs@smspharma.com

PREVENTION OF INSIDER TRADING

The Company has adopted an Insider trading Policy to regulate, monitor and report trading by insiders under the SEBI (Prohibition of Insider Trading) Regulations, 2015. This policy includes practices and procedures for fair disclosure of unpublished price-sensitive information, initial and continual disclosure. The Board reviews the policy on a need basis. The policy is available on our website: <https://smspharma.com/company-announcements/downloads/>

The Company takes several measures to familiarise and sensitize its employees with the provisions and various aspects of the Insider Trading Code, including periodic circulation of informative emails on Prevention of Insider Trading, Do's and Don'ts, Trading Window closure notifications, and providing clarifications to the designated persons as and when required. These activities have created awareness amongst the Designated Persons.

ENVIRONMENT, HEALTH AND SAFETY ENVIRONMENT

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.

The Company conducts training programmes mock drills for and safety of the employees. To help protect our employees from injuries, identifies high risk areas and invest in technological solutions and awareness-raising initiatives. The Company conducts free health checkup programmes.

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

Particulars	₹ in Lakhs	
	2023-24	2022-2023
Earnings		
FOB Value of Exports	30,245.53	31,650.27
Outgo		
Sales Commission	17.25	43.92
Travelling Expenses	-	-
CIF Value of Imports		
Raw Materials	10,553.87	12,608.57
Capital Goods	414.15	51.59

AUDITORS APPOINTMENT AND THEIR REPORTS

Statutory Auditors

M/s. Suranarayana & Suresh, Chartered Accountants, (Firm Registration No. 006631S), Hyderabad were appointed 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 two years from 01.04.2022 to 31.03.2024 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 2023-2024. Secretarial Audit Report in Form MR-3 for the financial year 2023-2024 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.

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 Mr. K.S.N. Sarma (Registration No.102145 and Membership No.6875) as Cost Auditor of the Company for the financial year 2023-2024.

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 2024-2025. 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 36th Annual General Meeting.

FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal Financial Controls are an integral part of the risk management process, addressing financial and financial reporting risks. Internal financial control systems of the Company are in commensurate with its size and the nature of its operations. 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 has in place adequate internal financial controls with reference to financial statements. However, the Company recognizes that no matter how the internal control framework is, it has inherent limitations and accordingly, periodic audits and reviews ensure that such systems are updated on regular intervals.

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

HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company believes that competent and committed human resources are vitally important to attain success in the organization. In line with this philosophy, utmost care is being exercised to attract quality resources and suitable training is imparted on various skill-sets and behavior. Employee knowledge enrichment is a core value of the organisation, and focus has been placed on training and development of the Company's human capital and also various initiatives were undertaken to enhance the competitive spirit and encourage bonding teamwork among the employees and could achieve the targeted growth in the performance of the Company.

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.

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.

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, 2024 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:

The Company is committed to ensure that there is no scope for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. Your Company has zero tolerance towards sexual harassment at the workplace.

During the Financial Year ended on March 31, 2024, the Company has not received any complaint of sexual harassment.

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.

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; 'Negative' (Single A; Outlook Negative) 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:

As on the date of the Report no application is pending against the Company under the Insolvency and Bankruptcy Code, 2016 and the Company did not file any application under (IBC) during the Financial Year 2023-24.

ACKNOWLEDGEMENTS:

Your Directors place on record their sincere appreciation for the continued co-operation and support extended to the Company by

the Banks. Board takes this opportunity to thank all shareholders, analysts, business partners, government and regulatory authorities, distributors, suppliers, business associates, medical professionals and customers for their continued guidance, encouragement and splendid support.

The Board of Directors also wish to place on record its deep sense of appreciation for the dedicated and committed services by the Company's executives, staff and workers.

The Directors also wish to express their gratitude to the Investors for the confidence and faith that they continued to repose in the Company.

By the order of the Board

Ramesh Babu Potluri

Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 05.08.2024

Annexure-1

FORM AOC - 1

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies 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	31.03.2024	31.03.2024
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.	Contribution is not yet made
	Amount of Investment in Associates/Joint Venture	₹4,499.87 Lakhs	
	Extent of Holding%	36.55%	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 2023-24	There were no transactions during the reporting period
5	Net worth attributable to shareholding as per latest audited Balance Sheet	₹ 1771.94 Lakhs	NA
6	Profit/Loss for the year	₹62.60 lakhs	NA
	i. Considered in Consolidation		
	ii. Not Considered in Consolidation		

* The company does not have Subsidiaries, hence Part "A"- Not Applicable

By the order of the Board

Ramesh Babu Potluri

Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 05.08.2024

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
Balance as on		31-Mar-24	-	84,652,030

Note: *Shares allotted as per MOU dated 24.12.2006.

**Record date 18.12.2015 whereas Ex-date 17.12.2015

By the order of the Board

Ramesh Babu Potluri

Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 05.08.2024

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 Private Limited
a)	Nature of relationship	Associate Company with 36.55% 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 Potluri 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 2023-24.	Transactions made during FY 2023-24.	Transactions made during FY 2023-24.	Transactions made during FY 2023-24.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Total amount of Sales was ₹2301.55/- Lakhs Receipt of Rent ₹ 26.28/- Lakhs	Total amount of purchases of ₹818.24 /- Lakhs	Total amount of purchases of ₹198.32/- Lakhs	Total Amount of Purchases were: ₹336.02/- 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 Private Limited
f)	Date of approval/review by the Board	09.02.2023, 24.05.2023, 08.08.2023, 08.11.2023, 08.02.2024 & 29.05.2024	09.02.2023, 24.05.2023, 08.08.2023, 08.11.2023, 08.02.2024 & 29.05.2024	09.02.2023, 24.05.2023, 08.08.2023, 08.11.2023, 08.02.2024 & 29.05.2024	09.02.2023, 24.05.2023, 08.08.2023, 08.11.2023, 08.02.2024 & 29.05.2024
g)	Amount paid as advances, if any	Nil	Nil	Nil	Rs.74.93 Lakhs

*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: 05.08.2024

Annexure-4

Annual Report on Corporate Social Responsibility (CSR) Activities for the financial year 2023-24

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

To promote social and economic inclusion by ensuring that marginalised communities having equal access health services and also to the educational opportunities. The main focus of the Company CSR is to provide Health & Education to the people who are in need of Health and Education. The Company is also creating infrastructure for school buildings year on year and contributing to health care development activities as well as establishing drinking water facilities in villages, rural development activities. 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.	Sri Ramesh Babu potluri	Chairman of the Committee- Executive Director	2	2
2.	Sri Sarath Kumar Pakalapati	Member - Independent Director	2	2
3.	Sri Sarvepalli Srinivas	Member - Independent Director	2	2
4.	Sri Shravan Kudaravalli	Member - Independent Director	2	2

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: **₹5512.48 Lakhs**
- (b) Two percent of average net profit of the Company as per Section 135(5) : **₹110.25 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: **₹9.90 Lakhs**
- (e) Total CSR obligation for the financial year [(b)+(c)-(d)]: **₹100.35 Lakhs**
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **₹ 105.19 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)]: **₹105.19 Lakhs**

(e) CSR amount spent or unspent for the Financial Year:

Total amount spent for the financial year 2023-24	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
₹105.19 Lakhs	Nil	NA	NA	Nil	NA

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)	110.25
ii	Total amount spent for the financial year	105.19
iii	Excess/(Shortfall) amount spent for the financial year (i-ii)	(5.06)
iv	Surplus arising out of the CSR Projects or programs or activities of the previous financial years, if any	9.90
v	Amount available for set off in succeeding financial years (iii+iv)	4.84

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.

Place: Hyderabad
Date: 05.08.2024

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

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

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 (Rs 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)	368.75	22.92	105.36:1
Mr. Vamsi Krishna Potluri	Executive Director	368.3	458.03	105.22:1
Mr. Sarath Kumar Pakalapati	Non-Executive & Independent Director	-	-	-
Mrs. Dr. Neelaveni Thummala	Non-Executive & Independent Director	-	-	-
Mr. Shraavan Kudaravalli	Non-Executive & Independent Director	-	-	-
Mr. Sarvepalli Srinivas	Non-Executive & Independent Director	-	-	-
Mr. Lakshmi Naryana Tammineedi	Chief Financial Officer	23.70	3.04	6.77:1
Mr. Thirumalesh Tumma	Company Secretary	15.33	2.75	4.38:1

1. The percentage increase in the median remuneration of employees: Nil
2. The number of permanent employees on the rolls of company: 1197 employees as on 31st March, 2024.
3. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year was : 9.76%
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

Place: Hyderabad
Date: 05.08.2024

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

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. The Company has enhanced recovery controls in every stage in process like we constructed SRB-II for enhance solvent recovery and in Effluent treatment plant we have installed 350 KLD MEE and 200 KLD Biological treatment plant and 200 KLD Waste water treatment RO Plant. We are continually improvement our recovery controls.
- ii. The Company has constructed Rain water harvesting pits and storm water collection tank and collected water treated and recycled. And also monitoring every day ground water level. From last financial year 2023-24 we have recycled and re used 34072 KL.
- iii. The Company's facilities have created to purchase power through open access during the power holiday time to avoid the running of diesel generator sets and saving of HSD. Participating in the Open access bidding to get the power in the cheaper price as compared to the discom prices as per available slots to reduce the power cost. /Year: 35Lakhs/Year

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 LED Lights instead of CFL lights in both areas like intermediate and pharm in all blocks and QC for power saving 1656 Units/Month.
- ii. Implemented numerous energy conservation activities in utilities and block equipment through performance assessments, automation of equipment, standard procurement of energy efficient equipment ie, installation of energy efficient motors & Pump sets.
- iii. VFDs are provided for Screw Chillers at resulting in a daily energy savings of 300 units per day @ Each Chiller.

- iv. Replacement of existing +5degC water-cooled reciprocating type chillers with new energy efficient water-cooled screw type refrigeration systems installed. This resulted in saving of 80,000Units/Year.
- v. Replaced manually operated valves of utilities with automated control valves to reduce the utility Consumption at the Production Blocks.

TECHNOLOGY ABSORPTION

1. Efforts in brief, made towards technology absorption:

The Company has state-of-the-art R&D centre continuously endeavoring in research on new products and process improvement of existing products as part of continuous improvement. The Company constantly reviews, optimizes and improves its processes for its product range. These efforts have resulted in lower cost of production, achieve consistent exports and be competitive in the global market.

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 2023-24 are furnished in the vide note number 41.

4. Foreign Exchange Earnings and Outgo

Particulars	₹ in Lakhs)	
	2023-24	2022-2023
Earnings		
FOB Value of Exports	30,245.53	31,650.27
Outgo		
Sales Commission	17.25	43.92
Travelling Expenses	-	-
CIF Value of Imports		
Raw Materials	10,553.87	12,608.57
Capital Goods	414.15	51.59

By the order of the Board

Ramesh Babu Potluri

Place: Hyderabad
Date: 05.08.2024

Chairman and Managing Director
(DIN:00166381)

Annexure-7

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2024

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

To the Members,

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"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Auditor's Responsibility

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year from 1st April, 2023 to 31st March, 2024 ("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, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2024 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, 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 except the following:

- i) Mr. Shravan Kudaravalli was re-appointed as an Independent Director of the Company for a further period of 5 (five) consecutive years pursuant to the special resolution passed through Postal Ballot for which the e-voting was conducted from 12th July, 2023 to 10th August, 2023.
- ii) The Company has issued 90,00,000 (Ninety Lakh) Convertible Warrants on preferential basis to Promoters/ Promoters Group on 19th March, 2024 pursuant to the Special Resolution passed by the Shareholders at the Extra-Ordinary General Meeting held on 6th March, 2024.

For **SVVS & Associates**
Company Secretaries LLP

C. SUDHIR BABU

Designated Partner
FCS: 2724; C P No.: 7666
UDIN: F002724F000486781
Peer Review No.: 716/2020

Place: Hyderabad
Date: 29-05-2024

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: F002724F000486781
Peer Review No.: 716/2020

Place: Hyderabad
Date: 29-05-2024

Management Discussion and Analysis

Economic overview

Global economy

CY (Calendar Year) 2023 recorded several headwinds roiling the global economy; continuous geopolitical turmoil, supply chain disruptions, rising inflation and increasing energy and food prices rattled economies worldwide. However, the global economy demonstrated notable resilience, achieving a growth rate of 3.3%. To anchor inflation, central banks worldwide resorted to calibrated interest rate hikes. The effective monetary policies not only helped in bringing inflation closer to the target levels but also avoided the prospect of a global recession.

Advanced economies and several emerging markets and middle-income economies demonstrated robust performance, with aggregate demand supported by stronger-than-expected private consumption. While the United States surpassed its pre-pandemic growth, the European Union recorded moderate growth due to internal policies and external geopolitical risks. On the other hand, several emerging market and developing economies (EMDEs) recorded positive growth trajectories. However, China witnessed a sluggish growth, owing to real estate sector issues and subdued consumer confidence.

The reported year has been a year of uncertainties. Nevertheless, as global inflation declined faster-than-anticipated across most regions, economic activities grew steadily. The strategic actions taken by the central banks also played a crucial role in stabilising the global economy.

Outlook

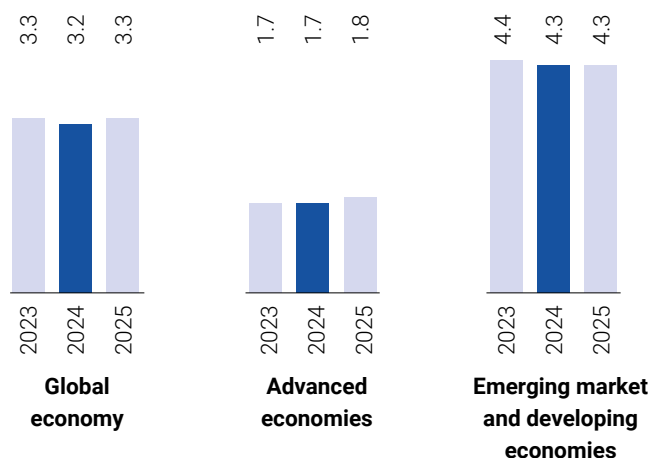
According to the International Monetary Fund (IMF), global growth is projected to decline to 3.2% in CY 2024, followed by a slight uptick to 3.3% in CY 2025. Meanwhile, global headline inflation is expected to decline to 5.9% in CY 2024 and further to 4.5% in 2025.

While advanced economies are expected to witness an increase in growth rate from 1.6% in CY 2023 to 1.7% in CY 2024, EMDEs will likely record a modest slowdown. A slight decrease from 4.3% in CY 2023 to 4.2% in CY 2024 is anticipated to be observed.

In the United States, economic growth is expected to increase from 2.5% in 2023 to 2.6% in 2024, driven by gradual fiscal tightening and a softening labour market. Conversely, China's growth rate is projected to reduce from 5.2% in 2023 to 5.0% in 2024.

It is anticipated that service inflation might hinder the decline of the inflation to its target levels, further increasing the complexity of monetary policy normalisation. In emerging and developing economies, inflation is predicted to remain elevated and decrease at a slower pace compared to advanced economies.

Global GDP Growth %



Indian economy

At a time when the global economy is grappling with macroeconomic challenges, the Indian economy experienced significant growth in FY 2023-24, with real GDP rising to 8.2%, up from 7.0% in FY 2022-23¹. This growth was primarily driven by increased investments and substantial government spending on infrastructure. However, a decline in net exports due to reduced global trade volumes limited overall economic growth of India. Conversely, strong domestic activity led to high import demand.

As of April 2024, the annual inflation rate based on the all-India Consumer Price Index (CPI) was recorded at 4.83%, with rural and urban inflation rates at 5.43% and 4.11%, respectively². In FY 2023-24, the effective initiatives by the Government of India and strategic implementations by the Reserve Bank of India (RBI) played an instrumental role in cushioning the Indian economy from the global headwinds.

Outlook³

Looking forward, the Government of India is expected to continue prioritising growth-oriented capital expenditure into FY 2024-25, with more than half of its borrowings allocated to capital outlays. The Government has extended its financial support scheme for state capital expenditure, allocating INR 1.3 lakh crore.⁴

¹<https://pib.gov.in/PressReleaseDetailm.aspx?PRID=2022323>

²https://www.mospi.gov.in/sites/default/files/press_release/CPI_PR_13may24.pdf

³<https://www2.deloitte.com/us/en/insights/economy/asia-pacific/india-economic-outlook.html>

⁴RBI Annual report 2023-24

The improved capital flows are anticipated to propel private investment and lead to a rebound in exports. However, inflation concerns persist and are expected to ease only in the latter half of the next fiscal year.

Consumer spending has fluctuated, post-pandemic, with the demand for luxury and high-end products and services outpacing demand for basic goods. As the number of middle- to high-income households with rising disposable income increases,

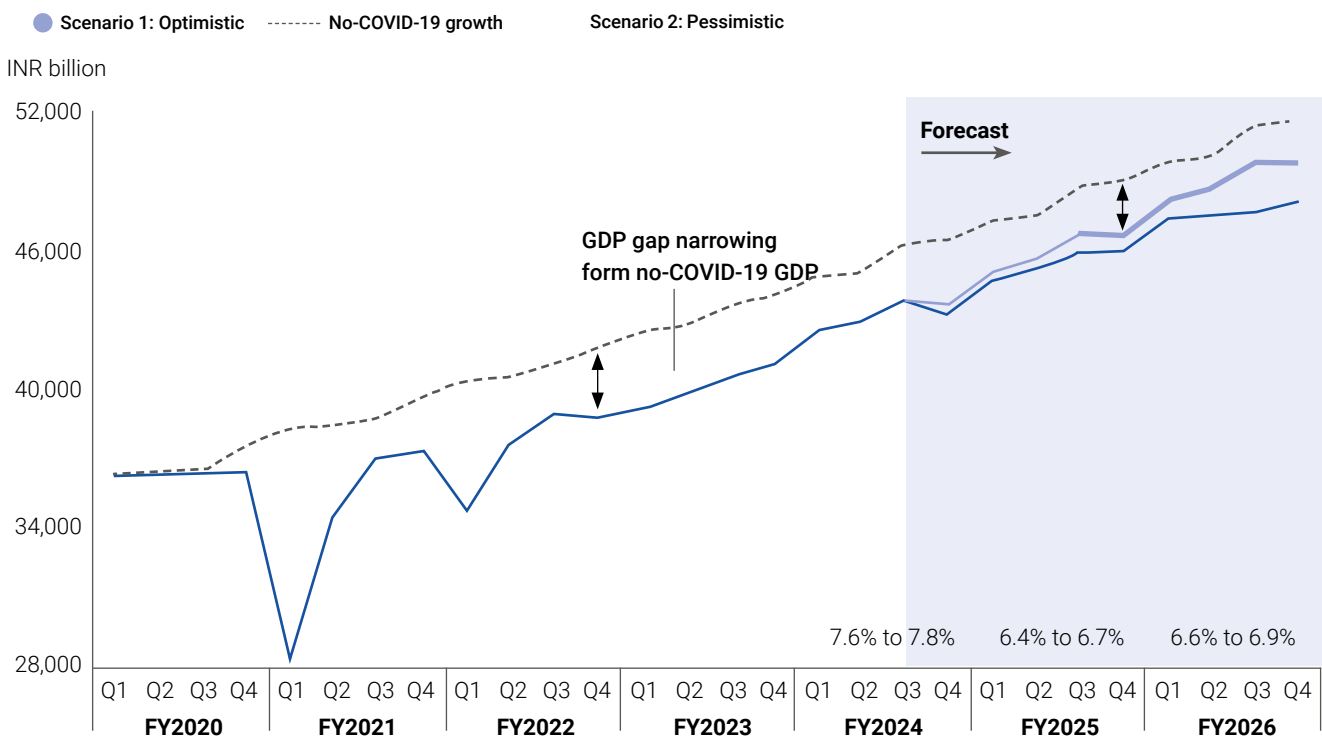
this trend is expected to intensify, driving overall growth in private consumer expenditure.

Nonetheless, the challenge of rising household debt and decreasing savings may impact long-term growth sustainability. Managing household debt to prevent it from reaching unsustainable levels is crucial for mitigating risks of debt overhang, maintaining economic stability and safeguarding households from financial vulnerability.

Figure 2

The GDP gap, compared with pre-pandemic levels, is rapidly narrowing as the recovery gains momentum

Real GDP (seasonally adjusted, level values)



Source: Centre for Monitoring Indian Economy; Deloitte research.

Deloitte Insights | deloitte.com/insights

Industry overview

Global pharma industry⁵

The global pharmaceutical industry has experienced notable changes in medicine consumption and spending patterns across different regions. Despite reduced spending on vaccines and COVID-19 treatments, the industry demonstrated its resilience and adaptability. The introduction of innovative therapies and a general rise in medicine usage highlight the sector's capacity to evolve

and thrive amid shifting market dynamics. Customers worldwide are looking towards personalised and targeted treatments, especially focusing on preventive healthcare. This is increasing the demand for medicines tailored to specific genetic profiles. The market is especially dominated by established pharmaceutical companies who invest heavily in research and development. This has resulted in increased competition and a shift towards affordable healthcare.⁶

⁵<https://www.iqvia.com/-/media/iqvia/pdfs/institute-reports/the-global-use-of-medicines-2024-outlook-to-2028/iqvia-institute-global-use-of-medicines-2024-forweb.pdf>

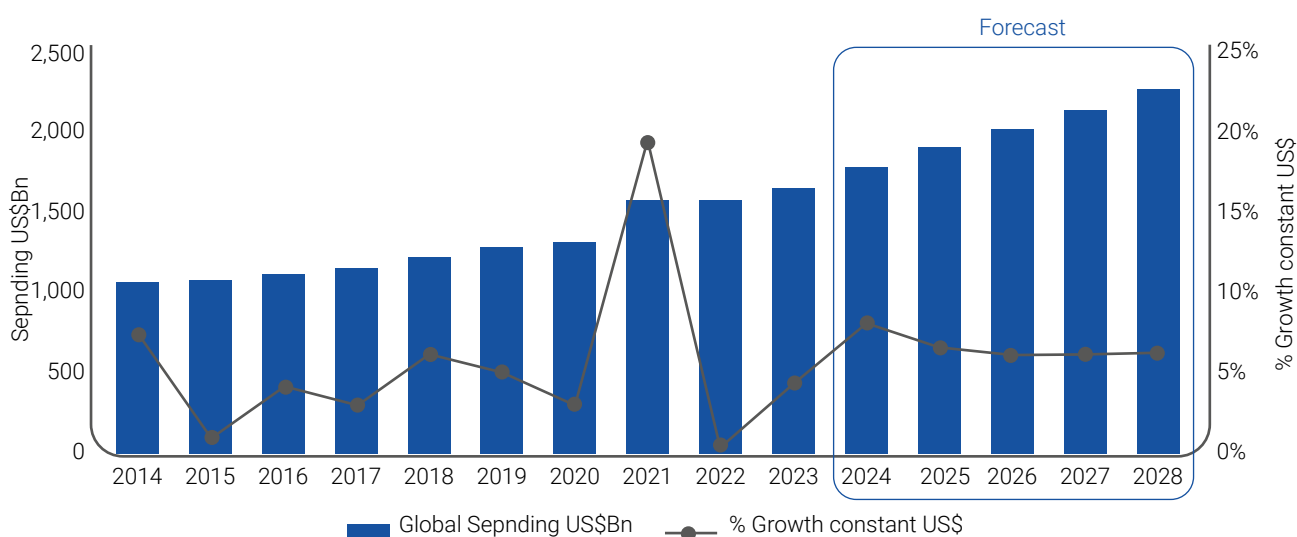
⁶<https://www.statista.com/outlook/hmo/pharmaceuticals/worldwide#analyst-opinion>

For 2023, the total global pharmaceutical market was estimated around USD 1.6 trillion, marking an increase of over 100 billion dollars compared to 2022. The United States dominated the market for pharmaceuticals, followed by other developed countries and emerging markets.⁷

The industry is poised for robust growth in the coming years. The global medicine market is projected to grow at a compound annual growth rate (CAGR) of 5-8% by 2028, reaching approximately USD 2.3 trillion in total market size. While established markets are expected to expand more rapidly, emerging markets will experience modest growth.

The U.S. market is anticipated to grow at 2-5% CAGR over the next five years, a decrease from the 5.3% CAGR observed in the past five years. Conversely, spending is anticipated to rise by USD 70 billion through 2028, driven primarily by the emergence of new brands. On the other hand, in Japan, medicine spending growth is projected to be between 1% and 2% through 2028, as strong brand growth is counterbalanced by annual price cuts and a continued shift towards generics. Furthermore, in China, spending growth is expected to decelerate, with positive factors including greater adoption of new original medicines being countered by pressures on pricing for off-patent and generic drugs.

Exhibit 14: Global medicine market size and growth 2014-2028 including estimated COVID-19 vaccine and therapeutic spending



Source: IQVIA Market Prognosis, Sep 2023; IQVIA Institute, Dec 2023.

Outlook

It is estimated biotechnology will record robust growth in the next five years. It is expected to expand by 9.5% to 12.5%, reaching USD 890 billion in spending by 2028. This would account for approximately 39% of the global market and encompass many areas of significant activity for novel medicines.

Specialty medicines, which address chronic, complex, or rare conditions and are often associated with high costs and specialised handling, are anticipated to represent 43% of global spending by 2028, and more than 55% in leading developed markets.

The two leading global therapy areas, oncology and immunology, are expected to grow at a CAGR of 14-17% and 2-5%, respectively, by 2028. Oncology is expected to introduce 100 new treatments

over the next five years, resulting in a spending increase of USD 224 billion, bringing the total to over USD 440 billion by 2028, while mitigating the effects of the losses of exclusivity.

Similarly, treatments for autoimmune disorders are projected to reach USD 192 billion globally by 2028, driven by a growing number of treated patients and new products for emerging immune disorders.

Global Pharmaceutical API manufacturing market⁸

The pharmaceutical Active Pharmaceutical Ingredient (API) manufacturing market has experienced substantial growth in recent years. It is projected to expand from USD 206.95 billion in 2023 to USD 219.76 billion in 2024, reflecting a CAGR of 6.2%. This historical growth is driven by increased investment in pharmaceutical research and development, a rising trend in

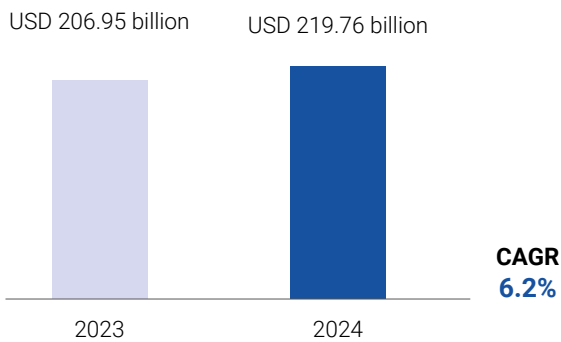
⁷<https://www.statista.com/statistics/263102/pharmaceutical-market-worldwide-revenue-since-2001/#:~:text=The%20global%20pharmaceutical%20market%20has,around%201.6%20trillion%20U.S.%20dollars.>

⁸<https://www.thebusinessresearchcompany.com/report/pharmaceutical-api-manufacturing-global-market-report>

outsourcing APIs, growing cases of chronic diseases, increased healthcare expenditures, rise in disposable incomes, a surge in patent expirations and supportive government policies for API production.

Looking ahead, factors such as a growing aging population, rapid technological advancements, a rising incidence of cancer cases and increased mergers and acquisitions are expected to propel the growth of the API market, enabling it to reach USD 279.03 billion by 2028. Key trends in the forecast period include expansion of production facilities, the integration of artificial intelligence, a focus on environmentally-friendly API manufacturing, rising investments, and the adoption of QR code labelling.

Global Pharmaceutical API manufacturing market



Indian pharmaceutical industry

India's pharmaceutical market, valued at USD 50 billion, ranks as the third largest industry globally by volume. The industry is well-diversified, encompassing generic drugs, API, bulk drugs, over-the-counter medications, vaccines, biologics, and biosimilars. The industry holds a strong international presence, earning the moniker of 'Pharmacy of the World'. India offers approximately 60,000 generic brands across 60 therapeutic categories and accounts for 20% of global generic drug exports by volume. Notably, eight of the top 20 global generic companies have their headquarters in India.



100% FDI in the pharmaceutical sector is allowed in brownfield pharmaceuticals; wherein 74% is allowed under the automatic route and thereafter through the government approval route.

The sector is renowned for its high-quality compliance; 703 facilities have been approved by the U.S. Food and Drug Administration (FDA), 386 compliant with European Good Manufacturing Practices (GMP) and 2,418 facilities meet the World Health Organization (WHO) GMP standards. To further enhance the regulatory framework, revised pharmaceutical manufacturing rules were introduced in December 2023 under Schedule-M, which aligns GMP with global standards and ensures quality are maintained at all stages.⁹



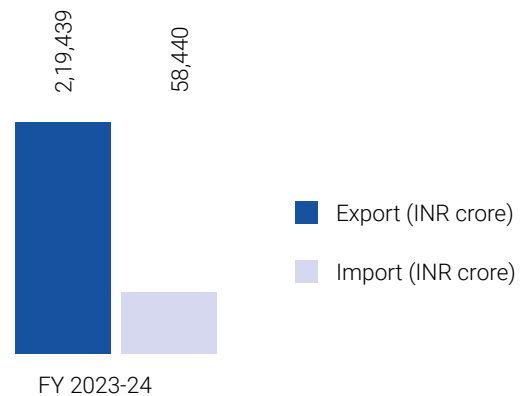
100% Foreign Direct Investment (FDI) in the pharmaceutical sector is allowed under the automatic route for greenfield pharmaceuticals.

Exports and imports in the Indian Pharma sector¹⁰

Historically, India's pharmaceutical industry has heavily on API imports from a single country. However, the Production Linked Incentive (PLI) schemes for bulk drugs and pharmaceuticals have enhanced supply chain resilience and significantly reduced reliance on bulk drug imports. These schemes have bolstered fermentation-based manufacturing, leading to increased production of antibiotics such as Penicillin G and Clavulanic Acid.

Between FY 2022 and FY 2024, the CAGR of bulk drug imports was 2.3%, compared to a 5.9% CAGR for exports. As a result, India has transitioned to becoming a net exporter of bulk drugs. In FY 2024, bulk drug exports totalled to INR 39,632 crore, while imports amounted to INR 37,722 crore.

Indian Pharmaceutical Sector



(Source Economic Survey 2023-24)

⁹<https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf>

¹⁰<https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf>

¹¹<https://www.pharmiweb.com/press-release/2024-07-19/small-molecule-api-market-expected-to-reach-usd-21697-billion-by-2032-at-a-50-cagr-fmi-research>

Small molecule API market¹¹

The Small Molecule Active Pharmaceutical Ingredient (API) market, providing the foundational components for numerous vital medications, has been experiencing consistent growth over the years. Looking forward, the industry is anticipated to expand to USD 174 billion by 2033, growing at a CAGR of 4.1% over the next ten years.

Overall, the oncology market is experiencing significant expansion, driven by the development of high-potency drugs and a growing demand for small molecules. While small molecules remain dominant in the API market, a rapid rise in demand for new biological entities has also been observed. Increasing healthcare expenditures are facilitating the discovery of new molecules, evaluating potential treatments for various diseases and fostering innovative research approaches.

With the further increase in chronic conditions such as cardiovascular diseases, diabetes, cancer and infectious diseases, it has surged the demand for research into small molecule APIs. Leading players in the Small Molecule API market are actively pursuing strategic initiatives, including advanced manufacturing technologies and acquisitions, to contribute to the market's robust growth.

Government initiatives¹²

Promoting 'Aatmanirbharta'

The 'Aatmanirbharta' initiative aims to enhance domestic manufacturing of key starting materials (KSMs), drug intermediates (DIs) and active pharmaceutical ingredients (APIs), attracting significant investments and reducing reliance on imports for critical APIs. As part of this initiative, the Production-Linked Incentive (PLI) scheme for bulk drugs has approved 48 projects with a committed investment of ₹3,938.6 crore. Additionally, the Scheme for the Promotion of Bulk Drug Parks supports the establishment of three bulk drug parks to develop world-class common infrastructure facilities. This initiative is expected to lower manufacturing costs for bulk drugs, thereby improving India's competitiveness and drug security.

Pradhan Mantri Bhartiya Janaushadhi Pariyojana

The Pradhan Mantri Bhartiya Janaushadhi Pariyojana seeks to provide quality generic medicines at affordable prices to all citizens. Under this scheme, Pradhan Mantri Bhartiya Janaushadhi Kendras (PMBJKs) have been established, with more than 12,500 centers operational across all districts. This initiative aims to benefit the general population, particularly the economically disadvantaged, offering quality medicines at reduced prices.

In FY 2023-24, the Pharmaceuticals & Medical Devices Bureau of India sold Jan Aushadhi medicines worth ₹1,470 crore, resulting

in savings of approximately ₹7,350 crore. With an average of 10–12 lakh people visiting Jan Aushadhi Kendras daily, the scheme is especially beneficial for individuals suffering from chronic diseases.

Growth driver of API market in India¹³

The growth of India's geriatric population has significantly impacted the country's active pharmaceutical ingredients (APIs) market. There has been an increase in age-related health issues and chronic diseases such as cardiovascular diseases, diabetes and neurological disorders, surging the demand for pharmaceutical products. To address this rising demand, the Indian pharmaceutical industry is increasingly focusing on API production.

As medication for the elderly require tailored formulations and dosages, it highlights the importance of a robust API market. In addition to this, advances in medical research and technology have also driven the creation of innovative drugs for age-related conditions, further emphasising the need for specialized APIs. As of July 2022, there were 149 million individuals aged 60 and above in India, representing about 10.5% of the population. This figure is projected to double to 20.8% by 2050, reaching an estimated 347 million elderly individuals.

Company overview

Domestic API business

Established in 1987, SMS Pharmaceuticals is recognised as one of India's leading API manufacturers. With its headquarters in Hyderabad, the Company operates advanced facilities designed for the production of specialty large-volume compounds. The Company ensures compliance with cGMP and WHO standards.

Leveraging robust research and production divisions, SMS Pharmaceuticals excels in developing and commercially manufacturing APIs that cater to market needs. The Company derives 98% of its revenue from its API business, offering a diverse portfolio of over 45 products across 13 therapeutic segments. The Company is also a prominent exporter of a wide range of anti-migraine triptans.

The Company operates two facilities that have received multiple approvals from international health authorities, including the USFDA. Owing to high customer demands and expertise in handling high-volume products and demonstrated regulatory strength through supplying niche molecules, the Company has developed one of Asia's largest production blocks specifically for Ibuprofen. Located at Vishakhapatnam, this production block has a manufacturing capacity of 3,000 KL.

¹¹<https://www.pharmiweb.com/press-release/2024-07-19/small-molecule-api-market-expected-to-reach-usd-21697-billion-by-2032-at-a-50-cagr-fmi-research>

¹²Economic Survey 2023-24

¹³<https://www.custommarketinsights.com/report/india-active-pharmaceutical-ingredient-market/>

International business

SMS Pharmaceuticals excels in producing specialised niche molecules, adhering to stringent regulatory compliance while upholding the highest standards of quality. The Company has recently expanded into high-volume commodity products, such as Ibuprofen. Delivering its products to diverse markets, the Company has recorded notable sales in Bangladesh, Indonesia, Brazil, and the MENA region, particularly in the US market.

The Company has steadily fortified its position in the international market, establishing itself as a reliable supplier for the European customers. The Company is steadily undertaking initiatives to further fortify its position in the global market. The Company’s robust production processes, supported by a highly skilled team have propelled the growth of the organisation to new heights of success. With over 100 authorized drug master files accredited by regulatory agencies such as the USFDA, PMDA, EU and KFDA, the Company is well-positioned for growth. The recent CEP certification for Ibuprofen has also created new opportunities in the regulated European market.

Strategy

The Company has successfully cemented its position in complex and specialized API therapies, achieving global leadership in various product categories. The Company is planning a capital expenditure of INR 150 crores for FY2025 to further propel its expansion.

The Company’s strategy encompasses establishing a global presence, extensive domain expertise, cost-effective practices and enduring partnerships, all of which, along with economies of scale, underpin its success. By pursuing backward and vertical integration, SMS Pharmaceuticals capitalises on cost synergies and identifies new growth opportunities. This comprehensive approach highlights the Company’s dedication to sustainable growth.

45+

Product portfolio

75+

Countries associated to the business of the Company

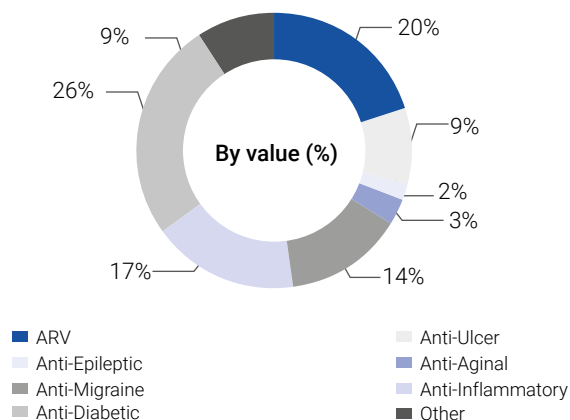


Product portfolio

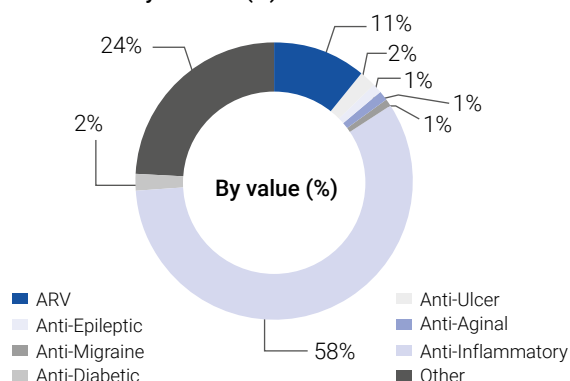
The Company operates in several high-margin, specialized therapeutic areas, including Anti-Epileptics, Anti-Migraine, and Anti-Fungals. Below are details of the product portfolio:

- Anti-Retrovirals: Tenofovir, Dolutegravir, Raltegravir, Lamivudine, Efavirenz.
- Anti-Inflammatories: Ibuprofen, Dexibuprofen, Fenoprofen Calcium.
- Anti-Virals: Penciclovir, Valaciclovir.
- Anti-Diabetics: Vildagliptin, Sitagliptin, Rosiglitazone, Empagliflozin, Dapagliflozin.
- Anti-Ulcers: Famotidine, Pantoprazole Sodium, and others.
- Anti-Fungals: Itraconazole, Lanocanazole, Luliconazole.
- Anti-Epileptics: Levetiracetam, Perampanel, Lamotrigine.
- Anti-Migraine: Sumatriptan, Almotriptan, Zolmitriptan, Rizatriptan, Eletriptan.
- Anti-Coagulants: Apixaban, Rivaroxaban.
- Anti-Psychotics: Aripiprazole, Clozapine, Pimavanserin.

Product Portfolio by value (%)



Product Portfolio by Volume (%)



Financial highlights

(INR in crore except EPS)

Particulars	FY 2023-24	FY 2022-23	YoY Changes (in %)
Net Revenue from Operations (Net of Excise) (₹ in crore)	709.26	522.05	35.86%
EBITDA (₹ in crore)	121.30	59.59	103.56%
PAT (₹ in crore)	49.42	4.08	1,111.27%
EPS (in ₹)	5.84	0.48	1,116.67%
Net worth (₹ in crore)	570.49	495.10	15.23%

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

Particulars	As at 31 st March, 2024	As at 31 st March, 2023	% Change	Reason for change in ratio in excess of 25% compared to previous financial year
Debtors Turnover Ratio	3.67	5.28	-30	The Variance is due to increase in Average Trade Receivables.
Inventory Turnover Ratio	3.03	2.11	44	The Variance is due to increase in turnover
Interest Coverage Ratio (Times)	5.35	2.80	91	The Variance is due to increase in EBITDA
Current Ratio	1.61	1.61	0	
Debt Equity Ratio	0.49	0.51	-4	
Operating Profit Margin	17.10%	11.41%	50	The Variance is due to increase in EBITDA
Net Profit Margin	6.97%	0.78%	791	The Variance is due to increase in profit after tax
Return on Net worth	9.28%	0.83%	1023	The Variance is due to increase in profit after tax

Research and development

The robust R&D division is a key driver to the Company's progress. The Company has demonstrated a strong commitment to innovation by successfully incorporating 20 new products into its portfolio in the recent years. Notably, SMS Pharmaceuticals has strategically optimised several Anti-Migraine APIs, establishing itself as a leading player in this therapeutic area.

The R&D division is equipped with state-of-the-art technology and advanced equipment, supporting various research and development activities. The Company's achievements include filing over 100 Drug Master Files (DMFs) and securing 35 process patents. In addition to this, the introduction of a kilo lab and a pilot plant have further contributed to the success of the organisation. The pilot plant, in particular, supports DMF filings and features a significant scale-up capacity of 4,500 litres.

The Company has also developed a method to recycle methyl mercaptan gas into the useful solvent DMSO during ranitidine production. This initiative has enabled the Company to earn the prestigious Indo-US Green Chemistry Network (GCNC) award.

100+

Scientists

8

PHDs

45

Scientists ensure regulatory standards

Quality and compliance

SMS Pharmaceuticals is committed to achieving operational excellence by adopting advanced global quality management systems. The Company is focused on sustainable growth and consistently maintaining the highest quality standards for its products. It aims to expand its global footprint while adhering to all relevant legal requirements. The Company has also implemented a top-tier quality control system to meet the legal standards of the target markets. SMS Pharmaceuticals is dedicated to continuous improvement and staying at the forefront of its industry, upholding strict compliance benchmarks while maintaining superior product quality.

Human resource

The Company acknowledges the value of its workforce as the cornerstone of its success. Therefore, the Company undertakes several initiatives to nurture a holistic work environment.

The Company's HR policies prioritise employee development through comprehensive training programmes, continuous learning opportunities and skill enhancement initiatives. The Company ensures that all employees are valued and their contribution acknowledged.

SMS Pharma also provides various benefits to promote work-life balance. The Company provides a safe and secure workplace, adhering to stringent health and safety regulations. The HR department plays a pivotal role in aligning the Company's goals with the aspirations of its employees.

1,197

Total employee strength

(As on 31st March, 2024)

Safety and health

The Company is committed to providing the highest standards of safety to its workforce. SMS Unit II adheres to ISO safety standards and regularly conducts training sessions to continually improve staff knowledge and skills. The Company is equipped with essential firefighting equipment to strengthen emergency response capabilities. It also provides personal protective equipment and have dedicated first aid teams in place. To further support its comprehensive safety strategy, the Company employs a qualified medical professional and keeps an ambulance on-site for immediate medical assistance.

Environment

Guided by the principle 'Fostering the natural environment that sustains us', the Company embraces responsible practices to ensure that its operations do not harm the environment. The Company also organises awareness initiatives, provides employee training, adopts technological advancements and follows careful resource management to promote environmental stewardship. The Company has also received the Indo-US GCNC award for its innovative green chemistry practices.

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. In addition to this, the Company has also achieved certification for its integrated management system, which includes both ISO 14001 for environmental management and ISO 45001 for occupational health and safety.

Corporate social responsibility (CSR)

The Company aims to make positively impact the society and the environment through its relentless Corporate Social Responsibility (CSR) efforts. The Company focuses on several key areas, supporting holistic development of underserved and underprivileged communities. The primary aim of the Company's CSR initiatives is to promote social and economic inclusion, ensuring marginalised

communities have equal access to health services and educational opportunities. The Company continues to build school infrastructure, contribute to healthcare development, and establish drinking water facilities in villages and support for rural development. Some of the notable initiatives from the past year are outlined below.

CSR initiatives during FY24

- Construction of Community Hall in Kumili Village, Pusapatirega Mandal Vizianagaram District Andhra Pradesh.
- Continued financial support for Campus Challenge, Konada Junction (On NH- 16), Kotha Kopperla (PO), Singavaram (SO), Vizianagaram Dist-535213.
- Financial Support to poor people crippled with heart, lung and vascular diseases, through Dr. Alla Gopala Krishna Gokhale, Sahrudaya Health, Medical and Educational Trust.
- Community CC TV Project- Installation of Cameras under Dundigal Police Station, Cyberabad Commissionerate for the safety of women, children in the surrounding areas of educational institutions and industries.

Outlook

SMS Pharmaceuticals is well-positioned for substantial growth in the upcoming years. The Company has invested approximately INR 200 crores in a brownfield expansion at its Vishakhapatnam facility. This investment is focused on enhancing capacity for multiple products and therapies, particularly bolstering Ibuprofen production. With the additional capacity of 1,300 KL, the Company is set to establish itself as one of the world's leading Ibuprofen manufacturers. The Company aims to leverage its robust R&D capabilities, long-term relationships and deep industry expertise to further explore new horizons. The expansion is primarily funded through internal accruals, maintaining a solid balance sheet and ensuring minimal debt. This strategic move is anticipated to drive higher margins and profitability through operational efficiencies and increased revenue.

Internal control systems and their adequacy

The Company has implemented comprehensive internal control systems and procedures covering all financial and operational

functions. It emphasizes the importance of a robust internal control framework to uphold Corporate Governance principles. These controls are carefully designed to ensure accurate recording and reliable reporting of financial and operational information, compliance with regulations, protection of assets from unauthorized use or loss, proper authorization of transactions, and adherence to corporate policies.

A detailed manual for the delegation of authority in revenue and expenditure approvals has been established. SMS Pharmaceuticals is committed to continually enhancing the effectiveness of its control systems to prevent unauthorized use or loss. The audit committee reviews all internal processes and recommends corrective actions as needed. The committee also provides the Board of Directors with regular updates on its significant findings.

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 realization 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

Corporate Governance is about internalizing and manifesting a firm commitment to the adoption of best practices across the Company to deliver value in its dealings with a wide group of stakeholders encompassing associates, customers, vendors, regulators and shareholders at all times. It is the evolution of a system by which the values, principles, management policies and procedures of the Company are inculcated.

It is in this background that the Company endeavors to embrace and imbibe good governance practices. The Company believes that corporate governance is an integral means for the existence of the Company. It ensures adherence to the moral and ethical values, legal and regulatory frame work and the adoption of good practices beyond the realms of law.

Good corporate governance is an intrinsic part of the Company's fiduciary responsibility as a responsible citizen. As such, the emphasis is on transparency of operations. The Company recognizes that to attract, meet and surpass the expectations of global investors, statutory disclosures and reporting norms are not sufficient and voluntary adherence to best international disclosures is essential.

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

- Fulfilling long term strategic goals.
- Maintain excellent relations with customers and suppliers
- Taking care of the interests of the associates
- Caring for environment and local community
- Complying with all applicable laws and regulatory requirements

Good Governance Policies

The Company constantly strives to conduct its business and strengthen its relationships in a dignified, distinctive and responsible manner. The Company lives by the ethos of Values FIRST- Fairness, Integrity, Respect, Sincerity and Transparency in all its operations and dealings. Towards this, the Company has adopted several polices and guidelines for ethical and transparent operation. 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

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 is accountable to shareholders and other stakeholders and is responsible for protecting and generating sustainable value over the long term. In fulfilling its role 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, 2024 the Company's Board consists of Six (6) members out of which majority are Independent Directors, who are leading professionals in their respective fields. The Board comprises of 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 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, 2024 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, 2024 are given herein below:

Name of Director & Designation	DIN	Category (Designation)	No. of Board Meetings during the Year 2023-24		Attended Last AGM 30.09.2023	No. of Directorships in other Public Companies and category	No. of Committee Position held in Public Companies (including this company)	
			Held	Attended			Chairman	Member
Mr. Ramesh Babu Potluri, Chairman & Managing Director	00166381	Executive Director	4	4	yes	0	0	2
Mr. Sarath Kumar Pakalapati, Independent Director	01456746	Non-Executive and Independent Director	4	4	Yes	SMS Lifesciences India Limited – Independent Director	3	3
Dr. (Mrs). Neelaveni Thummala, Independent Director	00065571	Non-Executive and Independent Director	4	3	Yes	0	0	2
Mr. Sarvepalli Srinivas, Independent Director	02292051	Non-Executive and Independent Director	4	4	Yes	0	0	1

Name of Director & Designation	DIN	Category (Designation)	No. of Board Meetings during the Year 2023-24		Attended Last AGM 30.09.2023	No. of Directorships in other Public Companies and category	No. of Committee Position held in Public Companies (including this company)	
			Held	Attended			Chairman	Member
Mr. Shravan Kudaravalli, Independent Director	06905851	Non-Executive and Independent Director	4	4	Yes	CMH Tools Limited	1	1
Mr. Vamsi Krishna Potluri, Executive Director	06956498	Executive Director	4	4	Yes		0	0

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.

Board Procedure

The Board periodically reviews the strategy, annual business plan, business performance of the Company and its key subsidiary, quality, customer centricity, capital expenditure budgets and risk management, safety and environment matters. Amongst other things, the Board also reviews the compliance reports of the laws applicable to the Company, internal financial controls and financial reporting systems, adoption of quarterly/half-yearly/annual results, minutes of the Meetings of the Audit and other Committees of the Board.

In addition to the information required under Regulation 17(7) read with Part A of Schedule II of the Listing Regulations, which is required to be placed before the Board, the Board is also apprised of major events and approvals obtained from time to time, if necessary.

Disclosure of relationship between Directors inter-se

Mr. Ramesh Babu Potluri and Mr. Vamsi Krishna 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 of 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. (www.smspharma.com).

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	✓	✓	✓	✓	✓	✓
Dr. (Mrs) Neelaveni Thummala	✓	✓	✓		✓	✓
Mr. Sarvepalli Srinivas	✓	✓	✓	✓	✓	✓
Mr. Shravan Kudaravalli	✓	✓	✓	✓	✓	✓
Mr. Vamsi Krishna Potluri	✓	✓	✓	✓	✓	✓

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:

24th May, 2023, 08th August, 2023, 08th November, 2023 and 08th February, 2024 and one circular resolution passed on 14th March, 2024.

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, one meeting of the Independent Directors was held on 08th August, 2023. 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 issued 90,00,000 convertible warrants 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, 2024 are given below:

Name of Director	No. of Equity Shares held as on 31-03-2024	No. of convertible warrants held as on 31-03-2024
Mr. Ramesh Babu Potluri	1,56,53,060	25,00,000
Mr. Vamsi Krishna Potluri	1,33,28,370	25,00,000
Mr. Shravan Kudaravalli	30,000	0
Mr. Sarath Kumar Pakalapati (HUF)	85,000	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.

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

A. AUDIT COMMITTEE:

The management is responsible for the Company's internal controls and the financial reporting process while statutory auditors are responsible for performing Independent Audit of the Company's financial statements in accordance with generally accepted auditing practices and for issuing report based on such audit. The Board of Directors has constituted and entrusted the Audit Committee with the responsibility to supervise these processes and thus ensure accurate and timely disclosure that maintain the transparency, integrity and quality of financial control and reporting. The constitution of the Audit Committee is in alignment with provisions of Section 177 of the Companies Act, 2013 read with the Rules issued thereunder and Regulation 18 of SEBI (LODR) Regulations, 2015.

Sl. No.	Name of the Director	Designation	Category	Committee Meetings	
				Held	Attended
1	Mr. Shraavan Kudaravalli	Chairman	Independent Director	5	5
2	Mrs. (Dr.)Neelaveni Thummala	Member	Independent Director	5	5
3	Mr. Ramesh Babu Potluri	Member	Chairman & Managing Director	5	5

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, which are discussed and were taken note. The Audit Committee considered and reviewed the accounts for the year 2023-24, 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

Brief description of terms of Reference:

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

- 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;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company,
- Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval
- Review and monitor the auditor's independence and performance and effectiveness of audit process.
- Reviewing with the management, performance of statutory and internal auditor's adequacy of the internal control systems.
- Discussion with internal auditors of any significant findings and follow up there on.
- Review the statement of significant related party transactions.

During the financial year 2023-24, the Audit Committee met five (5) times on 23rd May, 2023, 07th August, 2023, 07th November, 2023, 02nd February, 2024 and 07th February, 2024, 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: -

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 the 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 2023-24, the Nomination and Remuneration Committee met one (1) time on 08th February, 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	Mrs. (Dr.) Neelaveni Thummala	Chairperson	Independent Director	1	1
2	Mr. Shravan Kudaravalli	Member	Independent Director	1	1
3	Mr. Sarath Kumar Pakalapati	Member	Independent Director	1	1

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, 2024 forms part of Annual Return hosted on the website of the Company (www.smspharma.com).

The Company has Two (2) Promoter Executive Directors and rest of the Board Contains four (4) Independent and Non-Executive Directors. Independent Directors were paid only sitting fee. The Company does not have any Employee Stock Option Scheme. Payments made to Directors during the FY 2023-24 are mentioned hereunder:

Executive Directors

Name of Director & Designation	Salary and Allowances	Remuneration based on profits	Perquisites	Bonus/Stock Options	₹ in lakhs
					Total
Mr Ramesh Babu Potluri (Chairman & Managing Director)	300.00	61.65	7.10	-	368.75
Mr. Vamsi Krishna Potluri	66.00	301.52	0.78	-	368.30

Independent Directors:

The details of remuneration to the Independent/ Nominee / Executive Directors for the year ended on 31st March, 2024 as given below:

Name of the Independent Director	₹ in Lakhs
	Sitting Fees
Mr. Sarath Kumar Pakalapati	2.75
Mrs.(Dr.) Neelaveni Thummala	4.80
Mr. Sarvepalli Srinivas	2.45
Mr. Shravan Kudaravalli	5.90

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 30th September, 2023 and 08th November, 2023 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	Chairman	Independent Director	2	2
2	Mrs.(Dr.) Neelaveni Thummala	Member	Independent Director	2	1
3	Mr. Ramesh Babu Potluri	Member	Executive Director	2	2
4	Mr. Sarvepalli Srinivas	Member	Independent Director	2	2

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:

- 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;
- Recommend the amount of expenditure to be incurred on the activities specified; and
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

The Committee met on 24th May, 2023 and 08th February, 2024 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	2	2
2	Mr. Sharath Kumar Pakalapati	Member	Independent Director	2	2
3	Mr. Shravan Kudaravalli	Member	Independent Director	2	2
4	Mr. Sarvepalli Srinivas	Member	Independent Director	2	2

E. RISK MANAGEMENT COMMITTEE

The Company has constituted a Risk Management Committee and adopted Risk Management Policy. Currently, the Company's Risk Management approach comprises of the following:

- Governance of Risk
- Identification of Risk
- Assessment and Control of Risk

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 04th August, 2023 and 29th January, 2024 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 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.

The Committee met on 19th March, 2024 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	Mr. Sarath Kumar Pakalapati	Chairperson	Independent Director	1	1
2	Mr. Shravan Kudaravalli	Member	Independent Director	1	1
3	Mr. Srinivas Sarvepalli	Member	Independent Director	1	1

Meeting of Independent Directors:

In terms of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Majority of the Board of Directors as on 31st March, 2024 as well as on the date of approval of the report, consists of Independent Directors.

During the year under review, one meeting of the Independent Directors was held on 08th August, 2024 without the presence of the Management and Non-Executive directors. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Board as a whole and Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.

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, 2024 and Reported Under Regulation 13(3) of the Listing Regulations

Details of investor complaints received and redressed during the year 2023- 24 are as follows:

Opening Balance as on 1 st April, 2023	Received during the year	Resolved during the year	Closing Balance as on 31 st March, 2024
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 stipulated by SEBI, a Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges where the Company's shares are listed. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in 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 2023-24 is in compliance 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 Annual Secretarial Compliance Report for the Financial Year 2023-24 is attached this Report as **Annexure-B** from Mr. C. Sudhir Babu, Practicing Company Secretary (Proprietor, CSB Associates) and the same was also submitted to the Stock Exchanges where the shares of the Company 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) is attached to this Report as **Annexure-C** confirming that none of the Directors of the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such other statutory authority.

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
2020-21	30 th September, 2021	09.00 A.M.	Annual General Meeting held through Video Conferencing or other Audit-Visual means deemed venue at the registered office of the Company.	2
2021-22	30 th 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	30 th 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

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
2023-24	06 th 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
2022-23			No EGM	
2021-22			No EGM	

POSTAL BALLOT

During the year, the Company has conducted one Postal ballot, the resolution as set out in Postal Ballot Notice dated 24th May, 2023 were passed with requisite majority on 10th August, 2023 (the last date for e-voting); One Special Resolution was passed by the members of Company through Postal Ballot.

The postal ballot is being carried out as per the provisions of Section 110 of the Act and other applicable provisions, if any, of the Act and Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, read with the General Circulars issues by Ministry of Corporate Affairs.

Mr. C. Sudhir Babu (Membership No. F 2724, CP No.7666), Practicing Company Secretary, was appointed as the Scrutinizer to scrutinize the postal ballot and remote e-voting process in a fair and transparent manner.

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:

In compliance with 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 "www.smspharma.com." No specific presentations made to the institutional investors and analysts after the declaration of the results.

Annual Results:

The Audited Annual Results forms part of the Annual Report which is sent to the Members well in advance of the Annual General Meeting. The Company also informs by way of intimation to the Stock Exchange(s) and placing the same on its website.

Corporate Governance Report, Shareholding pattern along with other Price sensitive information, which in the opinion of Board are material and of relevance to the members are informed to the Stock Exchange(s) and hosted in the website of the Company (www.smspharma.com).

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 2023 to 31st March, 2024

36th Annual General Meeting

Day and Date	: Monday, 30 th September, 2024
Financial Year	: 2023-24
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 30th September, 2024.

Date of book closure: Tuesday, 24th September, 2024 to Monday 30, September, 2024 (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 2024-25 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 2023-24.

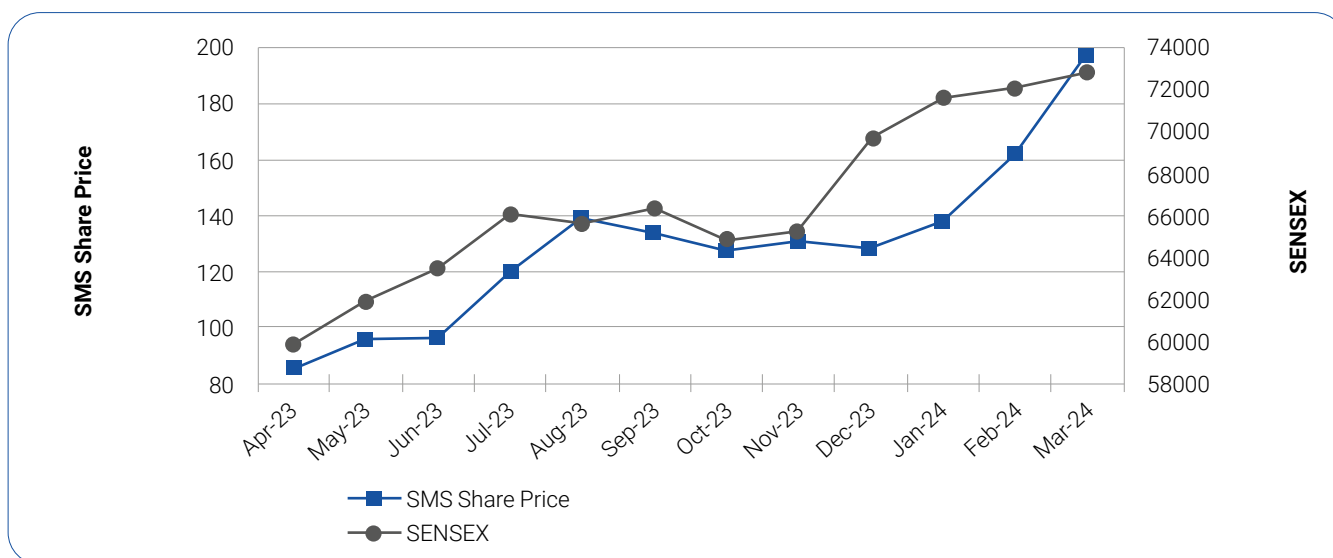
Month	BSE		
	High (₹)	Low (₹)	Volume
April, 2023	86.20	58.80	1,58,468
May, 2023	96.45	75.10	2,46,454
June, 2023	96.90	82.65	2,86,364
July, 2023	120.00	90.59	4,28,221
August, 2023	139.75	113.15	4,85,367
September, 2023	133.90	116.10	2,23,608
October, 2023	127.70	111.95	1,06,349
November, 2023	130.85	115.55	1,95,569
December, 2023	128.35	114.20	2,02,892
January, 2024	137.55	119.00	6,95,688
February, 2024	161.35	122.00	18,81,075
March, 2024	197.30	146.00	26,75,570

Market price data - the monthly high and low price on the NSE Limited during the year 2023-24.

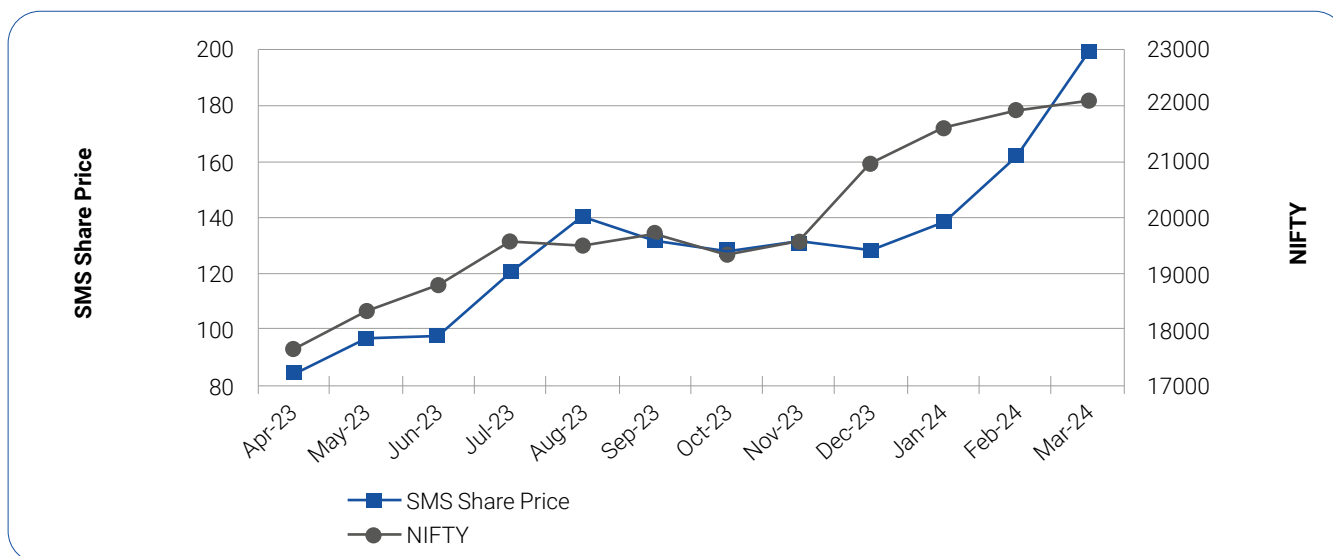
Month	NSE		
	High (₹)	Low (₹)	Volume
April, 2023	84.80	58.55	11,73,795
May, 2023	96.90	79.40	23,56,033
June, 2023	97.80	82.80	25,49,241
July, 2023	121.00	88.60	57,48,198
August, 2023	140.00	113.40	60,33,637
September, 2023	131.80	119.50	18,17,196
October, 2023	127.60	111.85	9,65,351
November, 2023	130.65	115.30	29,20,613
December, 2023	128.30	113.30	23,06,425
January, 2024	137.80	117.90	57,19,585
February, 2024	161.45	122.20	2,30,50,859
March, 2024	198.00	145.75	2,89,43,281

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

SMS Pharmaceuticals Limited Vs. BSE Sensex (FY 2023-24)



SMS Pharmaceuticals Limited Vs. NSE Nifty (FY 2023-24)



Share Transfer Agents:

Sri G. Bhaskara Murthy,
General Manager
M/s. Aarathi 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 and a certificate required under Regulation 40(10) submitted with Stock Exchanges.

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, 2024.

Total Nominal Value ₹ 8,46,52,030 (i.e. Re. 1/- Nominal and Paid-up value of each share comprising total Number of Shares 8,46,52,030).

Slab of shareholdings	Shareholders	%	No. of Shares	%
1 – 5000	29,658	98.40	73,42,899	8.67
5001 – 10000	216	0.72	16,67,510	1.97
10001 – 20000	107	0.36	15,93,191	1.88
20001 – 30000	49	0.16	12,24,776	1.45
30001 – 40000	18	0.06	6,39,510	0.76
40001 – 50000	19	0.06	9,02,544	1.07
50001 – 100000	29	0.10	20,29,207	2.40
100001 and above	44	0.14	6,92,52,393	81.80
TOTAL	30,140	100.00	8,46,52,030	100.00

Pattern of shareholding as on 31st March, 2024

Category	No. of Shares	% of shareholding
Promoters	4,61,78,270	54.55
Other Entities of the Promoters Group	85,66,740	10.12
Mutual Funds and UTI	16,77,227	1.98
Banks and Financial Institutions	0	0.00
Insurance Companies	0	0.00
NBFC registered with RBI	2,000	0.00
Foreign Institutional Investors Foreign Portfolio Investors-Corporate	1,46,906	0.17
Indian Public	2,42,27,856	28.63
NRI – Repatriable & Non Repatriable	23,05,098	2.72
Bodies Corporate	14,78,840	1.75
Clearing Members	343	0.00
Foreign Nationals	271	0.00
Unclaimed Suspense Ac & Trust	550	0.00
IEPF	67,929	0.08
Total	8,46,52,030	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. 99.73 % of equity shares representing 8,44,23,425 equity shares have been dematerialized as on 31st March, 2024.

The breakup as on 31st March, 2024 as follows:

Particulars	No. of Shares	Percentage of shares
NSDL	2,02,79,490	23.96
CDSL	6,41,43,935	75.77
Physical	2,28,605	0.27
Total	8,46,52,030	100.00

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 issued 90,00,000 convertible warrants on 19th March, 2024 to the promoters and promoters group, which will be 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 transaction for the year ended on 31stMarch, 2024 formed part of the Board's Report in 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/2022/08/Policy-on-Related-Party-Transactions.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

As required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Certificate on Corporate Governance issued by Statutory Auditors, is annexed as **Annexure-D**.

Prohibition of Insider Trading:

Your Company has adopted a Code of conduct as per Securities and Exchange Board of India (Prohibition of Insider Trading)

Regulations, 2015 as amended from time to time. All Directors, Senior Management Personnel, person forming part of Promoters / Promoters Group and such other designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by this Code. During the year, the Company had due compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015. The Code of conduct is available on the website of the Company.

Managing Director and the Chief Financial Officer have certified to the Board in accordance with Regulation 17(8) of the SEBI (LODR) Regulations, 2015 pertaining to CEO/ CFO certification for the Financial Year ended 31st March, 2024 is forming part of this report.

The Company has complied with all mandatory requirements as specified in SEBI (LODR) Regulations, 2015.

Strictures and Penalties:

There were no instances of non-compliance or penalties/strictures by the Stock Exchanges/SEBI/statutory authorities on any matter related to capital markets during the Financial Year 2023-24.

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 2023-24	Previous Year 2022-23
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:

- 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 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 year under review, pursuant to the approval accorded by the members, at their Extraordinary General Meeting held on 06th March, 2023 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 Rupees

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.

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) was received by the Company on allotment of warrants. The balance money of 75% of the issue price i.e., ₹95.25/- per warrant will be paid by the warrant holders on conversion of the warrants.

Further, the Securities Allotment Committee of Board of Directors passed resolution on 19th March, 2024 for allotment of 90,00,000 Convertible warrants to the Promoters/Promoters Group of the Company on Preferential basis.

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, 2024, the details of utilization of funds raised through preferential issue is as follows:

(Amount in ₹)

Amount Raised during the year	Funds Utilized during the year	Amount of Deviation or variation	Remarks, if any
28,57,50,000/-	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 2016-17, 2017-18, 2018-19, 2019-2020, 2020-2021, 2021-2022 and 2022-23 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 01/04/2023 to 31/03/2024.

(i) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	No. of shareholders : 2 No. of shares : 500
(ii) Number of shareholders who approached issuer for transfer of shares from suspense account during the year.	No. of shareholders : Nil No. of shares : Nil
(iii) Number of shareholders to whom shares were transferred from suspense account during the year.	No. of shareholders : Nil No. of shares : Nil
(iv) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.	No. of shareholders : 2 No. of shares : 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, Poosapatirega Mandal, Vizianagaram District, Andhra Pradesh. 535204. Ph.No. 91- 08922 – 258051/ 53/54 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: 05.08.2024

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, 2024 as envisaged in Listing Regulations.

Place: Hyderabad
Date: 29.05.2024

For SMS Pharmaceuticals Limited

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

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, 2024 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, 2024 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

Place: Hyderabad
Date: 29.05.2024

For SMS Pharmaceuticals Limited

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

Annexure-B

SECRETARIAL COMPLIANCE REPORT OF SMS PHARMACEUTICALS LIMITED

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

We, CSB Associates, Practicing Company Secretaries, have conducted the review of the compliance of the applicable statutory provisions and the adherence to good corporate practices by **M/s. SMS PHARMACEUTICALS LIMITED** (hereinafter referred as 'the listed entity'), having its Registered Office at Plot No. 72, H. No. 8-2-334/3&4, Road No. 5, Opp. SBI Executive Enclave, Banjara Hills, Hyderabad. Secretarial Review was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the listed entity's books, papers, minutes books, forms and returns filed and other records maintained by the listed entity and also the information provided by the listed entity, its officers, agents and authorized representatives during the conduct of Secretarial Review, we hereby report that in our opinion, the listed entity has, during the review period covering the financial year ended on March 31, 2024, complied with the statutory provisions listed hereunder and subject to the reporting made hereinafter:

We, CSB Associates, Practicing Company Secretaries have examined:

- (a) all the documents and records made available to us and explanation provided by **M/s. 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 (Website address: www.smspharma.com),
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this report,

for the year ended 31st March, 2024 ("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 Securities and Exchange Board of India ("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 (**there were no events requiring compliance during the Review Period**);
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (**there were no events requiring compliance during the Review Period**);
- (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (**there were no events requiring compliance during the Review Period**);
- (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 and circulars/ guidelines issued thereunder;

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

- I. (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	Management Response	Remarks
NIL										

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

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	Management Response	Remarks
NIL										

We hereby report that, during the Review Period the compliance status of the listed entity is appended as below:

Sl. 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 India (ICSI)	Yes	
2.	Adoption and timely updation of the Policies: <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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 re- directs to the relevant document(s)/ section of the website 	Yes	
4.	Disqualification of Director: None of the Director(s) of the Company 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.: <p>(a) Identification of material subsidiary companies</p> <p>(b) Disclosure requirement of material as well as other subsidiaries</p>	NA	
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	

Sl. No.	Particulars	Compliance Status (Yes/No/ NA)	Observations/ Remarks by PCS
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	
8.	Related Party Transactions: (a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; or (b) The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved /ratified/rejected by the Audit Committee, in case no prior approval has been obtained.	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 except as provided under separate paragraph herein.	NA	
12.	Additional Non-compliances, if any: No additional non-compliance observed for any SEBI regulation/circular/ guidance note etc.	NA	

Assumptions & Limitation of scope and Review:

- Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
- Our responsibility is to report based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
- We have not verified the correctness and appropriateness of financial Records and Books of Accounts of the listed entity.
- This Report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (Listing Obligations and Disclosure Requirements) 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.

For CSB Associates,

C. Sudhir Babu

FCS No.: 2724; CP No.: 7666

UDIN: F002724F000486671

Peer Review No.: 716/2020

Place: Hyderabad

Date: 29.05.2024

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, 2024, 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.	Dr. Neelaveni Thummala	00065571	12-08-2014
3.	Sarath Kumar Pakalapati	01456746	12-08-2014
4.	Sarvepalli Srinivas	02292051	12-08-2019
5.	Shravan Kudaravalli	06905851	26-05-2018
6.	Vamsi Krishna Potluri	06956498	05-06-2020

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.

For CSB Associates,

C. Sudhir Babu
Practicing Company Secretary,
Proprietor, CSB Associates,
Membership No.: 2724, C.P.No.: 7666.
UDIN: F002724F000899433

Place: Hyderabad
Date: 05-08-2024

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 2024, 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, 2023 to 31st March, 2024.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company had complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Hyderabad
Date: 29.05.2024

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

V Nagendra Rao
Partner
[M.No.](#) 227679
UDIN: 24227679BKDILE8885

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (BRSR) – 2023-24

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 :	:	14 th 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	:	01 st April, 2023 to 31 st March, 2024
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.846.52 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.

II. Products/services

14. 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)	99.38

15. 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

16. 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.

17. Markets served by the entity:

a. Number of locations

Location.	Number
National (No. of States)	18
International (No. of Countries)	42

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

43%

c. A brief on types of customers

Our customers include various pharmaceutical and nutraceutical companies across the globe.

IV. Employees

18. 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)	1027	973	94.74	54	5.26
2.	Other than Permanent (E)	0	0	0	0	0.00
3.	Total employees (D + E)	1027	973	94.74	54	5.26
WORKERS						
4.	Permanent (F)	170	170	100.00	0	0
5.	Other than Permanent (G)	558	522	93.55	36	6.45
6.	Total workers (F + G)	728	692	95.05	36	4.95

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)					
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

19. Participation/ Inclusion/representation of Women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	6	1	16.67
Key Management Personnel	4	0	0

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

Particulars	Turnover rate in current FY 2023-24			Turnover rate in previous FY 2022-23			Turnover rate in the FY prior to previous FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	22.99	25.24	48.23	23.3	23.4	46.7	25.5	16.67	42.17
Permanent Workers	26.75	0	26.75	1.42	0	1.42	1.46	0	1.46

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

21. (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	VKT Pharma Private Limited	Associate	36.55	No
2	CHEMO SMS ENTERPRISES SL (55% held by Chemo 45% held by SMS)	Joint Venture	45.00	No

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes
(ii) Turnover (in Rs.) 7,09,26,33,556/-
(iii) Net worth (in Rs.) 570,48,78,058/-

VII. Transparency and Disclosures Compliances

23. Complaints/Grievance on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business

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 2023-24			FY 2022-23		
		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	-	-	-	1	-	-
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.

24. 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, as 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	ESG reporting leads to identifying and managing risks, improving operations, and making better decisions. Reduce cost, emissions, discharges and improve efficiency.	The Company is always forefront in promoting and advocating Sustainability practices & standards for better environment	Positive: likely to impact financials in creating new opportunities in new markets and reduce cost.
2	Regulatory compliance	Risk	The company has customers in India and abroad, it needs to comply with laws & regulations that govern those jurisdictions. Compliance cost have increased over the years with substantiality practices given high importance by governments as well by the industry it directly and indirectly results in cost of raw material and increase in production costs	To comply with various laws and legislations Company ensures periodical audits are conducted and address all gaps and shortcomings in time bound manner.	Negative: Increase in cost of compliance in meeting various regulatory and reporting requirements across various jurisdictions in India and abroad.
3	Changing global political and economic conditions	Risk	Geo political uncertainties can affect the supply chain and increases the risk of doing business. Economic uncertainties and changes can have effect on your companies' financials and orders.	We constantly monitor various conflicts and wars across the globe, significant political and regulatory changes including policy changes affecting the industry. We are taking measures to mitigate the risks.	Negative: Geopolitical events like wars, internal conflict, changes in governments and policies can have effect the way we do our business in distribution and client deliveries and possibility in increase in costs
4	Supply chain sustainability	Risk	Supply chain risks occur in the process of purchasing or sourcing products or resources becomes unreliable or scarce. It becomes crucial to have a stable supply chain for sustainable business	The company has taken measures for improvement in the sourcing of key raw materials and sourcing from domestic market and efforts are made to reduce dependence on imports.	Negative: Disruption in supply of raw materials on time will impact on operations as well of supply of output material.
5	Environment risk	Risk	The Policy of the Company to do business in sustainable way and reduce the its impact on environment by strictly following environment laws and conserving resources. Company. Climatic and environment changes can impact the business.	Our motto, "Nurture the nature in which we exist," serves as the impetus for our constant vigilance to ensure that our operations less negative impact on environment	Negative: Compliance of Environmental laws and regulations can increase in cost of compliance and non-compliance can have long lasting environmental damage and financial loss.
6	Product and quality risk	Risk	Use of quality and standard raw materials will help in producing quality and safe products. Failure to comply with GMP (Good Manufacturing Practices) can result in regulatory fines and actions.	Audits are conducted by the Quality Assurance department to ensure that our high-quality requirements are met.	Negative: any deviation in product quality impact GMP Standards and regularity action and loose the reputation and financial and operational damage.

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	Y	Y	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.	Have plans to recover the water as condensate from atmosphere through while using Air handling Units and expected water condensate per day will be 20KL per day								
6. Performance of the entity against the specific commitments, goals and targets along with reasons in case the same are not met.	The performance against specific commitments, goals and targets are provided in the respective capitals of the integrated annual report, wherever applicable.								
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 Pharma, we strive hard to translate Environmental, Social and Governance (ESG) principles into tangible actions. To create a meaningful impact on both the environment and society, we adhere to global sustainability standards and implement targeted initiatives to reduce our carbon footprint, conserve resources and foster social inclusivity.								
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 and follow up action	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	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. And, few directors attended various programs conducted by various bodies the programmes include business and industry updates, risk management, important regulatory changes and compliances of various statutory requirements, updating on various Codes/Policies of the Company, environmental, social and governance parameters, legal cases, etc.	100
Employees other than BoD and KMPs and workers	176	Employees basis their role undergoes various training programs throughout the year. This includes technical trainings, functional SOP trainings, Safety trainings, On the Job trainings, Health, Safety and Environmental trainings	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	-	-	-	-	-
Settlement	-	-	-	-	-
Compounding fee	-	-	-	-	-

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	-	-	-	-	-
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 2023-24	FY 2022-23
Directors	-	-
KMPs	-	-
Employees	-	-
Workers	-	-

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

	FY 2023-24		FY 2022-23	
	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

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, the Company's Code of Conduct 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. <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 2023-24	FY 2022-23	Details of improvements in environmental and social impacts
R&D	0	0	Reduce the number of process steps to reduce the carbon footprint and to reduce the production process life cycle
Capex	57	97	

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.

Waste management practices become an integrated approach of waste reduction and recycling in order to enhance sustainable development. Common management practices in SMS Pharmaceuticals Ltd are Effluent segregation, collection, Treatment & Hazardous waste segregation collection, storage and safely disposed the hazardous/solid waste to the authorized TSDF/co-processor.

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

- 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

- 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

- 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

- 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.

- 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

- 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	973	290	29.80	973	100	0	0	0	0	0	0
Female	54	17	31.48	54	100	54	100	0	0	0	0
Total	1027	307	29.89	1027	100	54	100	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

- 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	170	138	81.18	170	100	0	0	NA	NA	0	0
Female	0	0	0	0	0	0	0	NA	NA	0	0
Total	170	138	81.18	170	100	0	0	NA	NA	0	0
Other than Permanent workers											
Male	522	522	100	522	100	NA	NA	NA	NA	NA	NA
Female	36	36	100	36	100	36	100	NA	NA	NA	NA
Total	558	558	100	558	100	36	100	NA	NA	NA	NA

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

Benefits	FY 2023-24			FY 2022-23		
	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%	NA	100.00%	100.00%	NA
Gratuity	100.00%	100.00%	NA	100.00%	100.00%	NA
ESI	39.07%	97.63	NA	33.75%	97.63%	NA

3. Accessibility of workplacesw

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.

The Company does not have policy in place, but the Company believes in equal opportunity for all its employees, wherein the Company is committed to providing an inclusive work culture and an environment free from any discrimination. SMS pharma values and welcomes diversity and does not treat anybody differently based on their race, sex, religion/beliefs, disability, marital or civil partnership status, age, sexual orientation, gender identity, gender expression, caring responsibilities, or any other class of person protected by laws in the country.

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	1	100%	0	0
Total	1	100%	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/Nob (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

		Yes/No (If yes, then give details of the mechanism in brief)
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 2023-24					FY 2022-23				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (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	973	942	96.81	246	25.28	907	620	68.36	470	51.82
Female	54	44	81.48	35	64.81	47	35	74.47	23	48.94
Total	1027	986	96.01	281	27.36	954	655	68.66	493	51.68
Workers										
Male	170	170	100	170	100	141	141	100	141	100
Female	0	0	0	0	0	0	0	0	0	0
Total	170	170	100	170	100	141	141	100	141	100

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

Category	FY 2023-24			FY 2022-23		
	Total (A)	No.(B)	% (B / A)	Total(C)	No. (D)	% (B / A)
Employees						
Male	973	0	0	907	881	97.13
Female	54	0	0	47	35	74.47
Total	1027	0	0	954	916	96.02
Workers						
Male	170	0	0	141	141	100
Female	0	0	0	0	0	0
Total	170	0	0	141	141	100

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, among others.

- 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. Further, it enables the identification of work-related hazards through design checklists.

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. The training cover aspects to identify work-related hazards, analyze the risks associated with it and take subsequent steps to mitigate them. During the safety and emergency evacuation drills, employees are trained in dealing with emergency equipment such as fire hydrant, firefighting system, leak and spill control procedures, safety alarms among others. The practical trainings equip the employees with right procedure of reporting work-related hazards and the steps to remove themselves from such situations

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. In addition, personnel are being trained to respond appropriately to medical emergencies on-site

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

Parameter	Category*	FY 2023-24	FY 2022-23
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 emphasize strongly on the health, safety, and well-being of our people. We continuously strive to create a work environment that is free from any occupational hazards, whether it is at plants, Corporate Office or Research center. 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 2023-24			FY 2022-23		
	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	Y
Health & Safety	0	0	Nil	0	0	-

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. Effectiveness of Corrective actions deployment being checked during safety Audits.

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 the proofs of deposits of statutory dues like payment challans etc. from the service value chain partners before releasing their bills regularly and ensures that the statutory dues have been deducted and deposited by the value chain partners with the relevant statutory authorities. The Company ensures that statutory dues as applicable to the transactions are deducted and deposited in accordance with extant 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 2023 -24	FY 2022-23	FY 2023-24	FY 2022-23
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, based on the acquired skillset.

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.

The Company identified key stakeholder groups based on those groups who are impacted as well those who have a major influence on the business decisions. The key internal and external stakeholder groups identified by the Company as part of the engagement mechanism are Investors and shareholder, regulators, Governments, suppliers/vendors/, Value Chain Partners, Non-Governmental Organizations (NGO), Community, Customer B2B, Employees, Senior leadership, and the society. We consider individuals, groups, institutions, or entities that contribute to shaping our business that add value or constitute a core part of the business value chain as key stakeholders.

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	Frequent and need based	To stay abreast of developments in the Company and its subsidiary companies
Regulator & Government	No	one-on-one meetings, conferences	Need Based	Our engagement with official authorities is multi-fold. With regulatory authorities, our engagement is aimed at discharging responsibilities and furthering our core business of product development, launch, manufacturing, etc. 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	Helps to increase reach and enhance business
NGO /Community	No	Multiple channels – physical and digital	Frequent and need based	To promote social welfare activities for inclusive growth, fair and equitable development and wellbeing of society through our business functioning and Support socially projects, Community Development
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, participate in the bids/ tenders and maximize the outreach of our products. Helps to increase reach and enhance business

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
Employees	No	Direct & other communication mechanisms	Quarterly	To create a thriving, safe and inclusive workplace for its employees and providing merit-based opportunities for professional development and growth. Aim to provide employees a safe, inclusive workplace. Our ongoing effort is to maintain two-way engagement with colleagues globally including those in corporate offices, manufacturing locations and in the field.

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.**

The Company ensure transparent communication and access to relevant information about its decisions that impact relevant stakeholders, keeping in mind the need to protect confidential competitive plans and information. The Board of Directors are updated on various developments arising out of such engagement and they provide their guidance /inputs on such matters, the identified material issues were presented to the highest governing member and the Board for their feedback and guidance.

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 believes that our products help in promoting and creating a healthy world and help in combating disease and mitigate suffering of millions of people across the world. In addition, the Company has engaged a ESG consultant and expert in this field, which helps to better understand expectations of stakeholders and benchmark against best practices.

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/2022/08/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 2023-24			FY 2022-23		
	Total (A)	No. employees workers covered (B)	% (B/A)	Total (C)	No. employees workers covered (D)	% (D/C)
Employees						
Permanent	1027	1027	100	954	954	100
Other than permanent	0	0		0	0	0
Total Employees	1027	1027	100	954	954	100
Workers						
Permanent	170	170	100	141	141	100
Other than permanent	558	558	100	484	484	100
Total Workers	728	728	100	625	625	100

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to Minimum Wage		More than Minimum Wages		Total (D)	Equal to minimum wages		More than Minimum Wages	
		No. (B)	% (B/A)	No.(C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	1027	100	9.74	927	90.26	954	235	24.63	719	75.37
Male	973	95	9.76	878	90.24	907	225	24.81	682	75.19
Female	54	5	9.26	49	90.74	47	10	21.28	37	78.72
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	170	148	87.06	22	12.94	141	0	0	141	100
Male	170	148	87.06	22	12.94	141	0	0	141	100
Female	-	-	-	-	-	0	0	0	0	0
Other than Permanent	558	454	81.36	104	18.64	484	404	83.47	80.00	16.53
Male	522	418	80.08	104	19.92	450	370	82.22	80.00	17.78
Female	36	36	100.00	-	-	34	34	100	0	0.0

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration salary/wages of respective category
Board of Directors (BoD)	5	5,90,000	1	4,80,000
Key Managerial Personnel	2	19,12,625	0	0
Employees other than BoD and KMP	969	3,77,500	54	3,77,500
Workers	170	1,81,500	0	0

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)

Yes. The Managing Director of the Company oversees the human resources function in the Company. In addition, the 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.

We see to conduct our business in a manner that respects the human rights and dignity of people. 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 2023-24			FY 2022-23		
	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	NA	0	0	NA
Discrimination at workplace	0	0	NA	0	0	NA
Child Labour	0	0	NA	0	0	NA
Forced Labour/Involuntary Labour	0	0	NA	0	0	NA
Wages	0	0	NA	0	0	NA
Other human rights related issues	0	0	NA	0	0	NA

7. 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>

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

YES

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	0%

10. 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 2023-24	FY 2022-23
Total electricity consumption (A)	158920	107058
Total fuel consumption (B)	388395.59	340390.46
Energy consumption through other sources (C)	0	0
Total energy consumption (A+B+C)	547315.59	447448.46
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	0.000076685	0.000069775
Energy 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

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 2023-24	FY 2022-23
Water withdrawal by source (in kiloliters)		
(i) Surface water	Nil	Nil
(ii) Groundwater	87626	40503
(iii) Third party water	3183	3145
(iv) Seawater / desalinated water	Nil	Nil
(v) Others	75064	13423.65
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	165873	57071.65
Total volume of water consumption (in kiloliters)	165873	57071.65
Water intensity per rupee of turnover (Water consumed / turnover)	0.0000232405	0.000010705
Water 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

4. 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.

Installed 200 KLD RO Plant for waste water treatment. Currently we are getting 138KLD of water after treatment, which is enable us to conserve our water consumption from 300KLD to 162 KLD. Total Saving Ground Water 138KL/Day.

Enhanced the condensate recovery through controls in the steam condensate System and increased the condensate collection from 65 % to 75%, there by resulted in savings of makeup water by 120 KL/day, contributes 60% with respect to total feed water consumption/day. By improving the steam condensate recovery, not only reducing water consumption also benefited with coal savings by 45 Tones/Year.

Apart from water conservation through utilities we are reusing 16000 Lts of water in stage -2 of Ibuprofen process which is being used in Ibuprofen Stage-5 for every batch of Ibuprofen. The total quantity of water reused by this recycling process tuned to 535KL per month

The potential for environmental pollution prevention is one of the guiding factors in developing the route of synthesis and also converting by products to useful raw materials for the process.

SMS has developed a commercial process to get Neopentyl glycol (from waste generated in the process as residue), which is one of the key raw materials in Ibuprofen process. By developing the Neopentyl glycol synthesis from waste stream, not only commercial benefit but also environmental protection is also addressed.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2023-24	FY 2022-23
NOx	Tons	5.08	42.65
SOx	Tons	6.97	61.71
Particulate matter (PM)	Tons	8.24	83.57
Persistent organic pollutants (POP)	Tons	NA	NA
Volatile organic compounds (VOC)	PPM	10.78	20.96
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

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Please specify unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	37382.48	32757.7
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	42378.97	28551.17
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO ₂ equivalent	0.0000059377	0.00000994235
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

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

NO

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24	FY 2022-23
Total Waste generated (in metric tonnes)		
Plastic waste (A)	21.74	9.66
E-waste (B)	0.23	0.02
Bio-medical waste (C)	0.51	0.46
Construction and demolition waste (D)	0.09	0.13
Battery waste (E)	Nil	3.73
Radioactive waste (F)	Nil	Nil
Other Hazardous waste. Please specify, if any. (G)	1667.88	301.47
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	40.94	24.48
Total (A+B + C + D + E + F + G+ H)	1731.40	339.95
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	75064	13423.65
(ii) Re-used	67.60	31.18
(iii) Other recovery operations	Nil	Nil
Total	75131.60	13454.83
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	35.15	83.22
(ii) Landfilling	1616.18	227.68
(iii) Other disposal operations	Nil	Nil
Total	1651.33	310.9

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

9. 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.

Waste management practices become an integrated approach of waste reduction and recycling in order to enhance sustainable development. Common management practices in SMS Pharmaceuticals Ltd are Effluent segregation, collection, Treatment & Hazardous waste segregation collection, storage and safely disposed the hazardous/solid waste to the authorized TSDF/co-processor.

Hazardous waste generated from process, filter press, Stripper, ATFD and distillation columns in Solvent recovery block safely stored in dedicated hazardous waste storage shed and timely (Not more than 90 days) disposed to APEMC authorized TSDF/co-processor/cement industries with online manifest and GPS tracking.

10. 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

11. 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 2023-24

12. 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. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2023-24	FY 2022-23
From renewable sources		
Total electricity consumption (A)	-	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	-	-
From non-renewable sources:		
total electricity consumption (D)	158920	107058
Total fuel consumption (E)	388395.59	5293.461
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	547315.59	112351.55

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

2 Provide the following details related to water discharged:

Parameter	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(ii) To Ground water	-	-
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(iii) To Seawater	-	-
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	6512.29 KL	3584.98 KL
(iv) Sent to third-parties	-	-
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(v) Others	-	-
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
Total water discharged (in kilolitres)	6512.29 KL	3584.98 KL

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. Water withdrawal, consumption, and discharge in areas of water stress (in kiloliters):

Not Applicable. Our facilities are not located in areas of water stress.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format.

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	200.61	31.87
Total Scope 3 emissions per rupee of turnover		0.000000028	0.0000000061
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

5 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.

At SMS pharmaceuticals Ltd, we have 2 solvent recovery blocks SRB-I & SRB-II total 16 We provided fire safety arrangements and spark arrestors and FLP electrical fittings. We have installed VOC absorption media columns in SRB-I & SRB-II with VOC Monitor. And all the vents connected to VOC absorption media column. And the column placed at height of 06 meters above from the roof top. Generated Residues and spent mixed solvents from the process collected and safely storage until disposal to APEMC authorized TSDF/co-processor/cement industries.

Initiatives Undertaken to Improve Resources Reduce Emissions:

We have taken few initiatives to improve reduce process emissions & fugitive emissions for the process emissions control we have installed double stage scrubbers with online pH meters connected to APPCB website and monitor 24/7. And control fugitive emission we have installed double stage vent condensers in every production block. And installed vent condensers to solvent storage tanks and Online VOC monitor installed.

6 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	<p>Waste water treatment: We are at SMS Pharmaceuticals Ltd effluents segregated in to two streams High-TDS Effluent and Low-TDS Effluent.</p> <p>High-TDS Effluent: High-TDS Effluent is collected from production blocks and neutralize effluent pH 7 to 7.5 than effluent transferred to primary treatment system consist flash mixer, flocculation, and clarifier with chemical dosing's here we separate suspended solids from effluent. Sludge settles down to clarifier bottom and sludge transfer to sludge collection tank and then transfer to filter press for removing water from the sludge then sludge collected in bags and stored in dedicated hazardous waste storage shed for further disposal to authorized co-processor/cement industries. Overflow water from clarifier collected in storage tank then transfer to MEE (Multiple effects Evaporator) feed. Here we collect condensate water in condensate storage tank and transfer this to biological treatment system for further treatment. Concentrate from MEE transfer to ATFD and generated hazardous waste (MEE Salt) collected in to bags and stored in dedicated hazardous waste storage shed for further disposal to authorized TSDF/co-processor/cement industries.</p> <p>Low-TDS Effluent: Low-TDS Effluent collected from Domestic effluent, RO Plant rejects, cooling towers blowdowns, MEE Condensate, and boiler blowdowns in to low-TDS effluent collection tank after that transferred to oil & grease chamber for remove oil &grease from the effluent then transferred to Equalization tank-I & II for aeration. Then transferred to biological treatment plant for further treatment outlet of biological treatment will be transferred to RO Plant for further treatment. RO Plant outlet will be transferred to ETP Outlet collection tank. Collected recycled water reused for cooling towers makeup & Boiler feed. From last financial year 2023-24 we have recycled and re used 32,542 KL and in another plant 1,530 KL recycled and reused.</p>	Bulk Drug Manufacturing (API)	From last Financial Year 2023-24 we have recycled and re used 34072 KL.
2	<p>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.</p> <p>Steps taken by the Company for utilizing the alternate sources of energy: 01. Facility created to purchase power through open access during the power holiday time to avoid the running of diesel generator sets and saving of HSD. Participating in the Open access bidding to get the power in the cheaper price as compared to the discom prices as per available slots to reduce the power cost. /Year: Rs.35Lakhs/Year.</p>		1,64,664 units per year saving. & 300 Units per day per each chiller.

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
	<p>Energy Conservation Measures taken:</p> <p>01. Installed LED Lights instead of CFL lights in both areas like intermediate and pharm in all blocks and QC for power saving 1656 Units/Month.</p> <p>02. Implemented numerous energy conservation activities in utilities and block equipment through performance assessments, automation of equipment, standard procurement of energy efficient equipment ie, installation of energy efficient motors & Pump sets.</p> <p>03. VFDs are provided for Screw Chillers at resulting in a daily energy savings of 300 units per day @ Each Chiller.</p> <p>04. Replacement of existing +5degC water-cooled reciprocating type chillers with new energy efficient water-cooled screw type refrigeration systems installed. This resulted in saving of 80,000Units/Year.</p> <p>05. Replaced manually operated valves of utilities with automated control valves to reduce the utility Consumption at the Production Blocks.</p> <p>06. 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 :0.75.</p> <p>07. Installed Common header for compressed air circuit for optimum utilization of air compressor So Saving in Power Units/Day :30Units/Day.</p> <p>08. Installed Steam Condensate Recovery System to achieve increased efficiency of the boilers & reduce the fuel consumption.</p> <p>09. 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/day: 150Units/day.</p> <p>10. Installed Steam Operated Pumping traps used for Solvent Recovery Systems so there are reduce in the process cycle time and steam & power consumption.</p>		
3	<p>Water Conservation Measures taken:</p> <p>At SMS Pharma, we view water through the interconnected lenses of effective usage and conservation. We have endeavored to improve water conservation by recycling / condensate water and streamlining processes.</p> <p>Installed 200 KLD RO Plant for waste water treatment. Currently we are getting 138KLD of water after treatment, which is enable us to conserve our water consumption from 300KLD to 162 KLD. Total Saving Ground Water 138KL/Day.</p> <p>Further SMS has been planned to recover the water as condensate from atmosphere through while using Air handling Units and expected water condensate per day will be 20KL per day</p>		Total savings of 278 KL per day

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
	<p>Enhanced the condensate recovery through controls in the steam condensate System and increased the condensate collection from 65 % to 75%, there by resulted in savings of makeup water by 120 KL/ day, contributes 60% with respect to total feed water consumption/day. By improving the steam condensate recovery, not only reducing water consumption also benefited with coal savings by 45 Tones/Year.</p> <p>Apart from water conservation through utilities we are reusing 16000 Lts of water in stage -2 of Ibuprofen process which is being used in Ibuprofen Stage-5 for every batch of Ibuprofen. The total quantity of water reused by this recycling process tuned to 535 KL per month</p> <p>The potential for environmental pollution prevention is one of the guiding factors in developing the route of synthesis and converting by products to useful raw materials for the process.</p> <p>SMS has developed a commercial process to get Neopentyl glycol (from waste generated in the process as residue), which is one of the key raw materials in Ibuprofen process. By developing the Neopentyl glycol synthesis from waste stream, not only commercial benefit but also environmental protection is also addressed</p>		

7 Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

SMS Pharmaceuticals Limited has prepared Emergency preparedness plan and to check effectiveness of the plan by means of conducting mock drills in regular intervals. These rehearsals are effective in familiarizing personnel with their functions in emergency, will help to evaluate the available equipment, its effectiveness adequacy. In the year 2023-24 training given to our employees (638) on emergency preparedness plan.

8 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

9 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.

Sr. 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 member of various trade and industry chambers, associations, councils. We proactively contribute to the discussions and resolutions within the scope of these forum. The Company works closely with various trade and industry associations. SMS maintains regular engagement with the Government agencies and regulators and stands committed to providing timely and accurate information, suggestions and recommendations, feedback on draft policies.

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:

Parameter	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/ small producers	6	5
Sourced directly from within the district and neighboring districts	39	20

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 2023-24, 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	Ongoing Projects Construction of Community hall in Kumili Village, Pusapatirega Mandal Vizianagaram Distirict Andhra Pradesh for the usage of village people and nearby villages people for agricultural reforms, social and cultural gatherings. This village is located surrounding area of Company's Unit VII facility.	80.00
2	Andhra Pradesh, Vizianagaram	Continued financial support for Campus Challenge, Konada Junction (On NH- 16), Kotha Kopperla (PO), Singavaram (SO), Vizianagaram Dist-535213. Campus Challenge is works for disadvantaged children in Coastal and Tribal Andhra Pradesh. Their main goal is to create ability and facilitate the process of empowerment of the person with disabilities.	5.40

S. No.	State	Aspirational District	Amount spent Lakhs (In INR)
3	Telangana, Hyderabad	Continuing Support to poor people crippled with heart, lung and vascular diseases, through Dr. Alla Gopala Krishna Gokhale, Sahrudaya Health, Medical and Educational Trust	10.00
4	Telangana, Hyderabad	Community CC TV Project- Installation of Cameras under Dundigal Police Station, Cyberabad Commissionerate for the safety of women, children in the surrounding areas of educational institutions and industries.	9.79

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

Small scale industries form a crucial part of Company's business partner base. 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	Ongoing Projects Construction of Community hall in Kumili Village, Pusapatirega Mandal Vizianagaram Distirict Andhra Pradesh for the usage of village people and nearby villages people for agricultural reforms, social and cultural gatherings. This village is located surrounding area of Company's Unit VII facility.	1500	80%
2	Continued financial support for Campus Challenge, Konada Junction (On NH- 16), Kotha Kopperla (PO), Singavaram (SO), Vizianagaram Dist-535213. Campus Challenge is works for disadvantaged children in Coastal and Tribal Andhra Pradesh. Their main goal is to create ability and facilitate the process of empowerment of the person with disabilities.	15	100%
3	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%
4	Community CC TV Project- Installation of Cameras under Dundigal Police Station, Cyberabad Commissionerate for the safety of women, children in the surrounding areas of educational institutions and industries.	3000	70%

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 2023-24		Remarks	FY 2022-23		Remarks
Data privacy	-	-	NA			NA
Advertising	-	-	NA	-	-	NA
Cyber-security	-	-	NA	-	-	NA
Delivery of essential services	-	-	NA	-	-	NA
Restrictive Trade Practices	-	-	NA	-	-	NA
Unfair Trade Practices	-	-	NA	-	-	NA
Other	-	-	NA	-	-	NA
			NA	-	-	NA

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; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products/ services For FY 2023-24

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 of 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

5. 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**

Financial Statements

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, 2024, 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, 2024 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.	<p>Principal Audit Procedures</p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> • 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: <ol style="list-style-type: none"> 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 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.
 - 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.
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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 48 on contingent liabilities to the Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, 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.
- v. Based on our examination which includes test checks, the Company, in respect of financial year ended March 31, 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.
- As proviso to Rule 3(1) of the Companies (Accounts) Rules ,2014 is applicable from April 1,2023, reporting under Rule 11(g) of the companies (Audit and Auditors) Rules , 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31,2024.
- vi. 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

V Nagendra Rao
Partner

Place: Hyderabad
Date: May 29, 2024

M.No.227679
UDIN: 24227679BKDILD7822

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 state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
 - (B) The Company has maintained proper records showing full particulars of intangible assets.
 - (b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so 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.
 - (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 provided security in the form of pledge of shares held by it in its associate company to financial institutions against issue of debentures by the company's associate. The amount of security provided is limited to the pledge of its shares whose investment value is Rs.45 crores in its associate company. In our opinion, the security provided is not prima facie prejudicial to the interest of the company.

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 of India under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- vii. In respect of statutory dues:
- (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, 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, 2024 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, 2024 on account of disputes.
- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) In our opinion, the Company has not defaulted in repayment of any loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanation given to us by the management term loans 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 is having investment in associate company. However, the Company has not raised any funds from any entity or person of or to meet the obligations of its associate. 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 made a preferential allotment of Equity warrants. The Company has complied with provisions of section 42 and 62 of the Companies Act in respect of preferential allotment of equity warrants during the year. The funds raised, have been used for the purposes for which the funds were raised.
- 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 up to 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.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

- xvii. The Company has not incurred cash 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. 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.
- 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

V Nagendra Rao
Partner

Place: Hyderabad
Date: May 29, 2024

M.No.227679
UDIN: 24227679BKDILD7822

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 over financial reporting of **SMS Pharmaceuticals Limited** (the “Company”) as of March 31, 2024 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 over financial reporting 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 over financial

reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over

financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Suryanarayana & Suresh.,**
Chartered Accountants
Reg. No.006631S

V Nagendra Rao
Partner
M.No.227679
UDIN: 24227679BKDILD7822

Place: Hyderabad
Date: May 29, 2024

Standalone Balance Sheet

as at March 31, 2024

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S. No	Particulars	Note	As at March 31, 2024	As at March 31, 2023
I	ASSETS			
1	Non-Current Assets			
	(a) Property, Plant and Equipment	4	43,418.90	40,949.96
	(b) Capital Work-in-Progress	4	3,027.17	3,319.05
	(c) Right-of-use Assets	5A	40.98	105.23
	(d) Intangible Assets	6	265.95	146.56
	(e) Financial Assets:			
	(i) Investments	7	4,509.67	4,509.67
	(ii) Bank Balances	8	268.83	253.61
	(iii) Other Financial Assets	9	517.05	508.50
	(f) Other Non-Current Assets	10	1,387.12	561.04
	Total Non-Current Assets		53,435.67	50,353.62
2	Current Assets			
	(a) Inventories	11	23,369.78	22,349.94
	(b) Financial Assets			
	(i) Trade Receivables	12	23,623.32	14,834.62
	(ii) Cash and Cash Equivalents	13	3,603.95	730.78
	(iii) Bank Balances (Other than (ii) above)	14	16.30	16.18
	(iv) Other Financial Assets	15	327.86	660.12
	(c) Other Current Assets	16	2,275.45	1,896.97
	(d) Current Tax Asset (Net)	17	172.82	576.25
	Total Current Assets		53,389.48	41,064.86
	TOTAL ASSETS		1,06,825.15	91,418.48
II	EQUITY AND LIABILITIES			
1	Equity:			
	(a) Equity Share Capital	18	846.52	846.52
	(b) Other Equity	19	56,202.26	48,663.47
	Total Equity		57,048.78	49,509.99
2	Liabilities			
A	Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	20	12,208.63	12,113.33
	(ii) Lease Liabilities	5B	-	61.36
	(b) Provisions	21	116.01	140.45
	(c) Deferred Tax Liabilities (Net)	22	4,279.89	4,102.00
	Total Non-Current Liabilities		16,604.53	16,417.14
B	Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	23	15,809.24	13,138.01
	(ii) Lease Liabilities	5B	59.18	93.99
	(iii) Trade Payables:	24		
	(a) Trade Payables - MSME		95.79	68.93
	(b) Trade Payables Other than MSME		15,036.48	10,674.04
	(iv) Other Financial Liabilities	25	1,585.16	1,122.32
	(b) Provisions	21	103.04	104.20
	(c) Other Current Liabilities	26	482.95	289.86
	Total Current Liabilities		33,171.84	25,491.35
	Total Liabilities		49,776.37	41,908.49
	TOTAL EQUITY AND LIABILITIES		1,06,825.15	91,418.48
	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

V NAGENDRA RAO
Partner
M.No. 227679

Place: Hyderabad
Date :May 29, 2024

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

T. LAKSHMI NARAYANA
Chief Financial Officer

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

T. THIRUMALESH
Company Secretary
M.No.A35824

Standalone Statement of Profit and Loss

for the Year ended March 31, 2024

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S. No	Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
1	Income			
	Revenue from Operations	27	70,926.34	52,205.14
	Other Income	28	445.97	491.38
	Total Income		71,372.31	52,696.52
2	Expenses			
	Cost of Materials Consumed	29	42,504.00	29,952.40
	Changes in Inventories of finished goods, work-in-progress and stock-in-trade	30	(100.00)	3,608.44
	Manufacturing Expenses	31	7,344.30	5,369.08
	Employee Benefits Expense	32	6,414.97	5,382.36
	Finance Cost	33	2,345.68	2,191.33
	Depreciation and Amortization Expense	34	3,151.57	3,212.54
	Other Expenses	35	3,078.62	2,425.41
	Total Expenses		64,739.14	52,141.56
3	Profit Before Tax (1-2)		6,633.17	554.96
4	Tax Expense	36		
	(a) Current Tax			
	(i) relating to Current Year		1,500.00	5.50
	(ii) relating to Earlier Year		12.79	(5.92)
	(b) Deferred Tax		177.89	146.92
	Total Tax Expense		1,690.68	146.50
5	Profit for the year (3-4)		4,942.49	408.46
6	Other Comprehensive Income / (Loss)			
	Items that will not be reclassified to Profit/Loss	37		
	(a) Remeasurement gain/(loss) of the defined benefit plans		7.04	(27.43)
	(b) Tax on Re-measurement gain/(loss) of the defined benefit plans		(1.77)	6.90
	Other Comprehensive Income/(Loss), After Tax for the year		5.27	(20.53)
7	Total Comprehensive Income for the Year(5+6)		4,947.76	387.93
8	Earnings Per Share (Face Value of Re.1 each)	38		
	- Basic and Diluted		5.84	0.48
	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**
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Standalone Statement of Changes in Equity

for the Year Ended March 31, 2024

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

a. Equity Share Capital

Particulars	As at March 31, 2024		As at March 31, 2023	
	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	-	-	-	-
As at the End of the Year	8,46,52,030	846.52	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, 2022	6,981.84	155.00	9,304.28	-	32,088.38	48,529.50
Profit for the Year					408.46	408.46
Other Comprehensive Income/(Loss), After Tax for the year					(20.53)	(20.53)
Total Comprehensive Income for the Year	-	-	-	-	387.93	387.93
Transfer to General Reserve					-	-
Payment of dividends					(253.96)	(253.96)
Balance as at March 31, 2023	6,981.84	155.00	9,304.28	-	32,222.35	48,663.47
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					(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

The accompanying notes are an integral part of the Standalone Financial Statements.

As per our report of even date
for **SURYANARAYANA & SURESH**
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V NAGENDRA RAO

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For and on behalf of the Board of the Directors of
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M.No.A35824

Standalone Statement of Cash Flow

for the Year Ended March 31, 2024

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S. No	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A	Cash Flow from Operating Activities		
	Profit Before Tax	6,633.17	554.96
	Adjustments for:		
	Depreciation and Amortisation Expense	3,151.57	3,212.54
	Interest Income	(16.77)	(14.31)
	Interest on lease liability	12.00	22.30
	Interest on Borrowings	2,235.79	2,070.46
	Provision for Employee Benefits	(20.33)	(34.14)
	Amortisation of Transaction Cost on Borrowings	15.55	16.69
	Profit on Sale of Assets	(4.27)	(1.75)
	Loss on Sale of Assets	0.54	7.19
		12,007.25	5,833.94
	Change in Operating Assets and Liabilities		
	(Increase)/Decrease in Trade Receivables	(8,784.70)	(9,982.69)
	(Increase)/Decrease in Inventories	(1,019.84)	2,759.81
	(Increase)/Decrease in Other Non Current Financial Assets	(8.55)	(6.25)
	(Increase)/Decrease in Other Non Current Asset	(826.08)	(130.98)
	(Increase)/Decrease in Other Current Financial Assets	331.15	(378.46)
	(Increase)/Decrease in Other Current Assets	(381.61)	468.17
	(Increase)/Decrease in Prepaid Taxes	430.64	329.07
	Increase/(Decrease) in Trade Payables	4,386.77	4,243.73
	Increase/(Decrease) in other Current Financial Liabilities	224.61	(214.71)
	Increase/(Decrease) in Other Current Liabilities	192.83	(216.63)
		(5,454.78)	(3,128.94)
	Cash generated from Operations	6,552.47	2,705.00
	Income Taxes Paid	(1,540.00)	(460.00)
	Net Cash Inflow from Operating Activities "A"	5,012.47	2,245.00
B	Cash flow from Investing Activities		
	Purchase of Property, Plant and Equipment	(5,216.00)	(2,992.07)
	Sale of Property, Plant and Equipment	8.80	26.33
	Investment in LLP	-	(9.80)
	Investment in Deposits	(0.65)	(7.00)
	Margin Money Deposits	(15.22)	(8.88)
	Interest Received on Deposits	15.87	15.81
	Net Cash Inflow (Outflow) from Investing Activities "B"	(5,207.20)	(2,975.61)

Standalone Statement of Cash Flow

for the Year Ended March 31, 2024

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S. No	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
C	Cash Flow from Financing Activities		
	Proceeds from Long Term Borrowings	4,508.63	941.37
	Repayment of Long Term Borrowings	(3,776.36)	(4,305.79)
	Net Proceeds from Short Term Borrowings	2,020.71	2,587.71
	Interest paid on Borrowings	(2,175.16)	(2,092.76)
	Repayment of Lease Liability	(103.74)	(73.46)
	Net Proceeds from Share Warrants	2,847.78	-
	Dividend Paid to Company's Shareholders	(253.96)	(253.96)
	Net Cash Inflow (Outflow) from Financing Activities "C"	3,067.90	(3,196.89)
	Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C)	2,873.17	(3,927.50)
	Cash and Cash Equivalents at the beginning of the Financial Year	730.78	4,658.28
	Cash and Cash Equivalents at end of the Year (Refer note 13)	3,603.95	730.78

The accompanying notes are an integral part of the Standalone Financial Statements.

- The Cash Flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash Flows.
- 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

V NAGENDRA RAO
Partner
M.No. 227679

Place: Hyderabad
Date :May 29, 2024

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI
Chairman and Managing Director
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Executive Director
DIN No : 06956498

T.THIRUMALESH
Company Secretary
M.No.A35824

Notes to the 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, 2024. These Standalone Financial Statements for the year ended March 31, 2024 were authorized and approved for issue by the Board of Directors on May 29,2024.

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.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

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 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.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(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).

3.4 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.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(iii) De-recognition

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

(iv) Capital advances

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

(v) Capital work-in-progress

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

(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

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid by lessee under residual value guarantees. The lease payments also include the exercise price of a purchase option if the company is reasonably certain to be exercised that option and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

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 the 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 the 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 the 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 the 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 the 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 the 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 standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards that are applicable from April 1, 2024.

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 the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

4 Property, Plant and Equipment

Particulars	Land	Buildings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Others	Total	Capital Work-in-Progress
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
I Year Ended March 31, 2023											
a Gross Carrying Amount											
1 Opening Gross Carrying Amount	421.30	13,004.71	41,125.72	715.11	195.94	238.73	125.32	388.45	152.75	56,368.03	1,100.40
2 Additions	-	73.40	508.24	5.77	17.81	5.73	1.50	40.71	-	653.16	2,632.64
3 Disposals/Transfers	-	-	(46.63)	-	-	-	-	(7.90)	-	(54.53)	(413.99)
4 Closing Gross Carrying Amount as at March 31, 2023 (1+2+3)	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
b Accumulated Depreciation and Impairment											
5 Opening Accumulated Depreciation	-	1,817.29	10,335.47	134.16	146.38	92.84	71.36	282.07	81.36	12,960.93	-
6 Depreciation Charge during the Year	-	448.81	2,456.31	39.38	28.21	22.00	18.96	38.87	26.00	3,078.54	-
7 Disposals	-	-	(15.38)	-	-	-	-	(7.39)	-	(22.77)	-
8 Closing Accumulated Depreciation and Impairment as at March 31, 2023 (5+6+7)	-	2,266.10	12,776.40	173.54	174.59	114.84	90.32	313.55	107.36	16,016.70	-
c Net Carrying Amount as at March 31, 2023 (4-8)	421.30	10,812.01	28,810.93	547.34	39.16	129.62	36.50	107.71	45.39	40,949.96	3,319.05
II 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

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

- 4.1** Property, Plant and Equipment includes assets 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 ₹ 4,424.65 lakhs (31st March 2023 ₹ 1,401.95 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				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
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.

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
For the year ended March 31, 2023					
Projects in progress	2,218.65	1,065.40	-	35.00	3,319.05
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 (ROU)

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2024 and March 31, 2023:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	105.23	255.03
Reclassification on change in Lease liability	(4.44)	(86.67)
Depreciation	(59.81)	(63.13)
Closing Balance	40.98	105.23

The depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

5 Right of Use Assets and Lease Liability (Contd..)

5B Lease Liability

The following is the movement in lease liabilities during the year ended March 31,2024 and March 31,2023 :

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	155.35	315.48
Reclassification on change in Lease liability	(4.44)	(86.67)
Finance cost accrued during the year	12.00	22.30
Payment of lease liabilities	(103.74)	(95.76)
Closing Balance	59.18	155.35

The following is the breakup of current and non-current lease liabilities as at March 31,2024 and March 31,2023 :

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current lease liabilities	-	61.36
Current lease liabilities	59.18	93.99
Total	59.18	155.35

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2024 on an undiscounted basis

Particulars	As at March 31, 2024	As at March 31, 2023
Less than one year	61.45	106.98
One to five years	-	63.71
More than five years	-	-
Total	61.45	170.69

The Company do not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

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 ₹2.24 lakhs (Previous Year ₹3.10 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 R & D Gagilapur for an amount of ₹0.67lakhs per month to an associate company . The company has also given for sub lease of part of its corporate office building to associate company. The Company has recognized income for total amount of ₹22.27 lakhs (Previous Year ₹21.66 lakhs) under the head of other income.

Notes to the 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, 2023			
a Gross Carrying Amount			
1 Opening Gross Carrying Amount as at April 01, 2022	72.98	266.19	339.17
2 Additions	13.87	66.55	80.42
3 Closing Gross Carrying Amount as at March 31, 2023 (1+2)	86.85	332.74	419.59
b Accumulated Amortisation and Impairment			
4 Opening Accumulated Amortisation as at April 01, 2022	62.64	139.52	202.16
5 Amortisation Charge during the year	5.32	65.55	70.87
6 Closing Accumulated Amortisation and Impairment as at March 31, 2023 (4+5)	67.96	205.07	273.03
c Closing Net Carrying Amount as at March 31, 2023 (3-6)	18.89	127.67	146.56
II 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

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, 2024		As at March 31, 2023	
	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	4,499.87	38,50,165	4,499.87
(ii) Investment in LLP - Provenio Astral International LLP	4.90%	9.80	4.90%	9.80
Total		4,509.67		4,509.67
Aggregate amount of unquoted investments		4,509.67		4,509.67
Aggregate amount of quoted investments and market value thereof		-		-
Aggregate amount of impairment in the value of investment		-		-

7.1 As on March 31, 2024, the Company is holding 36.55 % (March 31, 2023 36.55%) of the total Paid up Equity Capital of the said Associate Company.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

8 Bank Balances

Particulars	As at March 31, 2024	As at March 31, 2023
Margin Money Deposits	268.83	253.61
Total	268.83	253.61

8.1 Margin Money Deposits are subject to the first charge against Bank guarantees and / or Letters of Credit.

9 Other Non-Current Financial Assets

Particulars	As at March 31, 2024	As at March 31, 2023
Security Deposits	517.05	508.50
Total	517.05	508.50

10 Other Non-Current Assets

Particulars	As at March 31, 2024	As at March 31, 2023
Capital Advances	1,387.12	561.04
Total	1,387.12	561.04

10.1 Capital Advances includes an amount of ₹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. The amount so paid is equivalent to 100% land cost to APIIC and about 80% of development cost to Ramky Pharmacy 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 and the Court has granted stay which 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, 2024	As at March 31, 2023
Raw Materials	8,773.83	7,865.76
Stock-in-Process	9,046.59	10,590.22
Finished Goods	5,481.89	3,838.26
Coal & Fuel	67.47	55.70
Total	23,369.78	22,349.94

11.1 Raw material includes imported raw material of stock in transit of Rs.857.66 lakhs (March 31,2023 Rs.155.68 lakhs)

11.2 Finished Goods includes stock in transit of Rs 671.53 lakhs (March 31, 2023 Rs 628.19 lakhs)

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

12 Trade Receivables

Particulars	As at March 31, 2024	As at March 31, 2023
Current - Unsecured		
(i) Considered Good	22,131.05	13,748.65
(ii) Receivable from related parties (Refer note 46)	1,492.27	1,085.97
(ii) Credit Impaired	10.49	10.49
	23,633.81	14,845.11
Less: Allowance for Credit Impaired	10.49	10.49
Total	23,623.32	14,834.62

- 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 balance, ₹13,786.87 in aggregate (as at March 31, 2023 ₹5,168.18) is due from the Company's customers individually representing more than 5 % of the total trade receivables balance.
- 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, 2024	As at March 31, 2023
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, 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	-	-	-	-	-	-	-
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

Trade Receivables ageing schedule for the year ended March 31, 2023:

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	11,255.01	3,421.07	150.82	7.72	-	-	14,834.62
ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-

Notes to the 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	-	-	9.98	0.51	-	-	10.49
iv) Disputed Trade receivables	-	-	-	-	-	-	-
Total	11,255.01	3,421.07	160.80	8.23	-	-	14,845.11

13 Cash and Cash Equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Balances with Banks		
- in Current Accounts	3,596.19	716.42
- in EEFC account	0.17	6.76
(ii) Cash on Hand	7.59	7.60
Total	3,603.95	730.78

14 Bank Balances Other than Cash and Cash Equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Unclaimed Dividend	8.65	9.18
Deposit	7.65	7.00
Total	16.30	16.18

15 Other Current Financial Assets

Particulars	As at March 31, 2024	As at March 31, 2023
(unsecured, considered good)		
Export Incentive Receivable	32.50	20.86
GST Refund Receivable	254.16	601.76
Interest Receivable	37.89	37.50
Other Advances and Receivables	3.31	-
Total	327.86	660.12

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

16 Other Current Assets

Particulars	As at March 31, 2024	As at March 31, 2023
(unsecured, considered good)		
GST Credit Receivable	780.36	1,002.76
Prepaid Expenses	525.37	493.25
Advances to Suppliers	857.04	325.31
Export Incentives Receivable against RODTEP/MEIS	81.03	48.55
Other Advances and Receivables	31.65	27.10
Total	2,275.45	1,896.97

17 Current Tax Assets (Net)

	172.82	576.25
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17.1 Current Tax Assets/(Liabilities)

Particulars	As at March 31, 2024	As at March 31, 2023
Advance Income Tax	1,601.10	534.11
TDS Receivable	70.90	47.28
TCS Receivable	0.82	0.36
Less: Provision for Income Tax	1,500.00	5.50
Total	172.82	576.25

18 Equity Share Capital

Particulars	As at March 31, 2024		As at March 31, 2023	
	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
Total	8,46,52,030	846.52	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, 2024		As at March 31, 2023	
	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	-	-	-	-
At the End of the Year	8,46,52,030	846.52	8,46,52,030	846.52

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.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

18 Equity Share Capital (Contd..)

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of Shares	% holding	Number of Shares	% holding
Sri. Ramesh Babu Potluri	1,56,53,060	18.49%	1,56,53,060	18.49%
Smt. Hima Bindu Potluri	1,50,08,840	17.73%	1,47,88,840	17.47%
Sri. Vamsi Krishna Potluri	1,33,28,370	15.74%	1,33,28,370	15.74%
M/s. Potluri Infra Projects LLP	73,46,420	8.68%	73,46,420	8.68%

18.4 Details of shares held by the promoters of the Company:

Equity Shares held by promoters as at March 31, 2024 and March 31, 2023

Promoter Name	March 31, 2024			March 31, 2023		
	No. of shares	% of total shares	% Change during the year	No. of shares	% of total shares	% Change during the year
Sri. Ramesh Babu Potluri	1,56,53,060	18.49%	-	1,56,53,060	18.49%	0.64%
Smt. Hima Bindu Potluri	1,50,08,840	17.73%	1.49%	1,47,88,840	17.47%	-
Sri. Vamsi Krishna Potluri	1,33,28,370	15.74%	-	1,33,28,370	15.74%	-
M/s. Potluri Infra Projects LLP	73,46,420	8.68%	-	73,46,420	8.68%	-
Sri. Trilok Potluri	21,88,000	2.58%	-	21,88,000	2.58%	-
M/s. Potluri Laboratories Private Limited	11,20,320	1.32%	-	11,20,320	1.32%	-
M/s. TVT Infracon LLP*	1,00,000	0.12%	-	-	-	-

*Pursuant to the definition of Regulation 2(1) (pp) of SEBI (ICDR) Regulations, 2018, M/s.TVT Infracon LLP become the promoter group of the Company.

18.5 Dividends Paid and proposed

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash dividends on equity shares declared and paid:		
Final dividend for the financial year 2021-22 : Re.0.30 per Share	-	253.96
Final dividend for the financial year 2022-23:Re.0.30 per Share	253.96	-
Total	253.96	253.96
Proposed dividends on equity shares:		
Dividend for the FY 2022-23:Re.0.30 per share	-	253.96
Dividend for the FY 2023-24* : Re.0.40 per Share	338.61	-
Total	338.61	253.96

*The Board of Directors of the Company in their meeting held on May 29, 2024 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 2023-24.

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, 2024.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19 Other Equity

Particulars	As at March 31, 2024	As at March 31, 2023
Reserves and Surplus		
Securities Premium	6,981.84	6,981.84
Capital Redemption Reserve	155.00	155.00
General Reserve	10,304.28	9,304.28
Money Received against Share Warrants	2,857.50	-
Retained Earnings	35,903.64	32,222.35
Total	56,202.26	48,663.47

19.1 Securities Premium Reserve

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	6,981.84	6,981.84
Adjustments	-	-
Closing Balance	6,981.84	6,981.84

19.2 Capital Redemption Reserve

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	155.00	155.00
Adjustments	-	-
Closing Balance	155.00	155.00

19.3 General Reserve

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	9,304.28	9,304.28
Transferred from retained earnings	1,000.00	-
Closing Balance	10,304.28	9,304.28

19.4 Money Received against Share Warrants

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	-	-
Add: Money received during the Current year(Refer note 19.7)	2,857.50	-
Less: Converted into shares during the current year	-	-
Closing Balance	2,857.50	-

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19 Other Equity (Contd..)

19.5 Retained Earnings

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Opening Balance	32,222.35	32,088.38
(b) Net Profit for the Year	4,942.49	408.46
(c) Transferred to General Reserve	(1,000.00)	-
(d) Dividends (Including Tax)	(253.96)	(253.96)
(e) Issue expenses on Share Warrants	(12.51)	-
(f) Items of Other Comprehensive Income		
Remeasurement Gain/(Loss) of the defined benefit plans	5.27	(20.53)
Closing Balance	35,903.64	32,222.35

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) 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.

(d) Retained Earnings:

These are the accumulated earnings the company has earned till date ,less any tranfers to general reserve ,dividends or other transfers. The company uses retained earnings in accordance with the provisions of the Companies Act.

(e) Re-measurement Gain/(loss) of defined benefit obligations

These are the remeasurement 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 their meeting held on February 08, 2024 approved for raising of funds through issue of Convertible Equity Share Warrants to the Promoters/Promoters Group by way of issuance upto 90,00,000 warrants convertible in one or more tranches to equity shares of Re.1/-each of the Company at an issue price of ₹127/-(including premium of ₹126/-)for each Warrant,aggregating to ₹11,430.00 Lakhs by way of preferential issue, which was subsequently approved by the members through special resolution in the Extra-Ordinary General Meeting dated March 06,2024.

Securities Allotment Committee of the Board of Directors of the Company held on March 19, 2024 have allotted 90,00,000 Convertible Warrants at an issue price of ₹ 127/- each, which will be convertible into equity shares within a period of 18 months from the date of allotment. The Company has received ₹2857.50 lakhs being 25% of the total amount payable towards subscription of the warrants from all the allottees.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

20 Non Current Borrowings - Financial Liabilities

20.1 Secured (Refer Note.20.1.1)

Particulars	As at March 31, 2024	As at March 31, 2023
Term Loans from Banks		
(a) IDBI Bank Limited Loan-2	2,060.41	772.62
(b) Export Import Bank of India Loan WCTL	-	148.58
(c) Export Import Bank of India Loan RTL	1,896.15	3,176.92
(d) State Bank of India	1,451.18	2,440.18
(e) RBL Bank Limited -WCTL GECL	282.52	565.02
(f) IDBI Bank Limited- WCTL GECL -1	269.80	565.00
(g) IDBI Bank Limited-WCTL GECL -2	393.20	540.80
(h) Export-Import Bank of Inida -GECL	1,173.24	1,575.48
(i) State Bank of India- WCTL GECL	1,611.39	2,208.73
(j) Export-Import Bank of India RTL	2,950.74	-
Sub Total	12,088.63	11,993.33

20.2 Unsecured (Refer Note.20.2.1)

Particulars	As at March 31, 2024	As at March 31, 2023
DSIR Assistance	120.00	120.00
Total	12,208.63	12,113.33

20.3 Current Maturities of Non Current Borrowings

Secured

Particulars	As at March 31, 2024	As at March 31, 2023
Term Loans from Banks		
(a) IDBI Bank Limited Loan-2	275.00	150.00
(b) Export Import Bank of India Loan WCTL	150.00	575.00
(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	282.48	282.48
(f) IDBI Bank Limited- WCTL GECL -1	295.20	295.20
(g) IDBI Bank Limited-WCTL GECL -2	147.60	49.20
(h) Export-Import Bank of Inida -GECL	402.24	33.52
(i) State Bank of India- WCTL GECL	580.08	96.68
Total	4,409.60	3,759.08
Amount disclosed under the head "Current Borrowings"	(4,409.60)	(3,759.08)
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.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

20 Non Current Borrowings - Financial Liabilities (Contd..)

- (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
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)	8.27%
IDBI Bank Limited (Converted FCNB with fully hedged)	8.75%
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.)	8.80%
Export-Import Bank of India -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 to be repaid in 20 structured quarterly installments commencing from 1st october,2019, 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

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

20 Non Current Borrowings - Financial Liabilities (Contd..)

- (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 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.

- (f) The WCTL under GECL-1 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.

- (g) 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.

- (h) 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.

- (i) 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.

- (j) During the year, new term 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
Next 4 Quarters	₹375.00 Lakhs
Next 12 Quarters	₹625.00 Lakhs

An amount of ₹3000.00 Lakhs disbursed during the current year

20.1.4 The Company has used the borrowings 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.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

20 Non Current Borrowings - Financial Liabilities (Contd..)

20.2.1 Financial Assistance received from Department of Scientific and Industrial Research (DSIR) of ₹ 120.00 Lakhs (previous year ₹ 120.00 Lakhs) 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, 2024	As at March 31, 2023
Provision for Employee Benefit Obligations		
(a) Non Current		
Gratuity	37.83	80.36
Leave Encashment	78.18	60.09
Sub Total	116.01	140.45
(b) Current		
Gratuity	63.24	64.65
Leave Encashment	39.80	39.55
Sub Total	103.04	104.20
(c) Total		
Gratuity	101.07	145.01
Leave Encashment	117.98	99.64
Grand Total	219.05	244.65

21.1 For details of Post Employment Benefits. Refer note 39.

22 Deferred Tax Liabilities (net)

The Balance Comprises Temporary Differences Attributable to:

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Deferred Tax Liability		
(i) Property, Plant and Equipment	4,502.39	4,348.58
(ii) Other items giving raise to temporary difference	33.65	40.41
Total	4,536.04	4,388.99
(b) Deferred Tax Asset		
(i) Expenses allowable on Payment basis	61.19	67.14
(ii) Other items giving raise to temporary difference	194.96	219.85
Total	256.15	286.99
Net Deferred Tax Liabilities (a) - (b)	4,279.89	4,102.00

Notes to the Standalone 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, 2022	4,215.91	77.59	4,293.50
Recognised/(Utilised)	132.67	(37.18)	95.49
As at March 31, 2023	4,348.58	40.41	4,388.99
Recognised/(Utilised)	153.81	(6.76)	147.05
As at March 31, 2024	4,502.39	33.65	4,536.04

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on payment basis	Other items	Total
As at March 31, 2022	71.63	266.80	338.43
Recognised/(Utilised)	(4.49)	(46.95)	(51.44)
As at March 31, 2023	67.14	219.85	286.99
Recognised/(Utilised)	(5.95)	(24.89)	(30.84)
As at March 31, 2024	61.19	194.96	256.15

23 Current Borrowings - Financial Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Secured		
Working Capital Loans from Banks		
- State Bank of India	5,769.35	4,529.64
- RBL Bank Limited	1,444.27	1,200.00
- IDBI Bank Limited	4,186.02	3,649.29
Total	11,399.64	9,378.93
Current Maturities of Long-Term Debt	4,409.60	3,759.08
Total	15,809.24	13,138.01

23.1 Security Terms

- 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.
- Refer note 40 for the carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

23 Current Borrowings - Financial Liabilities (Contd..)

23.2 Rate of Interest is as follows:

Name of the Bank	Rate of Interest
State Bank of India	
Cash Credit	9.15%
Export Packing Credit	8.70%
Export Packing Credit (T Bill linked)	8.08%
Stand by Loan	7.97%
RBL Bank Limited	
Cash Credit	11.26%
Export Packing Credit	8.90%
IDBI Bank Limited - WCDC	8.75%

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, 2024	As at March 31, 2023
Valued at amortised cost		
Creditor for Supply of Materials		
(i) Dues to Micro and Small Enterprises	95.79	68.93
(ii) Dues to Related parties	453.14	618.55
(iii) Others	14,583.34	10,055.49
Total	15,132.27	10,742.97

Terms and conditions of the above financial liabilities:

For explanations on the company's credit risk management processes, (Refer note.44)

24.1 Trade Payables includes an amount of ₹418.12 lakhs (March 31, 2023 ₹540.99 lakhs) payable to M/s SMS Lifesciences India Limited, ₹28.31 lakhs (March 31, 2023 ₹64.80 lakhs) payable to M/s Eshwar Coal Movers and ₹6.71 lakhs (March 31, 2023 ₹12.76 Lakhs) payable to M/s 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, 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 the Standalone 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, 2023

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	68.93	-	-	-	-	68.93
ii) Others	4,818.89	5,774.93	67.70	4.17	8.35	10,674.04
iii) Disputed dues - MSME & others	-	-	-	-	-	-
Total	4,887.82	5,774.93	67.70	4.17	8.35	10,742.97

25 Other Financial Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Creditors for Expenses	796.44	571.83
Capital Creditors	722.58	541.31
Interest Accrued but not due	57.49	-
Unclaimed Dividend	8.65	9.18
Total	1,585.16	1,122.32

26 Other Current Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues Payable	261.16	152.48
Advance from Customers	197.69	115.28
Employee Benefits Payable	24.10	22.10
Total	482.95	289.86

27 Revenue from Operations

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Sale of Products		
Gross Sales (Including GST)	73,406.91	53,139.29
Less: Goods and Service Tax	4,174.39	3,063.44
Net Revenue from Sales	69,232.52	50,075.85
(b) Income from Services		
(i) Conversion Charges	1,049.82	1,017.89
Less: Goods and Service Tax	112.48	155.27
Net Conversion Charges	937.34	862.62
(ii) Sale of Services	497.25	1,068.49
Less: Goods and Service Tax	21.46	32.28
Net Revenue from Sale of Services	475.79	1,036.21
Net Revenue from Services	1,413.13	1,898.83
(c) Other Operating Income		
Export Incentives	280.69	230.46
Total Net Revenue from Operations (a+b+c)	70,926.34	52,205.14

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

28 Other Income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Interest Income	75.79	77.48
(ii) Profit on Sale of Assets	4.26	1.75
(iii) Net Gain on Foreign Exchange Fluctuations	289.75	390.49
(iv) Miscellaneous Income (Net of GST)	76.17	21.66
Total	445.97	491.38

28.1 Miscellaneous Income includes Rent received from related parties of ₹22.27 lakhs (Previous year ₹21.66 lakhs)

29 Cost of Materials Consumed

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Raw Material & Packing Material		
Stock at the Beginning of the Year	7,865.76	6,998.15
Add: Purchases	43,412.07	30,820.01
Less: Stock at the End of the Year	8,773.83	7,865.76
Total Materials Consumed	42,504.00	29,952.40

30 Changes in Inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Opening Stock of Inventories:		
Finished Goods	3,838.26	6,142.37
Stock in Process	10,590.22	11,894.55
Sub Total (a)	14,428.48	18,036.92
(b) Closing Stock of Inventories:		
Finished Goods	5,481.89	3,838.26
Stock in Process	9,046.59	10,590.22
Sub Total (b)	14,528.48	14,428.48
(Increase)/Decrease in Stock (a-b)	(100.00)	3,608.44

31 Manufacturing Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Power and Fuel	4,692.16	3,581.26
Consumable Stores	665.79	433.08
Testing Charges	21.82	21.39
Water Charges	19.61	16.05
Conversion Charges	55.66	57.57
Repairs & Maintenance to Buildings	183.73	165.69
Repairs & Maintenance to Plant & Machinery	1,310.87	904.35
Factory Maintenance	205.58	130.95
Effluent Treatment Charges	189.08	58.74
Total	7,344.30	5,369.08

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

32 Employee Benefit Expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, Wages and Bonus	5,032.37	4,431.34
Contribution to Provident Fund	341.31	304.03
Contribution to ESI	23.41	21.84
Managerial remuneration	737.05	374.40
Staff Welfare Expenses	280.83	250.75
Total	6,414.97	5,382.36

33 Finance Cost

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on Non Current Borrowings	1,341.29	1,414.29
Interest on Current Borrowings	894.49	656.17
Interest on Others	0.10	0.59
Interest on Lease Liability	12.00	22.30
Bank Charges	97.80	97.98
Total	2,345.68	2,191.33

34 Depreciation and Amortisation Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of Property, Plant and Equipment	3,000.60	3,078.54
Amortisation of Right-of-use Assets	59.81	63.13
Amortisation of Intangible Assets	91.16	70.87
Total	3,151.57	3,212.54

35 Other Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
R&D Expenditure (Refer note 41)	1,111.31	891.92
Rent	7.17	8.04
Rates and Taxes	68.70	47.62
Insurance	617.06	258.19
Travelling and Conveyance	98.17	99.09
Communication Expenses	18.80	15.44
Printing and Stationery	98.11	70.27
Repairs & Maintenance to Other Assets	19.22	14.41
Vehicle Maintenance	42.82	33.69
Payments to Auditors (Refer note 35.1)	16.00	16.00
Cost Audit Fee	1.00	1.00
Professional & Consultancy	186.89	134.40
General Expenses	107.67	124.76
Corporate Social Responsibility (Refer note 35.2)	106.20	119.40

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

35 Other Expenses (Contd..)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on Indirect Taxes	13.89	6.09
Loss on Sale of Assets	0.54	7.19
Business Promotion Expenses	158.61	85.85
Royalty Paid	-	110.80
Regulatory Fee	91.90	84.83
Carriage Outward	238.08	198.49
Sales Commission	76.48	97.93
Total	3,078.62	2,425.41

35.1 Details of Payments to Auditors

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Audit Fee	14.00	14.00
Certification Fee	2.00	2.00
Total Payments to Auditors	16.00	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 ₹110.25 Lakhs (March 31, 2023 ₹140.33 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, 2024		
	In Cash	Yet to be paid in Cash	Total
(i) Construction/Acquisition of any Asset	80.00	-	80.00
(ii) On Purposes other than (i) above	26.20	-	26.20
	(119.40)	-	(119.40)

Amounts in bracket indicate previous year numbers

There is no shortfall at the end of March 31, 2024 in terms of amount required to be spent by the company as excess amount spent during the corresponding previous financial years ended March 31, 2023 and March 31, 2022.

36 Income Tax Expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current Tax		
Current tax on profits for the year	1,500.00	5.50
Adjustments for current tax of prior periods	12.79	(5.92)
Total Current Tax	1,512.79	(0.42)
Deferred Tax		
Increase/(Decrease) in Deferred Tax Liabilities	147.05	95.48
Decrease/(Increase) in Deferred Tax Assets	30.84	51.44
Total Deferred Tax Expense/(Benefit)	177.89	146.92
Total	1,690.68	146.50

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

36 Income Tax Expense (Contd..)

36.1 Reconciliation of Tax Expense with Tax on Accounting Profits at normal rate is as follows:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Profit before Tax	6,633.17	554.96
(b) Enacted Tax Rate in India	25.168%	25.168%
(c) Expected Tax Expenses (a) x (b)	1,669.44	139.67
(d) Tax Effect of amounts which are not deductible/taxable in calculating taxable income:		
Expenses not deductible under Income Tax Act	26.49	32.22
Other Adjustments	(18.04)	(19.47)
Tax pertaining to earlier years	12.79	(5.92)
Total Adjustments	21.24	6.83
Current Tax Expense as per P & L	1,690.68	146.50

37 Other Comprehensive Income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Actuarial Gain/(Loss) on Post Employment Benefit Expenses	11.87	(17.32)
Return on Plan Assets excluding net interest	(4.83)	(10.11)
Net Actuarial Gain/(Loss) on Post Employment Benefit Expenses	7.04	(27.43)
Deferred Taxes on above	(1.77)	6.90
Net Comprehensive Income	5.27	(20.53)

38 Earning Per Share (Basic and Diluted)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Net profit for Basic & Diluted EPS	4,942.49	408.46
(b) Weighted average number of equity shares of Re.1/- each (Basic & Diluted)	846.52	846.52
(c) Earnings per share of par value Re 1/- per share -(Basic & diluted)	5.84	0.48

39 Post Employment Benefits

39.1 Defined Contribution plans

Particulars	March 31,2024	March 31,2023
Contribution to Provident Fund	376.06	332.87
Contribution to Employee state Insurance	24.41	23.00

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

39 Post Employment Benefits (Contd..)

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, 2024		March 31, 2023	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
(recognised in Employee Benefit Expenses)				
Current Service Cost	62.40	43.90	54.41	36.64
Interest Cost	9.74	5.78	7.04	5.66
Actuarial Gain/(Loss) other than OCI	-	(20.24)	-	(35.70)
	72.14	29.44	61.45	6.60

39.2.2 Other Comprehensive Income

Particulars	March 31, 2024		March 31, 2023	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Actuarial Gain/(Loss) recognized for the period	(11.87)	-	17.32	-
Return on Plan Assets excluding net interest	4.83	-	10.11	-
Total Actuarial (Gain)/Loss recognized in OCI	(7.04)	-	27.43	-

39.2.3 Amount recognised in the Balance Sheet

Particulars	March 31, 2024		March 31, 2023	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Defined Benefit Obligation	599.08	117.98	554.42	99.64
Fair Value of Plan Assets	(498.01)	-	(409.41)	-
	101.07	117.98	145.01	99.64

Notes to the Standalone 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 the Employee Benefit Obligations

Particulars	March 31, 2024		March 31, 2023	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Defined Benefit Obligation	554.42	99.64	484.70	97.06
Current Service Cost	62.40	43.90	54.41	36.64
Interest Cost	37.80	5.78	33.44	5.66
Contribution Paid				
Benefits Paid	(43.67)	(11.10)	(35.45)	(4.02)
Net Actuarial (gain)/ losses on Obligation for the year recognised under OCI	(11.87)	(20.24)	17.32	(35.70)
Closing Defined Benefit Obligation	599.08	117.98	554.42	99.64

39.2.5 Change in the Fair Value of Plan Assets

Particulars	March 31, 2024		March 31, 2023	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Fair Value of Plan Assets	409.41	-	323.50	-
Adjustment to Opening Fair Value of Plan Asset	-	-	0.01	-
Return on Plan Assets Excluding Interest Income	(4.83)	-	(10.11)	-
Interest Income	28.06	-	26.41	-
Contribution paid	109.04	11.10	105.05	4.02
Benefits Paid	(43.67)	(11.10)	(35.45)	(4.02)
Closing Fair Value of Plan Assets	498.01	-	409.41	-

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2024	March 31, 2023
Fund managed by Life Insurance Corporation of India (Unquoted)	100%	100%

39.2.6 Actuarial Assumptions:

Particulars	March 31, 2024		March 31, 2023	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount rate	6.97%	6.97%	7.24%	7.24%
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	17.95 years	17.95 years	18.15 years	18.15 years
Retirement age	58 years	58 years	58 years	58 years

Notes to the Standalone 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, 2024		March 31, 2023	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined Benefit Obligation	599.08	117.98	554.42	99.64
Effect of 1% change in assumed discount rate on defined benefit obligation				
Increase : +1%	552.57	110.43	510.85	93.64
Decrease: -1%	652.62	126.81	604.71	106.67
Effect of 1% change in assumed salary escalation rate on defined benefit obligation				
Increase : +1%	648.51	127.01	600.89	106.85
Decrease: -1%	554.39	110.16	512.47	93.42

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 actuarial 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, 2024		March 31, 2023	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
1 st Year	63.24	39.80	64.65	39.55
2 nd Year	20.49	3.29	31.43	3.37
3 rd Year	36.83	5.26	19.77	2.65
4 th Year	56.39	5.84	34.93	4.30
5 th Year	38.38	5.15	53.44	4.76
beyond 5 th Year	308.77	38.85	285.23	30.36

The Weighted Average duration of the Gratuity plan is 9.72 years(2022-23 : 10 years) and Leave Encashment is 8.32 years(2022-23:7.99 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 Borrowings

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 ₹27,897.87 Lakhs (Previous year ₹25,131.34 Lakhs) are as follows:

Particulars	March 31, 2024	March 31, 2023
Property, Plant and Equipment	43,418.90	40,949.96
Current Assets	53,389.48	41,064.86
Total Assets Pledged as Security	96,808.38	82,014.82

Notes to the Standalone 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, 2024	March 31, 2023
Cost of materials consumed		
Raw Materials Consumed	103.45	85.41
Employee benefits expenses		
Salaries & Wages	506.14	428.12
Contribution to Provident Fund	34.75	28.84
Contribution to ESI	1.00	1.16
Staff Welfare Expenses	42.03	38.27
Other expenses		
Repairs and Maintenance	288.23	172.64
Power and Fuel	71.32	75.56
Testing and analysis charges	12.29	8.88
Rates and Taxes	11.38	10.18
Insurance	5.96	6.14
General Expenses	34.76	36.72
Total	1,111.31	891.92

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, 2022	947.17	2,339.28	25.78	54.80	9.10	10.22	3,386.35
2 Additions (Net off Deletions)	-	126.29	0.86	1.72	-	-	128.87
3 As at March 31, 2023 (1+2)	947.17	2,465.57	26.64	56.52	9.10	10.22	3,515.22
4 Additions (Net off Deletions)	-	40.05	26.94	3.69	-	-	70.68
5 As at March 31, 2024 (3+4)	947.17	2,505.62	53.58	60.21	9.10	10.22	3,585.90
Depreciation							
6 As at March 31, 2022	228.43	864.86	8.51	42.84	6.32	7.52	1,158.48
7 Charge for the Year	39.55	202.85	2.14	7.85	1.08	1.43	254.90
8 As at March 31, 2023 (6+7)	267.98	1,067.71	10.65	50.69	7.40	8.95	1,413.38
9 Charge for the Year	39.55	174.67	2.63	2.35	1.08	1.17	221.45
10 As at March 31, 2024 (8+9)	307.53	1,242.38	13.28	53.04	8.48	10.12	1,634.83
Net Carrying Value							
11 As at March 31, 2022(1-6)	718.74	1,474.42	17.27	11.96	2.78	2.70	2,227.87
12 As at March 31, 2023(3-8)	679.19	1,397.86	15.99	5.83	1.70	1.27	2,101.84
13 As at March 31, 2024 (5-10)	639.64	1,263.24	40.30	7.17	0.62	0.10	1,951.07

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

42 Categories of Financial Instruments

Particulars	Note	Level 1/2/3	As at March 31, 2024			As at March 31, 2023		
			Carrying Value			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		4,509.67		4,509.67	4,509.67		4,509.67
(b) Bank Balances	8	-	268.83	-	268.83	253.61	-	253.61
(c) Other Financial Assets	9	-	517.05	-	517.05	508.50	-	508.50
Sub - Total			5,295.55	-	5,295.55	5,271.78	-	5,271.78
(ii) Current								
(a) Trade Receivables	12	-	23,623.32	-	23,623.32	14,834.62	-	14,834.62
(b) Cash and Cash Equivalents	13	-	3,603.95	-	3,603.95	730.78	-	730.78
(c) Other Bank Balances	14	-	16.30	-	16.30	16.18	-	16.18
(d) Other Financial Assets	15	-	327.86	-	327.86	660.12	-	660.12
Sub - Total			27,571.43	-	27,571.43	16,241.70	-	16,241.70
Total Financial Assets			32,866.98	-	32,866.98	21,513.48	-	21,513.48
B. Financial Liabilities								
(a) Measured at Amortised Cost								
(i) Non Current								
(a) Borrowings	20	-	12,208.63	-	12,208.63	12,113.33	-	12,113.33
(b) lease liabilities	5B		-	-	-	61.36	-	61.36
			12,208.63	-	12,208.63	12,174.69	-	12,174.69
(ii) Current								
(a) Borrowings	23	-	15,809.24	-	15,809.24	13,138.01	-	13,138.01
(b) lease liabilities	5B	-	59.18	-	59.18	93.99	-	93.99
(c) Trade Payables	24	-	15,132.27	-	15,132.27	10,742.97	-	10,742.97
(d) Other Financial Liabilities	25	-	1,585.16	-	1,585.16	1,122.32	-	1,122.32
Sub - Total			32,585.85	-	32,585.85	25,097.29	-	25,097.29
Total Financial Liabilities			44,794.48	-	44,794.48	37,271.98	-	37,271.98

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 the Standalone 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 adversely 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, 2024	March 31, 2023
Gross Carrying Amount	23,633.81	14,845.11
Expected Credit Losses (Loss allowance Provision)	10.49	10.49
Net Carrying Amount of Trade Receivables	23,623.32	14,834.62

Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	Outstanding		Total
	for < 180 days	for > 180 days	
Gross Carrying Amount of Trade Receivables	23,291.60	342.21	23,633.81
Expected Credit Losses (Loss allowance provision)	-	10.49	10.49
Net Carrying Amount of Trade Receivables	23,291.60	331.72	23,623.32

Notes to the Standalone 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 continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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

Particulars	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	1,519.02				1,519.02
Total	32,518.02	8,601.64	3,486.99	120.00	44,726.65

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
March 31, 2023					
Non Current Borrowings (including Current Maturities)	3,759.08	8,817.28	3,176.05	120.00	15,872.41
Current Borrowings	9,378.93				9,378.93
Interest Accrued but not due	-				-
Trade Payables	10,742.97				10,742.97
Capital Creditors & other payables	1,113.14				1,113.14
Total	24,994.12	8,817.28	3,176.05	120.00	37,107.45

44.3 Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instruments 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 following 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 company'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, 2024	0.50%	0.50%	(140.09)	140.09
March 31, 2023	0.50%	0.50%	(126.26)	126.26

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

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

44 Financial Risk Management Objectives and Policies (Contd..)

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, 2024				
Trade Receivables	USD	92.77	7,630.19	82.25
	EURO	0.543	48.47	89.35
Trade Payables	USD	17.07	1,433.88	84.00
Other Financial Liabilities	USD	0.13	10.83	84.00

Particulars	Currency	Amount in Foreign Currency	Amount in ₹ In Lakhs	Conversion Rate
March 31, 2023				
Trade Receivables	USD	75.15	6,158.14	81.95
	EURO	0.017	1.43	86.20
Trade Payables	USD	17.31	1,448.80	83.70
Other Financial Liabilities	USD	0.59	49.13	83.70

(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, 2024	March 31, 2023
USD Sensitivity		
Rs/USD - Increases by 1%	62.34	46.62
Rs/USD - Decreases by 1%	(62.34)	(46.62)

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 the 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, 2024	March 31, 2023
Borrowings including Interest Accrued (Note 20 & 23) #	28,075.36	25,251.34
Less: Cash and Short Term Deposits (Note 13)	3,603.95	730.78
Net Debt	24,471.41	24,520.56
Equity	846.52	846.52
Other Equity	56,202.26	48,663.47
Total Equity	57,048.78	49,509.99
Total Capital	81,520.19	74,030.55
Gearing Ratio (Net Debt/(Net Debt +Total Equity))	0.30	0.33

Interest accrued of Rs.57.49 Lakhs (Refer note.25)

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

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
Sri Shravan Kudravallii	Independent Director
Dr. Smt. Neelaveni Thummala	Independent Director
Sri Sarvepalli Srinivas	Independent Director
(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 the 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) Transactions with Related Parties:

Particulars	March 31, 2024	March 31, 2023
	Amount	Amount
Key Management Personnel		
Remuneration (Short Term Employee Benefits)	776.08	413.56
Directors Sitting Fees	15.90	8.85
Associate Company		
Purchase of Goods & Services	-	62.31
Sale of Goods	2,248.45	1,072.93
Other Income #	79.37	25.56
Enterprises over which KMP are Interested		
Purchase of Goods & Services	818.24	1,012.46
Other Related Parties		
Purchase of Goods & Services	534.34	199.30
Purchase of Assets	-	64.23
Sale of Asset	-	22.23
Balance (Payable)/Receivable at the year end		
Key Management Personnel		
Remuneration Payable	235.80	13.34
Associate Company		
M/s VKT Pharma Private Limited	1,492.27	1,085.97
Enterprises over which KMP are Interested		
M/s. SMS Lifesciences India Ltd	(418.12)	(540.99)
Other Related Parties		
M/s. Eshwar Coal Movers	(28.31)	(64.80)
M/s. Raghavendra Engineering India Private Ltd		
Trade Payable	(6.71)	(12.76)
Capital Advances paid	81.64	-

During the year, the company (one of the pledgor) has pledged the entire shares held by it in M/s VKT Pharma private limited, an associate company towards issue of non convertible debentures by M/s VKT Pharma Pvt Limited to Avendus finance private limited and Avendus Structured credit fund. The Company has charged a fee at fair value towards such service from M/s VKT Pharma Private limited which is included under Other Income.

(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 the 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, 2024	March 31, 2023
Letter of credits opened in favor of suppliers for which goods are yet to be received	243.59	-
Customs Duty against Advance Authorizations	265.65	223.34
NRDC claim against DSIR assistance (Refer No.20.2.1)	57.53	51.91

49 Commitments

Particulars	March 31, 2024	March 31, 2023
Capital Commitments	4,424.65	1,401.95

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, 2024	March 31, 2023
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	95.79	68.93
(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, 2024, so interest has not been provided.

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

51 Ratios

The following are analytical ratios for the year ended March 31, 2024 and March 31, 2023

Particulars	March 31, 2024	March 31, 2023	Variance	Numerator	Denominator	Change in ratio in excess of 25% compared to preceding year
Current Ratio	1.61	1.61	0%	Total Current Assets	Total Current Liabilities	
Debt-Equity Ratio	0.49	0.51	-4%	Total Debt(1)	Shareholder's Equity	
Debt Service Coverage Ratio*	1.97	0.91	117%	Earnings available for Debt Service (2)	Debt Service(3)	The Variance is due to increase in profits
Return on Equity(ROE)*	9.28%	0.83%	1023%	Net Profit after Taxes	Average Shareholder's Equity	The Variance is due to increase in Profit after taxes
Inventory Turnover Ratio	3.03	2.11	44%	Revenue From Sale of Products	Average Inventory	The Variance is due to increase in turnover
Trade Receivables Turnover Ratio	3.67	5.28	-30%	Revenue From Operations excluding export incentives	Average Trade Receivables	The Variance is due to increase in Average Trade Receivables.
Trade Payables Turnover Ratio	3.36	3.42	-2%	Purchases	Average Trade Payables	
Net Capital Turnover Ratio	3.51	3.35	5%	Revenue From Operations	Working Capital(4)	
Net Profit Ratio*	6.97%	0.78%	791%	Net Profit	Revenue From Operations	The Variance is due to increase in profit after tax.
Return on Capital Employed(ROCE)*	10.88%	3.55%	207%	Earnings before Interest and Taxes(EBIT)	Capital Employed(5)	The Variance is on account of increase in Earnings before Interest and taxes

- (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

Notes to the Standalone Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

52 Other statutory information (Contd..)

- 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
- 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 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:
- 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
- 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

V NAGENDRA RAO

Partner
M.No. 227679

Place: Hyderabad
Date :May 29, 2024

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI

Chairman and Managing Director
DIN No : 00166381

T. LAKSHMI NARAYANA

Chief Financial Officer

VAMSI KRISHNA POTLURI

Executive Director
DIN No : 06956498

T. THIRUMALESH

Company Secretary
M.No.A35824

Independent Auditor's Report

To the Members 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 and its associate together referred to as "the Group") which comprise the consolidated balance sheet as at March 31, 2024 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 March 31, 2024 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.	<p>Principal Audit Procedures</p> <p>We assessed the holding company's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> • 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: <ol style="list-style-type: none"> 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 irrespective 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 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 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

The consolidated financial statements include the Group's share of profit after tax of Rs. 62.60 lakhs for the year ended March 31, 2024, as considered in the consolidated financial statements, in respect of 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 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 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, 2024 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its associate company incorporated in India, none of the directors of the holding company and its associate incorporated in India is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the holding company 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 to its directors during the year is in accordance with the provisions of section 197 of the Act. In respect of Associate Company, as reported by other auditors this clause is not applicable.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i) The 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) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company and its associate company.
- iv) (a) The respective Managements of the holding company 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 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 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 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 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 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 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 auditor of associate which is 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.

- v) Based on our examination which includes test checks performed by us on the Company and based on the other auditor's report of its associate company incorporated in India whose financial statements have been audited under the Act, the company and the associate company have used accounting software for maintaining their respective books of account for the financial year ended March 31,2024 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 and respective other auditor, whose report have been furnished to us by the management of the company have not come across any instance of audit trail feature being tampered with, in respect of the accounting software where such feature is enabled.

As proviso to Rule 3(1) of the Companies (Accounts) Rules ,2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31,2024.

- vi) The dividend declared or paid during the year by the holding company is in compliance with Section

123 of the Act. No dividend has been declared or paid during the year by its 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 auditor of 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 The CARO report issued by other Auditor.

For **Suryanarayana & Suresh.,**
Chartered Accountants
Reg. No.006631S

V Nagendra Rao
Partner

M.No.227679

UDIN: 24227679BKDILC3399

Place: Hyderabad
Date: May 29,2024

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 143 of the Companies Act, 2013 (the "Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2024, we have audited the internal financial controls over financial reporting of **SMS Pharmaceuticals Limited** (hereinafter referred to as the "the holding company") and its associate company, which is incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Boards of Directors of the Company and its Associate company, which is 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 over financial reporting of the Company and its associate company, which is 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit

of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by 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 over financial reporting of the Company and its associate company, which is 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 and its associate company which is incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024 based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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 a associate company which is incorporated in India, is based solely on the corresponding report of the auditor of such associate company.

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

For **Suryanarayana & Suresh.,**
Chartered Accountants
Reg. No.006631S

V Nagendra Rao
Partner

Place: Hyderabad
Date: May 29, 2024

M.No.227679
UDIN: 24227679BKDILC3399

Consolidated Balance Sheet

as at March 31, 2024

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S. No	Particulars	Note	As at March 31, 2024	As at March 31, 2023
I	ASSETS			
1	Non-Current Assets			
	(a) Property, Plant and Equipment	4	43,418.90	40,949.96
	(b) Capital Work-in-Progress	4	3,027.17	3,319.05
	(c) Right-of-use Assets	5A	40.98	105.23
	(d) Intangible Assets	6	265.95	146.56
	(e) Financial Assets:			
	(i) Investments	7	1,093.78	1,052.20
	(ii) Bank Balances	8	268.83	253.61
	(iii) Other Financial Assets	9	517.05	508.50
	(f) Other Non-Current Assets	10	1,387.12	561.04
	Total Non-Current Assets		50,019.78	46,896.15
2	Current Assets			
	(a) Inventories	11	23,369.78	22,349.94
	(b) Financial Assets:			
	(i) Trade Receivables	12	23,623.32	14,834.62
	(ii) Cash and Cash Equivalents	13	3,603.95	730.78
	(iii) Bank Balances (Other than (ii) above)	14	16.30	16.18
	(iv) Other Financial Assets	15	327.86	660.12
	(c) Other Current Assets	16	2,275.45	1,896.97
	(d) Current Tax Asset (Net)	17	172.82	576.25
	Total Current Assets		53,389.48	41,064.86
	TOTAL ASSETS		1,03,409.26	87,961.01
II	EQUITY AND LIABILITIES			
1	Equity:			
	(a) Equity Share Capital	18	846.52	846.52
	(b) Other Equity	19	52,786.37	45,206.00
	Total Equity		53,632.89	46,052.52
2	Liabilities			
A	Non-Current Liabilities			
	(a) Financial Liabilities:			
	(i) Borrowings	20	12,208.63	12,113.33
	(ii) Lease Liabilities	5B	-	61.36
	(b) Provisions	21	116.01	140.45
	(c) Deferred Tax Liabilities (Net)	22	4,279.89	4,102.00
	Total Non-Current Liabilities		16,604.53	16,417.14
B	Current Liabilities			
	(a) Financial Liabilities:			
	(i) Borrowings	23	15,809.24	13,138.01
	(ii) Lease Liabilities	5B	59.18	93.99
	(iii) Trade Payables:	24		
	(a) Trade Payables - MSME		95.79	68.93
	(b) Trade Payables Other than MSME		15,036.48	10,674.04
	(iv) Other Financial Liabilities	25	1,585.16	1,122.32
	(b) Provisions	21	103.04	104.20
	(c) Other Current Liabilities	26	482.95	289.86
	Total Current Liabilities		33,171.84	25,491.35
	Total Liabilities		49,776.37	41,908.49
	TOTAL EQUITY AND LIABILITIES		1,03,409.26	87,961.01
	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

V NAGENDRA RAO
Partner
M.No. 227679

Place: Hyderabad
Date :May 29, 2024

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

T. LAKSHMI NARAYANA
Chief Financial Officer

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

T. THIRUMALESH
Company Secretary
M.No.A35824

Consolidated Statement of Profit and Loss

for the Year ended March 31, 2024

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S. No	Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
1	Income			
	Revenue from Operations	27	70,926.34	52,205.14
	Other Income	28	445.97	491.38
	Total Income		71,372.31	52,696.52
2	Expenses			
	Cost of Materials Consumed	29	42,526.49	29,972.45
	Changes in Inventories of finished goods, work-in-progress and stock-in-trade	30	(100.00)	3,608.44
	Manufacturing Expenses	31	7,344.30	5,369.08
	Employee Benefits Expense	32	6,414.97	5,382.36
	Finance Cost	33	2,345.68	2,191.33
	Depreciation and Amortization Expense	34	3,151.57	3,212.54
	Other Expenses	35	3,078.62	2,425.41
	Total Expenses		64,761.63	52,161.61
3	Profit Before Tax (1-2)		6,610.68	534.91
4	Tax Expense	36		
	(a) Current Tax			
	(i) relating to Current Year		1,500.00	5.50
	(ii) relating to Earlier Year		12.79	(5.92)
	(b) Deferred Tax		177.89	146.92
	Total Tax Expense		1,690.68	146.50
5	Profit for the year (3-4)		4,920.00	388.41
6	Share of Profit/(Loss) in associate companies(net of tax)		62.60	(1,094.34)
7	Net Profit/(loss) after taxes and share of gain/(loss) from Associates (5+6)		4,982.60	(705.93)
8	Other Comprehensive Income / (Loss)			
	Items that will not be reclassified to Profit/Loss	37		
	(a) Remeasurement gain/(loss) of the defined benefit plans		7.04	(27.43)
	(b) Tax on Remeasurement gain/(loss) of the defined benefit plans		(1.77)	6.90
	(c) Share of Other Comprehensive Income in Associates		1.99	5.51
	(d) Share of Income Tax effect on the above in Associates		(0.52)	(1.43)
	Other Comprehensive Income/(Loss), After Tax for the year		6.74	(16.45)
9	Total Comprehensive Income for the Year(5+6)		4,989.34	(722.38)
10	Earnings Per Share (Face Value of Re.1 each)	38		
	- Basic and Diluted		5.89	(0.83)
	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

V NAGENDRA RAO
Partner
M.No. 227679

Place: Hyderabad
Date :May 29, 2024

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

T. LAKSHMI NARAYANA
Chief Financial Officer

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

T.THIRUMALESH
Company Secretary
M.No.A35824

Consolidated Statement of Changes in Equity

for the Year Ended March 31, 2024

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

a. Equity Share Capital

Particulars	As at March 31, 2024		As at March 31, 2023	
	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	-	-	-	-
As at the End of the Year	8,46,52,030	846.52	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, 2022	6,981.84	155.00	9,304.28	-	29,741.22	46,182.34
Profit for the Year (Including Share of Loss form Associate)					(705.93)	(705.93)
Other Comprehensive Income/(Loss), After Tax for the year					(16.45)	(16.45)
Total Comprehensive Income for the Year	-	-	-	-	(722.38)	(722.38)
Transfer to General Reserve					-	-
Payment of dividends					(253.96)	(253.96)
Balance as at March 31, 2023	6,981.84	155.00	9,304.28		28,764.88	45,206.00
Balance as at April 01, 2023	6,981.84	155.00	9,304.28		28,764.88	45,206.00
Profit for the Year (Including Share of Profit form Associate)					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 arrants				2,857.50		2,857.50
Issue Expenses on Share Warrants					(12.51)	(12.51)
Payment of dividends					(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

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

V NAGENDRA RAO
Partner
M.No. 227679

Place: Hyderabad
Date :May 29, 2024

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

T. LAKSHMI NARAYANA
Chief Financial Officer

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

T. THIRUMALES
Company Secretary
M.No.A35824

Consolidated Statement of Cash Flow

for the Year Ended March 31, 2024

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S. No	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A	Cash Flow from Operating Activities		
	Profit Before Tax	6,610.68	534.91
	Adjustments for:		
	Depreciation and Amortisation Expense	3,151.57	3,212.54
	Interest Income	(16.77)	(14.31)
	Interest on lease liability	12.00	22.30
	Interest on Borrowings	2,235.79	2,070.46
	Provision for Employee Benefits	(20.33)	(34.14)
	Amortisation of Transaction Cost on Borrowings	15.55	16.69
	Profit on Sale of Assets	(4.27)	(1.75)
	Loss on Sale of Assets	0.54	7.19
	Unrealised Profit on Sales to Associate Company	22.49	20.05
		12,007.25	5,833.94
	Change in Operating Assets and Liabilities		
	(Increase)/Decrease in Trade Receivables	(8,784.70)	(9,982.69)
	(Increase)/Decrease in Inventories	(1,019.84)	2,759.81
	(Increase)/Decrease in Other Non Current Financial Assets	(8.55)	(6.25)
	(Increase)/Decrease in Other Non Current Asset	(826.08)	(130.98)
	(Increase)/Decrease in Other Current Financial Assets	331.15	(378.46)
	(Increase)/Decrease in Other Current Assets	(381.61)	468.17
	(Increase)/Decrease in Prepaid Taxes	430.64	329.07
	Increase/(Decrease) in Trade Payables	4,386.77	4,243.73
	Increase/(Decrease) in other Current Financial Liabilities	224.61	(214.71)
	Increase/(Decrease) in Other Current Liabilities	192.83	(216.63)
		(5,454.78)	(3,128.94)
	Cash generated from Operations	6,552.47	2,705.00
	Income Taxes Paid	(1,540.00)	(460.00)
	Net Cash Inflow from Operating Activities "A"	5,012.47	2,245.00
B	Cash flow from Investing Activities		
	Purchase of Property, Plant and Equipment	(5,216.00)	(2,992.07)
	Sale of Property, Plant and Equipment	8.80	26.33
	Investment in LLP	-	(9.80)
	Investment in Deposits	(0.65)	(7.00)
	Margin Money Deposits	(15.22)	(8.88)
	Interest Received on Deposits	15.87	15.81
	Net Cash Inflow (Outflow) from Investing Activities "B"	(5,207.20)	(2,975.61)

Consolidated Statement of Cash Flow

for the Year Ended March 31, 2024

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

S. No	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
C	Cash Flow from Financing Activities		
	Proceeds from Long Term Borrowings	4,508.63	941.37
	Repayment of Long Term Borrowings	(3,776.36)	(4,305.79)
	Net Proceeds from Short Term Borrowings	2,020.71	2,587.71
	Interest paid on Borrowings	(2,175.16)	(2,092.76)
	Repayment of Lease Liability	(103.74)	(73.46)
	Net Proceeds from Share Warrants	2,847.78	-
	Dividend Paid to Company's Shareholders	(253.96)	(253.96)
	Net Cash Inflow (Outflow) from Financing Activities "C"	3,067.90	(3,196.89)
	Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C)	2,873.17	(3,927.50)
	Cash and Cash Equivalents at the beginning of the Financial Year	730.78	4,658.28
	Cash and Cash Equivalents at end of the Year (Refer note 13)	3,603.95	730.78

The accompanying notes are an integral part of the consolidated Financial Statements.

- The Cash Flow statement has been prepared under the indirect method as set out in Indian Accounting Standard(Ind AS7) Statement of Cash Flows.
- 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

V NAGENDRA RAO
Partner
M.No. 227679

Place: Hyderabad
Date :May 29, 2024

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI
Chairman and Managing Director
DIN No : 00166381

T. LAKSHMI NARAYANA
Chief Financial Officer

VAMSI KRISHNA POTLURI
Executive Director
DIN No : 06956498

T.THIRUMALES
Company Secretary
M.No.A35824

Notes to the 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, 2024. 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, 2024. These Consolidated Financial Statements for the year ended March 31, 2024 were authorized and approved for issue by the Board of Directors on May 29, 2024.

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 Group:

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 the 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

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

- (5) recognize revenues when a performance obligation is satisfied.

The specific recognition criteria described below must also be met before revenue is recognised.

The Group'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 the 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 item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

(iv) Capital advances

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

(v) Capital work-in-progress

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

(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 the 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 the 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 to 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 the 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 the 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.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

3.13 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman and managing director has been identified as being the Chief Operating Decision Maker (CODM). The Group is engaged in manufacturing and sale of Active Pharma Ingredients and their Intermediates and operates in a single operating segment. Revenues are attributed to geographical areas based on the location of the customers.

3.14 Government Grants:

Government grants are recognized 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

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

- 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.

3.20 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 the 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 standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards that are applicable from April 1, 2024.

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 the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

4 Property, Plant and Equipment

Particulars	Land	Buildings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Others	Total	Capital Work-in-Progress
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
I Year Ended March 31, 2023											
a Gross Carrying Amount											
1 Opening Gross Carrying Amount	421.30	13,004.71	41,125.72	715.11	195.94	238.73	125.32	388.45	152.75	56,368.03	1,100.40
2 Additions	-	73.40	508.24	5.77	17.81	5.73	1.50	40.71	-	653.16	2,632.64
3 Disposals/Transfers	-	-	(46.63)	-	-	-	-	(7.90)	-	(54.53)	(413.99)
4 Closing Gross Carrying Amount as at March 31, 2023 (1+2+3)	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
b Accumulated Depreciation and Impairment											
5 Opening Accumulated Depreciation	-	1,817.29	10,335.47	134.16	146.38	92.84	71.36	282.07	81.36	12,960.93	-
6 Depreciation Charge during the Year	-	448.81	2,456.31	39.38	28.21	22.00	18.96	38.87	26.00	3,078.54	-
7 Disposals	-	-	(15.38)	-	-	-	-	(7.39)	-	(22.77)	-
8 Closing Accumulated Depreciation and Impairment as at March 31, 2023 (5+6+7)	-	2,266.10	12,776.40	173.54	174.59	114.84	90.32	313.55	107.36	16,016.70	-
c Net Carrying Amount as at March 31, 2023 (4-8)	421.30	10,812.01	28,810.93	547.34	39.16	129.62	36.50	107.71	45.39	40,949.96	3,319.05
II 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

Notes to the 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 assets 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 ₹ 4,424.65 lakhs (31st March 2023 ₹ 1,401.95 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				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
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.

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
For the year ended March 31, 2023					
Projects in progress	2,218.65	1,065.40	-	35.00	3,319.05
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(ROU)

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2024 and March 31, 2023:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	105.23	255.03
Reclassification on change in Lease liability	(4.44)	(86.67)
Depreciation	(59.81)	(63.13)
Closing Balance	40.98	105.23

The depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

5 Right of Use Assets and Lease Liability (Contd..)

5B Lease Liability

The following is the movement in lease liabilities during the year ended March 31,2024 and March 31,2023 :

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	155.35	315.48
Reclassification on change in Lease liability	(4.44)	(86.67)
Finance cost accrued during the year	12.00	22.30
Payment of lease liabilities	(103.74)	(95.76)
Closing Balance	59.18	155.35

The following is the breakup of current and non-current lease liabilities as at March 31,2024 and March 31,2023 :

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current lease liabilities	-	61.36
Current lease liabilities	59.18	93.99
Total	59.18	155.35

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2024 on an undiscounted basis

Particulars	As at March 31, 2024	As at March 31, 2023
Less than one year	61.45	106.98
One to five years	-	63.71
More than five years	-	-
Total	61.45	170.69

The Company do not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

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 ₹2.24 lakhs (Previous Year ₹3.10 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 R & D Gagilapur for an amount of ₹0.67lakhs per month to an associate company . The company has also given for sub lease of part of its corporate office building to associate company. The Company has recognized income for total amount of ₹22.27 lakhs (Previous Year ₹21.66 lakhs) under the head of other income.

Notes to the 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, 2023			
a Gross Carrying Amount			
1 Opening Gross Carrying Amount as at April 01, 2022	72.98	266.19	339.17
2 Additions	13.87	66.55	80.42
3 Closing Gross Carrying Amount as at March 31, 2023 (1+2)	86.85	332.74	419.59
b Accumulated Amortisation and Impairment			
4 Opening Accumulated Amortisation as at April 01, 2022	62.64	139.52	202.16
5 Amortisation Charge during the year	5.32	65.55	70.87
6 Closing Accumulated Amortisation and Impairment as at March 31, 2023 (4+5)	67.96	205.07	273.03
c Closing Net Carrying Amount as at March 31, 2023 (3-6)	18.89	127.67	146.56
II 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

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, 2024		As at March 31, 2023	
	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	1,083.98	38,50,165	1,042.40
(ii) Investment in LLP - Provenio Astral International LLP	4.90%	9.80	4.90%	9.80
Total		1,093.78		1,052.20
Aggregate amount of unquoted investments		1,093.78		1,052.20
Aggregate amount of quoted investments and market value thereof		-		-
Aggregate amount of impairment in the value of investment		-		-

7.1 As on March 31, 2024, the Company is holding 36.55 % (March 31, 2023 36.55%) of the total Paid up Equity Capital of the said Associate Company.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

8 Bank Balances

Particulars	As at March 31, 2024	As at March 31, 2023
Margin Money Deposits	268.83	253.61
Total	268.83	253.61

8.1 Margin Money Deposits are subject to the first charge against Bank guarantees and /or Letters of Credit.

9 Other Non-Current Financial Assets

Particulars	As at March 31, 2024	As at March 31, 2023
Security Deposits	517.05	508.50
Total	517.05	508.50

10 Other Non-Current Assets

Particulars	As at March 31, 2024	As at March 31, 2023
Capital Advances	1,387.12	561.04
Total	1,387.12	561.04

10.1 Capital Advances includes an amount of ₹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. The amount so paid is equivalent to 100% land cost to APIIC and about 80% of development cost to Ramky Pharmacy 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 and the Court has granted stay which 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, 2024	As at March 31, 2023
Raw Materials	8,773.83	7,865.76
Stock-in-Process	9,046.59	10,590.22
Finished Goods	5,481.89	3,838.26
Coal & Fuel	67.47	55.70
Total	23,369.78	22,349.94

11.1 Raw material includes imported raw material of stock in transit of Rs.857.66 lakhs (March 31,2023 Rs.155.68 lakhs)

11.2 Finished Goods includes stock in transit of Rs 671.53 lakhs (March 31, 2023 Rs 628.19 lakhs)

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

12 Trade Receivables

Particulars	As at March 31, 2024	As at March 31, 2023
Current - Unsecured		
(i) Considered Good	22,131.05	13,748.65
(ii) Receivable from related parties(Refer note 46)	1,492.27	1,085.97
(ii) Credit Impaired	10.49	10.49
	23,633.81	14,845.11
Less: Allowance for Credit Impaired	10.49	10.49
Total	23,623.32	14,834.62

- 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 balance, ₹13,786.87 in aggregate (as at March 31, 2023 ₹5,168.18) is due from the Company's customers individually representing more than 5 % of the total trade receivables balance.
- 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, 2024	As at March 31, 2023
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, 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	-	-	-	-	-	-	-
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

Trade Receivables ageing schedule for the year ended March 31, 2023:

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	11,255.01	3,421.07	150.82	7.72	-	-	14,834.62
ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-

Notes to the Consolidated 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	-	-	9.98	0.51	-	-	10.49
iv) Disputed Trade receivables	-	-	-	-	-	-	-
Total	11,255.01	3,421.07	160.80	8.23	-	-	14,845.11

13 Cash and Cash Equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Balances with Banks		
- in Current Accounts	3,596.19	716.42
- in EEFC account	0.17	6.76
(ii) Cash on Hand	7.59	7.60
Total	3,603.95	730.78

14 Bank Balances Other than Cash and Cash Equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Unclaimed Dividend	8.65	9.18
Deposit	7.65	7.00
Total	16.30	16.18

15 Other Current Financial Assets

Particulars	As at March 31, 2024	As at March 31, 2023
(unsecured, considered good)		
Export Incentive Receivable	32.50	20.86
GST Refund Receivable	254.16	601.76
Interest Receivable	37.89	37.50
Other Advances and Receivables	3.31	-
Total	327.86	660.12

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

16 Other Current Assets

Particulars	As at	As at
	March 31, 2024	March 31, 2023
(unsecured, considered good)		
GST Credit Receivable	780.36	1,002.76
Prepaid Expenses	525.37	493.25
Advances to Suppliers	857.04	325.31
Export Incentives Receivable against RODTEP/MEIS	81.03	48.55
Other Advances and Receivables	31.65	27.10
Total	2,275.45	1,896.97

17 Current Tax Assets (Net)

	172.82	576.25
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17.1 Current Tax Assets/(Liabilities)

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Advance Income Tax	1,601.10	534.11
TDS Receivable	70.90	47.28
TCS Receivable	0.82	0.36
Less: Provision for Income Tax	1,500.00	5.50
Total	172.82	576.25

18 Equity Share Capital

Particulars	As at March 31, 2024		As at March 31, 2023	
	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
Total	8,46,52,030	846.52	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, 2024		As at March 31, 2023	
	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	-	-	-	-
At the End of the Year	8,46,52,030	846.52	8,46,52,030	846.52

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.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

18 Equity Share Capital (Contd..)

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of Shares	% holding	Number of Shares	% holding
Sri. Ramesh Babu Potluri	1,56,53,060	18.49%	1,56,53,060	18.49%
Smt. Hima Bindu Potluri	1,50,08,840	17.73%	1,47,88,840	17.47%
Sri. Vamsi Krishna Potluri	1,33,28,370	15.74%	1,33,28,370	15.74%
M/s. Potluri Infra Projects LLP	73,46,420	8.68%	73,46,420	8.68%

18.4 Details of shares held by the promoters of the Company:

Equity Shares held by promoters as at March 31, 2024 and March 31, 2023

Promoter Name	March 31, 2024			March 31, 2023		
	No. of shares	% of total shares	% Change during the year	No. of shares	% of total shares	% Change during the year
Sri. Ramesh Babu Potluri	1,56,53,060	18.49%	-	1,56,53,060	18.49%	0.64%
Smt. Hima Bindu Potluri	1,50,08,840	17.73%	1.49%	1,47,88,840	17.47%	-
Sri. Vamsi Krishna Potluri	1,33,28,370	15.74%	-	1,33,28,370	15.74%	-
M/s. Potluri Infra Projects LLP	73,46,420	8.68%	-	73,46,420	8.68%	-
Sri. Trilok Potluri	21,88,000	2.58%	-	21,88,000	2.58%	-
M/s. Potluri Laboratories Private Limited	11,20,320	1.32%	-	11,20,320	1.32%	-
M/s. TVT Infracon LLP*	1,00,000	0.12%	-	-	-	-

*Pursuant to the definition of Regulation 2(1) (pp) of SEBI (ICDR) Regulations, 2018, M/s.TVT Infracon LLP become the promoter group of the Company.

18.5 Dividends Paid and proposed

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash dividends on equity shares declared and paid:		
Final dividend for the financial year 2021-22 : Re.0.30 per Share	-	253.96
Final dividend for the financial year 2022-23 : Re.0.30 per Share	253.96	-
Total	253.96	253.96
Proposed dividends on equity shares:		
Dividend for the FY 2022-23 : Re.0.30 per share	-	253.96
Dividend for the FY 2023-24* : Re.0.40 per Share	338.61	-
Total	338.61	253.96

*The Board of Directors of the Company in their meeting held on May 29, 2024 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 2023-24.

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, 2024.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19 Other Equity

Particulars	As at March 31, 2024	As at March 31, 2023
Reserves and Surplus		
Securities Premium	6,981.84	6,981.84
Capital Redemption Reserve	155.00	155.00
General Reserve	10,304.28	9,304.28
Money Received against Share Warrants	2,857.50	-
Retained Earnings	32,487.75	28,764.88
Total	52,786.37	45,206.00

19.1 Securities Premium Reserve

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	6,981.84	6,981.84
Adjustments	-	-
Closing Balance	6,981.84	6,981.84

19.2 Capital Redemption Reserve

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	155.00	155.00
Adjustments	-	-
Closing Balance	155.00	155.00

19.3 General Reserve

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	9,304.28	9,304.28
Transferred from retained earnings	1,000.00	-
Closing Balance	10,304.28	9,304.28

19.4 Money Received against Share Warrants

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	-	-
Add: Money received during the Current year(Refer note 19.7)	2,857.50	-
Less: Converted into shares during the current year	-	-
Closing Balance	2,857.50	-

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

19 Other Equity (Contd..)

19.5 Retained Earnings

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Opening Balance	28,764.88	29,741.22
(b) Net Profit for the Year	4,920.00	388.41
(c) Transferred to General Reserve	(1,000.00)	-
(d) Dividends (Including Tax)	(253.96)	(253.96)
(e) Issue expenses on Share Warrants	(12.51)	-
(f) Share of Profit/(Loss) in Associates	62.60	(1,094.34)
(g) Items of Other Comprehensive Income		
Remeasurement Gain/(Loss) of the defined benefit plans	6.74	(16.45)
Closing Balance	32,487.75	28,764.88

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) 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.

(d) Retained Earnings:

These are the accumulated earnings the company has earned till date ,less any transfers to general reserve ,dividends or other transfers. The company uses retained earnings in accordance with the provisions of the Companies Act.

(e) Re-measurement Gain/(loss) of defined benefit obligations

These are the remeasurement 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 their meeting held on February 08,2024 approved for raising of funds through issue of Convertible Equity Share Warrants to the Promoters/Promoters Group by way of issuance upto 90,00,000 warrants convertible in one or more tranches to equity shares of Re.1/-each of the Company at an issue price of ₹127/- (including premium of ₹126/-) for each Warrant, aggregating to ₹11,430.00 Lakhs by way of preferential issue, which was subsequently approved by the members through special resolution in the Extra-Ordinary General Meeting dated March 06,2024.

Securities Allotment Committee of the Board of Directors of the Company held on March 19, 2024 have allotted 90,00,000 Convertible Warrants at an issue price of ₹ 127/- each, which will be convertible into equity shares within a period of 18 months from the date of allotment. The Company has received ₹2857.50 lakhs being 25% of the total amount payable towards subscription of the warrants from all the allottees.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

20 Non Current Borrowings - Financial Liabilities

20.1 Secured (Refer note.20.1.1)

Particulars	As at March 31, 2024	As at March 31, 2023
Term Loans from Banks		
(a) IDBI Bank Limited Loan-2	2,060.41	772.62
(b) Export Import Bank of India Loan WCTL	-	148.58
(c) Export Import Bank of India Loan RTL	1,896.15	3,176.92
(d) State Bank of India	1,451.18	2,440.18
(e) RBL Bank Limited -WCTL GECL	282.52	565.02
(f) IDBI Bank Limited- WCTL GECL -1	269.80	565.00
(g) IDBI Bank Limited-WCTL GECL -2	393.20	540.80
(h) Export-Import Bank of India -GECL	1,173.24	1,575.48
(i) State Bank of India- WCTL GECL	1,611.39	2,208.73
(j) Export-Import Bank of India RTL	2,950.74	-
Sub Total	12,088.63	11,993.33

20.2 Unsecured (Refer note.20.2.1)

Particulars	As at March 31, 2024	As at March 31, 2023
DSIR Assistance	120.00	120.00
Total	12,208.63	12,113.33

20.3 Current Maturities of Non Current Borrowings

Secured

Particulars	As at March 31, 2024	As at March 31, 2023
Term Loans from Banks		
(a) IDBI Bank Limited Loan-2	275.00	150.00
(b) Export Import Bank of India Loan WCTL	150.00	575.00
(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	282.48	282.48
(f) IDBI Bank Limited- WCTL GECL -1	295.20	295.20
(g) IDBI Bank Limited-WCTL GECL -2	147.60	49.20
(h) Export-Import Bank of India -GECL	402.24	33.52
(i) State Bank of India- WCTL GECL	580.08	96.68
Total	4,409.60	3,759.08
Amount disclosed under the head "Current Borrowings"	(4,409.60)	(3,759.08)
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.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

20 Non Current Borrowings - Financial Liabilities (Contd..)

- (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
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)	8.27%
IDBI Bank Limited (Converted FCNB with fully hedged)	8.75%
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.)	8.80%
Export-Import Bank of India -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 to be repaid in 20 structured quarterly installments commencing from 1st october,2019, 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

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

20 Non Current Borrowings - Financial Liabilities (Contd..)

- (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 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.

- (f) The WCTL under GECL-1 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.

- (g) 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.

- (h) 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.

- (i) 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.

- (j) During the year, new term 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
Next 4 Quarters	₹375.00 Lakhs
Next 12 Quarters	₹625.00 Lakhs

An amount of ₹3000.00 Lakhs disbursed during the current year

20.1.4 The Company has used the borrowings 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.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

20 Non Current Borrowings - Financial Liabilities (Contd..)

20.2.1 Financial Assistance received from Department of Scientific and Industrial Research (DSIR) of ₹ 120.00 Lakhs (previous year ₹ 120.00 Lakhs) 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, 2024	As at March 31, 2023
Provision for Employee Benefit Obligations		
(a) Non Current		
Gratuity	37.83	80.36
Leave Encashment	78.18	60.09
Sub Total	116.01	140.45
(b) Current		
Gratuity	63.24	64.65
Leave Encashment	39.80	39.55
Sub Total	103.04	104.20
(c) Total		
Gratuity	101.07	145.01
Leave Encashment	117.98	99.64
Grand Total	219.05	244.65

21.1 For details of Post Employment Benefits. Refer note 39.

22 Deferred Tax Liabilities (net)

The Balance Comprises Temporary Differences Attributable to:

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Deferred Tax Liability		
(i) Property, Plant and Equipment	4,502.39	4,348.58
(ii) Other items giving raise to temporary difference	33.65	40.41
Total	4,536.04	4,388.99
(b) Deferred Tax Asset		
(i) Expenses allowable on Payment basis	61.19	67.14
(ii) Other items giving raise to temporary difference	194.96	219.85
Total	256.15	286.99
Net Deferred Tax Liabilities (a) - (b)	4,279.89	4,102.00

Notes to the 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, 2022	4,215.91	77.59	4,293.50
Recognised/(Utilised)	132.67	(37.18)	95.49
As at March 31, 2023	4,348.58	40.41	4,388.99
Recognised/(Utilised)	153.81	(6.76)	147.05
As at March 31, 2024	4,502.39	33.65	4,536.04

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on payment basis	Other items	Total
As at March 31, 2022	71.63	266.80	338.43
Recognised/(Utilised)	(4.49)	(46.95)	(51.44)
As at March 31, 2023	67.14	219.85	286.99
Recognised/(Utilised)	(5.95)	(24.89)	(30.84)
As at March 31, 2024	61.19	194.96	256.15

23 Current Borrowings - Financial Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Secured		
Working Capital Loans from Banks		
- State Bank of India	5,769.35	4,529.64
- RBL Bank Ltd	1,444.27	1,200.00
- IDBI Bank Ltd	4,186.02	3,649.29
Total	11,399.64	9,378.93
Current Maturities of Long-Term Debt	4,409.60	3,759.08
Total	15,809.24	13,138.01

23.1 Security Terms

- 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
- Refer note 40 for the carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

23 Current Borrowings - Financial Liabilities (Contd..)

23.2 Rate of Interest is as follows:

Name of the Bank	Rate of Interest
State Bank of India	
Cash Credit	9.15%
Export Packing Credit	8.70%
Export Packing Credit (T Bill linked)	8.08%
Stand by Loan	7.97%
RBL Bank Limited	
Cash Credit	11.26%
Export Packing Credit	8.90%
IDBI Bank Limited - WCCL	8.75%

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, 2024	As at March 31, 2023
Valued at amortised cost		
Creditor for Supply of Materials		
(i) Dues to Micro and Small Enterprises	95.79	68.93
(ii) Dues to Related Parties	453.14	618.55
(iii) Others	14,583.34	10,055.49
Total	15,132.27	10,742.97

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 ₹418.12 lakhs (March 31, 2023 ₹540.99 lakhs) payable to SMS Lifesciences India Limited, ₹28.31 lakhs (March 31, 2023 ₹64.80 lakhs) payable to Eshwar Coal Movers, ₹6.71 lakhs (March 31, 2023 ₹12.76 Lakhs) payable to Raghavendra Engineering Industries India Pvt Ltd (Refer note 46).

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

24 Trade Payables (Contd..)

24.2 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

Trade Payables ageing schedule for the year ended March 31, 2023

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	68.93	-	-	-	-	68.93
ii) Others	4,818.89	5,774.93	67.70	4.17	8.35	10,674.04
iii) Disputed dues - MSME & others	-	-	-	-	-	-
Total	4,887.82	5,774.93	67.70	4.17	8.35	10,742.97

25 Other Financial Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Creditors for Expenses	796.44	571.83
Capital Creditors	722.58	541.31
Interest Accrued but not due	57.49	-
Unclaimed Dividend	8.65	9.18
Total	1,585.16	1,122.32

26 Other Current Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues Payable	261.16	152.48
Advance from Customers	197.69	115.28
Employee Benefits Payable	24.10	22.10
Total	482.95	289.86

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

27 Revenue from Operations

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Sale of Products		
Gross Sales (Including GST)	73,406.91	53,139.29
Less: Goods and Service Tax	4,174.39	3,063.44
Net Revenue from Sales	69,232.52	50,075.85
(b) Income from Services		
(i) Conversion Charges	1,049.82	1,017.89
Less: Goods and Service Tax	112.48	155.27
Net Conversion Charges	937.34	862.62
(ii) Sale of Services	497.25	1,068.49
Less: Goods and Service Tax	21.46	32.28
Net Revenue from Sale of Services	475.79	1,036.21
Net Revenue from Services	1,413.13	1,898.83
(c) Other Operating Income		
Export Incentives	280.69	230.46
Total Net Revenue from Operations (a+b+c)	70,926.34	52,205.14

28 Other Income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Interest Income	75.79	77.48
(ii) Profit on Sale of Assets	4.26	1.75
(iii) Net Gain on Foreign Exchange Fluctuations	289.75	390.49
(iv) Miscellaneous Income (Net of GST)	76.17	21.66
Total	445.97	491.38

28.1 Miscellaneous Income includes Rent received from related parties of ₹22.27 lakhs (Previous year ₹21.66 lakhs)

29 Cost of Materials Consumed

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Raw Material & Packing Material		
Stock at the Beginning of the Year	7,865.76	6,998.15
Add: Purchases	43,412.07	30,820.01
Add: Unrealised Profit in Associate Company Sales	22.49	20.05
Less: Stock at the End of the Year	8,773.83	7,865.76
Total Materials Consumed	42,526.49	29,972.45

Notes to the Consolidated 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, 2024	For the year ended March 31, 2023
(a) Opening Stock of Inventories:		
Finished Goods	3,838.26	6,142.37
Stock in Process	10,590.22	11,894.55
Sub Total (a)	14,428.48	18,036.92
(b) Closing Stock of Inventories:		
Finished Goods	5,481.89	3,838.26
Stock in Process	9,046.59	10,590.22
Sub Total (b)	14,528.48	14,428.48
(Increase)/Decrease in Stock (a-b)	(100.00)	3,608.44

31 Manufacturing Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Power and Fuel	4,692.16	3,581.26
Consumable Stores	665.79	433.08
Testing Charges	21.82	21.39
Water Charges	19.61	16.05
Conversion Charges	55.66	57.57
Repairs & Maintenance to Buildings	183.73	165.69
Repairs & Maintenance to Plant & Machinery	1,310.87	904.35
Factory Maintenance	205.58	130.95
Effluent Treatment Charges	189.08	58.74
Total	7,344.30	5,369.08

32 Employee Benefit Expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, Wages and Bonus	5,032.37	4,431.34
Contribution to Provident Fund	341.31	304.03
Contribution to ESI	23.41	21.84
Managerial remuneration	737.05	374.40
Staff Welfare Expenses	280.83	250.75
Total	6,414.97	5,382.36

33 Finance Cost

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on Non Current Borrowings	1,341.29	1,414.29
Interest on Current Borrowings	894.49	656.17
Interest on Others	0.10	0.59
Interest on Lease Liability	12.00	22.30
Bank Charges	97.80	97.98
Total	2,345.68	2,191.33

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

34 Depreciation and Amortisation Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of Property, Plant and Equipment	3,000.60	3,078.54
Amortisation of Right-of-use Assets	59.81	63.13
Amortisation of Intangible Assets	91.16	70.87
Total	3,151.57	3,212.54

35 Other Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
R&D Expenditure (Refer note 41)	1,111.31	891.92
Rent	7.17	8.04
Rates and Taxes	68.70	47.62
Insurance	617.06	258.19
Travelling and Conveyance	98.17	99.09
Communication Expenses	18.80	15.44
Printing and Stationery	98.11	70.27
Repairs & Maintenance to Other Assets	19.22	14.41
Vehicle Maintenance	42.82	33.69
Payments to Auditors (Refer note 35.1)	16.00	16.00
Cost Audit Fee	1.00	1.00
Professional & Consultancy	186.89	134.40
General Expenses	107.67	124.76
Corporate Social Responsibility (Refer note 35.2)	106.20	119.40
Interest on Indirect Taxes	13.89	6.09
Loss on Sale of Assets	0.54	7.19
Business Promotion Expenses	158.61	85.85
Royalty Paid	-	110.80
Regulatory Fee	91.90	84.83
Carriage Outward	238.08	198.49
Sales Commission	76.48	97.93
Total	3,078.62	2,425.41

35.1 Details of Payments to Auditors

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Audit Fee	14.00	14.00
Certification Fee	2.00	2.00
Total Payments to Auditors	16.00	16.00

Notes to the Consolidated 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 ₹110.25 Lakhs (March 31, 2023 ₹140.33 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, 2024		
	In Cash	Yet to be paid in Cash	Total
(i) Construction/Acquisition of any Asset	80.00	-	80.00
(ii) On Purposes other than (i) above	26.20	-	26.20
	(119.40)	-	(119.40)

Amounts in bracket indicate previous year numbers

There is no shortfall at the end of March 31, 2024 in terms of amount required to be spent by the company as excess amount spent during the corresponding previous financial years ended March 31, 2023 and March 31, 2022.

36 Income Tax Expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current Tax		
Current tax on profits for the year	1,500.00	5.50
Adjustments for current tax of prior periods	12.79	(5.92)
Total Current Tax	1,512.79	(0.42)
Deferred Tax		
Increase/(Decrease) in Deferred Tax Liabilities	147.05	95.48
Decrease/(Increase) in Deferred Tax Assets	30.84	51.44
Total Deferred Tax Expense/(Benefit)	177.89	146.92
Total	1,690.68	146.50

36.1 Reconciliation of Tax Expense with Tax on Accounting Profits at normal rate is as follows:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Profit before Tax	6,610.68	534.91
(b) Enacted Tax Rate in India	25.168%	25.168%
(c) Expected Tax Expenses (a)x(b)	1,663.78	134.63
(d) Tax Effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses not deductible under Income Tax Act	26.49	32.22
Other Adjustments	(12.38)	(14.43)
Tax pertaining to earlier years	12.79	(5.92)
Total Adjustments	26.90	11.87
Current Tax Expense as per P & L	1,690.68	146.50

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

37 Other Comprehensive Income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Actuarial Gain/(Loss) on Post Employment Benefit Expenses	11.87	(17.32)
Return on Plan Assets excluding net interest	(4.83)	(10.11)
Net Actuarial Gain/(Loss) on Post Employment Benefit Expenses	7.04	(27.43)
Deferred Taxes on above	(1.77)	6.90
Share of Other Comprehensive Income in Associates	1.99	5.51
Share of Income Tax effect on the above in Associates	(0.52)	(1.43)
Net Comprehensive Income	6.74	(16.45)

38 Earning Per Share (Basic and Diluted)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Net profit for Basic & Diluted EPS	4,982.60	(705.93)
(b) Weighted average number of equity shares of Re. 1/- each (Basic & Diluted)	846.52	846.52
(c) Earnings per share of par value Re 1/- per share -(Basic & diluted)	5.89	(0.83)

39 Post Employment Benefits

39.1 Defined Contribution plans

Particulars	March 31, 2024	March 31, 2023
Contribution to Provident Fund	376.06	332.87
Contribution to Employee state Insurance	24.41	23.00

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, 2024		March 31, 2023	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
(recognised in Employee Benefit Expenses)				
Current Service Cost	62.40	43.90	54.41	36.64
Interest Cost	9.74	5.78	7.04	5.66
Actuarial Gain/(Loss) other than OCI	-	(20.24)	-	(35.70)
	72.14	29.44	61.45	6.60

Notes to the Consolidated 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, 2024		March 31, 2023	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Actuarial Gain/(Loss) recognized for the period	(11.87)	-	17.32	-
Return on Plan Assets excluding net interest	4.83	-	10.11	-
Total Actuarial (Gain)/Loss recognized in OCI	(7.04)	-	27.43	-

39.2.3 Amount recognised in the Balance Sheet

Particulars	March 31, 2024		March 31, 2023	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Defined Benefit Obligation	599.08	117.98	554.42	99.64
Fair Value of Plan Assets	(498.01)	-	(409.41)	-
	101.07	117.98	145.01	99.64

39.2.4 Change in the Present Value of the Employee Benefit Obligations

Particulars	March 31, 2024		March 31, 2023	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Defined Benefit Obligation	554.42	99.64	484.70	97.06
Current Service Cost	62.40	43.90	54.41	36.64
Interest Cost	37.80	5.78	33.44	5.66
Contribution Paid				
Benefits Paid	(43.67)	(11.10)	(35.45)	(4.02)
Net Actuarial (gain)/ losses on Obligation for the year recognised under OCI	(11.87)	(20.24)	17.32	(35.70)
Closing Defined Benefit Obligation	599.08	117.98	554.42	99.64

39.2.5 Change in the Fair Value of Plan Assets

Particulars	March 31, 2024		March 31, 2023	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Opening Fair Value of Plan Assets	409.41	-	323.50	-
Adjustment to Opening Fair Value of Plan Asset	-	-	0.01	-
Return on Plan Assets Excluding Interest Income	(4.83)	-	(10.11)	-
Interest Income	28.06	-	26.41	-
Contribution paid	109.04	11.10	105.05	4.02
Benefits Paid	(43.67)	(11.10)	(35.45)	(4.02)
Closing Fair Value of Plan Assets	498.01	-	409.41	-

Notes to the Consolidated 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, 2024	March 31, 2023
Fund managed by Life Insurance Corporation of India (Unquoted)	100%	100%

39.2.6 Actuarial Assumptions:

Particulars	March 31, 2024		March 31, 2023	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount rate	6.97%	6.97%	7.24%	7.24%
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	17.95 years	17.95 years	18.15 years	18.15 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, 2024		March 31, 2023	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Defined Benefit Obligation	599.08	117.98	554.42	99.64
Effect of 1% change in assumed discount rate on defined benefit obligation				
Increase : +1%	552.57	110.43	510.85	93.64
Decrease: -1%	652.62	126.81	604.71	106.67
Effect of 1% change in assumed salary escalation rate on defined benefit obligation				
Increase : +1%	648.51	127.01	600.89	106.85
Decrease: -1%	554.39	110.16	512.47	93.42

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 actuarial 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, 2024		March 31, 2023	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
1 st Year	63.24	39.80	64.65	39.55
2 nd Year	20.49	3.29	31.43	3.37
3 rd Year	36.83	5.26	19.77	2.65
4 th Year	56.39	5.84	34.93	4.30
5 th Year	38.38	5.15	53.44	4.76
beyond 5 th Year	308.77	38.85	285.23	30.36

The Weighted Average duration of the Gratuity plan is 9.72 years(2022-23 : 10 years) and Leave Encashment is 8.32 years(2022-23:7.99 years)

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

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 Borrowings

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 ₹27,897.87 Lakhs (Previous year ₹25,131.34 Lakhs) are as follows:

Particulars	March 31, 2024	March 31, 2023
Property, Plant and Equipment	43,418.90	40,949.96
Current Assets	53,389.48	41,064.86
Total Assets Pledged as Security	96,808.38	82,014.82

41 Research and Development

41.1 Details of Revenue Expenditure (expensed as and when incurred):

Particulars	March 31, 2024	March 31, 2023
Cost of materials consumed		
Raw Materials Consumed	103.45	85.41
Employee benefits expenses		
Salaries & Wages	506.14	428.12
Contribution to Provident Fund	34.75	28.84
Contribution to ESI	1.00	1.16
Staff Welfare Expenses	42.03	38.27
Other expenses		
Repairs and Maintenance	288.23	172.64
Power and Fuel	71.32	75.56
Testing and analysis charges	12.29	8.88
Rates and Taxes	11.38	10.18
Insurance	5.96	6.14
General Expenses	34.76	36.72
Total	1,111.31	891.92

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, 2022	947.17	2,339.28	25.78	54.80	9.10	10.22	3,386.35
2 Additions (Net off Deletions)	-	126.29	0.86	1.72	-	-	128.87
3 As at March 31, 2023 (1+2)	947.17	2,465.57	26.64	56.52	9.10	10.22	3,515.22
4 Additions (Net off Deletions)	-	40.05	26.94	3.69	-	-	70.68
5 As at March 31, 2024 (3+4)	947.17	2,505.62	53.58	60.21	9.10	10.22	3,585.90

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

41 Research and Development (Contd..)

Particulars	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Intangible Assets	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Depreciation							
6 As at March 31, 2022	228.43	864.86	8.51	42.84	6.32	7.52	1,158.48
7 Charge for the Year	39.55	202.85	2.14	7.85	1.08	1.43	254.90
8 As at March 31, 2023 (6+7)	267.98	1,067.71	10.65	50.69	7.40	8.95	1,413.38
9 Charge for the Year	39.55	174.67	2.63	2.35	1.08	1.17	221.45
10 As at March 31, 2024 (8+9)	307.53	1,242.38	13.28	53.04	8.48	10.12	1,634.83
Net Carrying Value							
11 As at March 31, 2022(1-6)	718.74	1,474.42	17.27	11.96	2.78	2.70	2,227.87
12 As at March 31, 2023(3-8)	679.19	1,397.86	15.99	5.83	1.70	1.27	2,101.84
13 As at March 31, 2024 (5-10)	639.64	1,263.24	40.30	7.17	0.62	0.10	1,951.07

Financial Instruments and Risk Management

42 Categories of Financial Instruments

Particulars	Note	Level 1/2/3	As at March 31, 2024			As at March 31, 2023		
			Carrying Value			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		1,093.78	-	1,093.78	1,052.20	-	1,052.20
(b) Bank Balances	8	-	268.83	-	268.83	253.61	-	253.61
(c) Other Financial Assets	9	-	517.05	-	517.05	508.50	-	508.50
Sub - Total			1,879.66	-	1,879.66	1,814.31	-	1,814.31
(ii) Current								
(a) Trade Receivables	12	-	23,623.32	-	23,623.32	14,834.62	-	14,834.62
(b) Cash and Cash Equivalents	13	-	3,603.95	-	3,603.95	730.78	-	730.78
(c) Other Bank Balances	14	-	16.30	-	16.30	16.18	-	16.18
(d) Other Financial Assets	15	-	327.86	-	327.86	660.12	-	660.12
Sub - Total			27,571.43	-	27,571.43	16,241.70	-	16,241.70
Total Financial Assets			29,451.09	-	29,451.09	18,056.01	-	18,056.01
B. Financial Liabilities								
(a) Measured at Amortised Cost								
(i) Non Current								
(a) Borrowings	20	-	12,208.63	-	12,208.63	12,113.33	-	12,113.33
(b) lease liabilities	5B		-	-	-	61.36	-	61.36
			12,208.63	-	12,208.63	12,174.69	-	12,174.69
(ii) Current								
(a) Borrowings	23	-	15,809.24	-	15,809.24	13,138.01	-	13,138.01
(b) lease liabilities	5B	-	59.18	-	59.18	93.99	-	93.99
(c) Trade Payables	24	-	15,132.27	-	15,132.27	10,742.97	-	10,742.97
(d) Other Financial Liabilities	25	-	1,585.16	-	1,585.16	1,122.32	-	1,122.32
Sub - Total			32,585.85	-	32,585.85	25,097.29	-	25,097.29
Total Financial Liabilities			44,794.48	-	44,794.48	37,271.98	-	37,271.98

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

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 adversely 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.

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

44 Financial Risk Management Objectives and Policies (Contd..)

Following are the Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	March 31, 2024	March 31, 2023
Gross Carrying Amount	23,633.81	14,845.11
Expected Credit Losses (Loss allowance Provision)	10.49	10.49
Net Carrying Amount of Trade Receivables	23,623.32	14,834.62

Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	Outstanding		Total
	for < 180 days	for > 180 days	
Gross Carrying Amount of Trade Receivables	23,291.60	342.21	23,633.81
Expected Credit Losses (Loss allowance provision)	-	10.49	10.49
Net Carrying Amount of Trade Receivables	23,291.60	331.72	23,623.32

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 continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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

Particulars	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	1,519.02				1,519.02
Total	32,518.02	8,601.64	3,486.99	120.00	44,726.65

Particulars	Upto 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
March 31, 2023					
Non Current Borrowings (including Current Maturities)	3,759.08	8,817.28	3,176.05	120.00	15,872.41
Current Borrowings	9,378.93				9,378.93
Interest Accrued but not due	-				-
Trade Payables	10,742.97				10,742.97
Capital Creditors & other payables	1,113.14				1,113.14
Total	24,994.12	8,817.28	3,176.05	120.00	37,107.45

Notes to the 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 instruments 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 following 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 company'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, 2024	0.50%	0.50%	(140.09)	140.09
March 31, 2023	0.50%	0.50%	(126.26)	126.26

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, 2024				
Trade Receivables	USD	92.77	7,630.19	82.25
	EURO	0.543	48.47	89.35
Trade Payables	USD	17.07	1,433.88	84.00
Other Financial Liabilities	USD	0.13	10.83	84.00

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

44 Financial Risk Management Objectives and Policies (Contd..)

Particulars	Currency	Amount in Foreign Currency	Amount in ₹ In Lakhs	Conversion Rate
March 31, 2023				
Trade Receivables	USD	75.15	6,158.14	81.95
	EURO	0.017	1.43	86.20
Trade Payables	USD	17.31	1,448.80	83.70
Other Financial Liabilities	USD	0.59	49.13	83.70

(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, 2024	March 31, 2023
USD Sensitivity		
Rs/USD - Increases by 1%	62.34	46.62
Rs/USD - Decreases by 1%	(62.34)	(46.62)

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

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

Particulars	March 31, 2024	March 31, 2023
Borrowings including Interest Accrued (Note 20 & 23)#	28,075.36	25,251.34
Less: Cash and Short Term Deposits (Note 13)	3,603.95	730.78
Net Debt	24,471.41	24,520.56
Equity	846.52	846.52
Other Equity	52,786.37	45,206.00
Total Equity	53,632.89	46,052.52
Total Capital	78,104.30	70,573.08
Gearing Ratio (Net Debt/(Net Debt + Total Equity))	0.31	0.35

Interest accrued of Rs.57.49 Lakhs (Refer note.25)

In order to achieve this overall objective, the Group'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 the 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
Sri Shravan Kudravallii	Independent Director
Dr. Smt. Neelaveni Thummala	Independent Director
Sri Sarvepalli Srinivas	Independent Director
(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

(d) Other Related Parties

- M/s Raghavendra Engineering (India) Private Limited
- M/s Eswar Coal Movers

(e) Transactions with Related Parties:

Particulars	March 31, 2024	March 31, 2023
	Amount	Amount
Key Management Personnel		
Remuneration (Short Term Employee Benefits)	776.08	413.56
Directors Sitting Fees	15.90	8.85
Associate Company		
Purchase of Goods & Services	-	62.31
Sale of Goods	2,248.45	1,072.93
Other Income #	79.37	25.56
Enterprises over which KMP are Interested		
Purchase of Goods & Services	818.24	1,012.46
Other Related Parties		
Purchase of Goods & Services	534.34	199.30
Purchase of Assets	-	64.23
Sale of Asset	-	22.23
Balance (Payable)/Receivable at the year end		
Key Management Personnel		
Remuneration Payable	235.80	13.34
Associate Company		
M/s VKT Pharma Private Limited	1,492.27	1,085.97
Enterprises over which KMP are Interested		
M/s. SMS Lifesciences India Ltd	(418.12)	(540.99)

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

46 Related Party Transactions (Contd..)

Particulars	March 31, 2024	March 31, 2023
	Amount	Amount
Other Related Parties		
M/s. Eshwar Coal Movers	(28.31)	(64.80)
M/s. Raghavendra Engineering India Private Ltd		
Trade Payable	(6.71)	(12.76)
Capital Advances paid	81.64	-

During the year, the company (one of the pledgor) has pledged the entire shares held by it in M/s VKT Pharma private limited, an associate company towards issue of non convertible debentures by M/s VKT Pharma Pvt Limited to Avendus finance private limited and Avendus Structured credit fund. The Company has charged a fee at fair value towards such service from M/s VKT Pharma Private limited which is included under Other Income.

(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 the 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, 2024		For the Year Ended March 31, 2023	
	Revenue	%	Revenue	%
Revenue Outside India:				
Exports	30,706.13	43.29%	32,580.94	62.41%
Revenue within india:				
Domestic	20,041.11	28.26%	16,407.81	31.43%
Deemed Exports	5,004.08	7.05%	1,973.15	3.78%
SEZ	14,894.33	21.00%	1,012.78	1.94%
Export Incentives	280.69	0.40%	230.46	0.44%
Total	70,926.34	100.00%	52,205.14	100.00%

b) Non Current Asset

Particulars	March 31, 2024	March 31, 2023
With in India	50,019.78	46,896.15
Outside India	-	-
Total	50,019.78	46,896.15

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, 2024	March 31, 2023
Letter of credits opened in favor of suppliers for which goods are yet to be received	243.59	-
Customs Duty against Advance Authorizations	265.65	223.34
NRDC claim against DSIR assistance (Refer No.20.2.1)	57.53	51.91

49 Commitments

Particulars	March 31, 2024	March 31, 2023
Capital Commitments	4,424.65	1,401.95

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

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, 2024	March 31, 2023
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	95.79	68.93
(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, 2024, 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.
- 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

Notes to the Consolidated Financial Statements

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

51 Other statutory information (Contd..)

- 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:
- 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
- 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,2024								
M/s SMS Pharmaceuticals Ltd	106.37%	57,048.78	99.19%	4,942.49	78.19%	5.27	99.17%	4,947.76
Associate								
M/s VKT Pharma Private Ltd	(6.37)%	(3,415.89)	0.81%	40.11	21.81%	1.47	0.83%	41.58
Total	100.00%	53,632.89	100.00%	4,982.60	100.00%	6.74	100.00%	4,989.34
31st March,2023								
M/s SMS Pharmaceuticals Ltd	107.51%	49,509.99	57.86%	408.46	(124.78)%	(20.53)	53.70%	387.93
Associate								
M/s VKT Pharma Private Ltd	(7.51)%	(3,457.47)	(157.86)%	(1,114.39)	24.78%	4.08	(153.7)%	(1,110.31)
Total	100.00%	46,052.52	100.00%	(705.93)	100.00%	(16.45)	100.00%	(722.38)

Notes to the 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..)

Salient features of financial statements of subsidiary/associates as per the Companies Act, 2013

Name of the Associates	M/s VKT Pharma Private Ltd
Reporting Currency	Indian Rupees
Date of Incorporation	31-05-2006

Particulars	As at	As at
	31 st March,2024	31 st March,2023
Share Capital	1,053.38	1,053.38
Reserves & Surplus	2,230.34	2,056.61
Total Assets	25,282.46	19,734.02
Total Current Liabilities	5,132.09	7,864.88
Investments	7.22	7.22
Revenue from Operations	9,391.68	3,177.51
Profit/(Loss) before taxation	92.47	(4,052.68)
Tax Expense	(78.80)	(1,058.62)
Profit/(Loss) after taxation	171.28	(2,994.06)
% Share holding	36.55%	36.55%

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

V NAGENDRA RAO

Partner
M.No. 227679

Place: Hyderabad
Date :May 29, 2024

For and on behalf of the Board of the Directors of
SMS PHARMACEUTICALS LIMITED

RAMESH BABU POTLURI

Chairman and Managing Director
DIN No : 00166381

T. LAKSHMI NARAYANA

Chief Financial Officer

VAMSI KRISHNA POTLURI

Executive Director
DIN No : 06956498

T. THIRUMALESH

Company Secretary
M.No.A35824

Notice of Annual General Meeting

Notice is hereby given that the 36th Annual General Meeting (AGM) of the **Members of SMS Pharmaceuticals Limited** (CIN: L24239TG1987PLC008066) will be held **on Monday, 30th September, 2024 at 11.00 am** through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) and deemed venue of AGM is at 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, 2024 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, 2024 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 2023-24

To consider declaration of dividend on the Equity Shares of the Company for the Financial Year ended 31st March, 2024 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 2023-24.”

3. RE-APPOINTMENT OF MR. VAMSI KRISHNA POTLURI (DIN: 06956498) WHO RETIRES BY ROTATION, AND BEING ELIGIBLE, AND OFFERS HIMSELF FOR REAPPOINTMENT

To consider re-appointment of Mr. Vamsi Krishna Potluri (DIN: 06956498), 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. Vamsi Krishna Potluri (DIN: 06956498), 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 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 36th Annual General Meeting to till the date of next Annual General Meeting to be held in the year 2025, 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 OF REMUNERATION PAYABLE TO THE COST AUDITORS FOR THE FINANCIAL YEAR 2024-2025

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

“RESOLVED THAT pursuant to 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 pocket 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 2024-2025.”

“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. APPOINTMENT OF MR. TRILOK POTLURI (DIN: 07634613) AS A NON- EXECUTIVE NON INDEPENDENT DIRECTOR

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

“RESOLVED THAT pursuant to the provisions of section 152 and all other applicable provisions of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], on the recommendation of Nomination and Remuneration Committee Mr. Trilok Potluri (DIN: 07634613), who was appointed by the Board of Directors as an Additional Director (Non-Executive Non-Independent) of the Company, with effect from 12th August, 2024 under

Section 161 of the Act and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Act, proposing his candidature for the office of Director of the Company, being so eligible, be appointed as a Non-Executive Non-Independent Director of the Company, liable to retire by rotation.”

“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. APPOINTMENT OF DR. SUNKARA VENKATA SATYA SHIVA PRASAD (DIN: 10404277) AS A NON- EXECUTIVE NON INDEPENDENT DIRECTOR

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

“RESOLVED THAT pursuant to the provisions of Section 152 and all other applicable provisions of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], on the recommendation of Nomination and Remuneration Committee Dr. Sunkara Venkata Satya Shiva Prasad (DIN: 10404277), who was appointed by the Board of Directors as an Additional Director (Non-Executive Non-Independent) of the Company, with effect from 12th August, 2024 under Section 161 of the Act and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Act, proposing his candidature for the office of Director of the Company, being so eligible, be appointed as a Non-Executive Non-Independent Director of the Company, liable to retire by rotation.”

“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.”

8. APPOINTMENT OF DR. SURESH KUMAR GANGAVARAPU (DIN: 00183128) AS AN INDEPENDENT DIRECTOR

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], in terms of the provisions of the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee, Dr. Suresh Kumar Gangavarapu (DIN: 00183128), who was appointed as an Additional Director in the category of Non-Executive Independent Director of the Company, by the Board of Directors of the Company with effect from 12th August, 2024 under Section 161 of the Act and who holds office upto the date of this Annual General Meeting of the Company, and who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Act, proposing his candidature for the office of Director of the Company, being so eligible, be appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years commencing from 12th August, 2024 to 11th August, 2029 (both days inclusive).”

“RESOLVED FURTHER THAT pursuant to the provisions of Regulation 17[1A] of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions if any, consent of members of the Company be and is hereby accorded to the continuation of Dr. Suresh Kumar Gangavarapu (DIN: 00183128), as an Independent Director of the Company, who shall attain the age of 75 years on 22nd January, 2026, during his term of 5 years as an Independent Director of the Company.”

“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.”

9. APPOINTMENT OF MRS. SHANTI SREE BOLLENI (DIN: 07092258) AS AN INDEPENDENT DIRECTOR

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], in terms of the provisions of the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee, Mrs. Shanti Sree Bolleni (DIN: 07092258), who was appointed as an Additional Director in the category of Non-Executive Independent Director of the Company, by the Board of Directors of the Company with effect from 12th August, 2024 under Section 161 of the Act and and who holds office upto the date of this Annual General Meeting of the Company, and who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Act, proposing her candidature for the office of Director of the Company, being so eligible, be appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years commencing from 12th August, 2024 to 11th August, 2029 (both days inclusive).”

“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.”

10. RE-APPOINTMENT OF MR. SARVEPALLI SRINIVAS (DIN: 02292051) AS AN INDEPENDENT DIRECTOR

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, Mr. Sarvepalli Srinivas (DIN: 02292051), who was appointed as an Independent Director of the Company for a first term of 5 (five) consecutive years upto 11th August, 2024 and who being eligible for re-appointment as an Independent Director has given his consent along with a declaration that he meets the criteria for independence under Section 149(6) of the Act and the rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director and based on the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, be and is hereby

reappointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company commencing from 12th August, 2024 to 11th August, 2029 (both days inclusive)."

"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."

By the order of the Board

Ramesh Babu Potluri

Chairman and Managing Director
(DIN:00166381)

Place: Hyderabad
Date: 05.08.2024

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 and 25th September 2023 (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 dated 12th May, 2020, 13th May, 2022, 05th January, 2023, 07th October 2023 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 36th 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 36th 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 10 of the Notice is annexed hereto. 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 Annual Report 2023-24 is being sent only 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 36th AGM will be 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@aarthicconsultants.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@aarthicconsultants.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.aarthicconsultants.com/investors/register.php>

12. Record Date, Book Closure and Dividend:

- a) The Company has fixed **Monday, 23rd September, 2024** as the '**Record Date**' for determining entitlement of Members to dividend for the Financial Year ended 31st March, 2024, if approved at the AGM.
- b) The Register of Members and the Share Transfer Books of the Company will be closed **from Tuesday, 24th September, 2024 to Monday, 30th September, 2024** (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, 23rd September, 2024;

- 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, 23rd September, 2024.

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, vide its Circular dated January 25, 2022, 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. 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. Aarhi Consultants Private Limited at 1-2-285, Domalguda, Hyderabad - 500029, India, Email Id: info@aarthicconsultants.com www.aarthicconsultants.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@aarthicconsultants.com/ cs@smspharm.com on or before 23rd September, 2024. 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 23rd September, 2024. 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 16th September, 2024 so that the folios can be KYC updated before the cut-off date of 23rd September, 2024. 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(₹)
2016-17	Re 0.20	27/09/2017	05/10/2024	57,563
2017-18	Re. 0.25	20/09/2018	27/10/2025	84,413
2018-19	Re. 0.25	30/09/2019	04/10/2026	82,586
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
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

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 **23rd September, 2024** 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 36th 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, 26th September, 2024 at 9.00 a.m. (IST) and ends on Sunday, 29th September, 2024 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, 23rd September, 2024**.
- iii. Members of the Company holding shares either in physical form or in electronic form as **on the closure of business hours on Monday, 23rd September, 2024 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, 23rd September, 2024, may obtain a copy of AGM Notice by sending a request to info@arthiconsultants.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	<ol style="list-style-type: none"> 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.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL Depository	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit Demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
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 22 55 33
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	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • 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)	<p>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.</p> <ul style="list-style-type: none"> • 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 <Company Name> 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 23rd September, 2024**. 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 36th 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 23rd September, 2024**. 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:

- 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.

- 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.
- 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 22 55 33

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 22 55 33 or or call on 022-23058542/43.

Information at a glance:

Day and Date of AGM	: Monday, 30 th September, 2024
Book Closure	: Tuesday, 24 th September, 2024 to Monday 30, September, 2024 (both day inclusive)
Record Date for Dividend	: Monday, 23 rd September, 2024
Cut-off Date for e-voting eligibility and attending AGM	: Monday, 23 rd September, 2024
E-Voting Start date and time	: Thursday, 26 th September, 2024, 9.00 a.m. IST
E-Voting End date and time	: Sunday, 29 th September, 2024 5.00 p.m. IST
Company	: SMS Pharmaceuticals Limited Phone: 40-35359999 Email : cs@smspharma.com ; complianceoffier@smspharma.com
Registrar and Transfer Agent	: Aarhi Consultants Private Limited Phone: 040-27638111/ 27634445/ 27642217 Email: info@aarhiconsultants.com
e-Voting Agency	: Central Depository Services (India) Limited E-mail : helpdesk.evoting@cdslindia.com Toll Free : 1800225533
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, 2024, the threshold limit for Material RPT is ₹ 71.37 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, 2023 for the Material Related Party Transactions from the conclusion of the 35th AGM till the conclusion of 36th AGM. To continue to enter in to the related party transactions after the 36th AGM till the 37th AGM of the Company. Similar to that to continue to enter in to the related party transactions after the 36th AGM, the Material Related Party Transactions as recommended by the Audit Committee and approved by the Board of Directors at their meetings held on 05th August, 2024 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.

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2021/662, dated November 22, 2021, SEBI/HO/CFD/CMD1/CIR/P/2022/47 dated April 08, 2022 the particulars of transactions to be entered into by the Company with related parties are as under:

Sr. No.	Description	Particulars
1	Name of the related party	VKT Pharma Private Limited
2	Nature of relationship [including nature of its interest (financial or otherwise)]	VKT Pharma is an Associate Company and a related party to the Company. As on 31 st March, 2024 Company held 38,50,165 equity shares consisting of 36.55% stake in VKT Pharma Mr. Ramesh Babu Potluri, Chairman & Managing Director and Mr. Vamsi Krishna Potluri, Executive Director of the Company holds Directorships in VKT Pharma. The Company along with its Promoters holding majority equity shares in VKT Pharma
3	Type, material terms and particulars of the proposed transaction.	a) Sale/ Purchase of Pharmaceutical Bulk Drugs (APIs) & its Intermediates and Chemicals related products. b) Leasing of property of any kind. c) Availing or rendering of any services d) Providing and / or receiving of loans or guarantees or securities or making investments. e) Any transfer of resources, services, or obligations to meet its objective/requirements
4	Tenure of the proposed transaction	The Transactions in one or more tranches, during part of the financial year 2024-25 as well as part of the financial year 2025-26 i.e., from the conclusion of the 36 th AGM till the conclusion of the 37 th AGM of the Company.
5	Value of the Proposed Transaction.	Up to ₹ 175 Crores.

Sr. No.	Description	Particulars
6	Percentage of Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction.	Company's annual consolidated turnover, for the financial year 2023-24 is ₹713.72 Crores. The proposed transactions shall constitute 24.52 % of the annual consolidated turnover of the Company
7	Justification of the proposed transaction	Considering the current business scenario, for sale of Company's APIs 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 raw materials, intermediates and other products and services from VKT Pharma, is expected to ensure availability of supply of consistent grade of materials to the plants of the Company there by ensuring efficiency in productivity. These transactions shall be purely on the basis of day to day business requirements and in the Ordinary Course of business.
8	A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through registered email address of the shareholder	All contracts with the related parties are on arm's length basis and the same shall be reviewed and approved by the Audit Committee.
9	Following additional disclosure to be made in case loans, inter-corporate deposits, advances or investment made or given:	
a)	Details of the source of funds	Own share capitals/internal approvals and liquidity of the Company
b)	In case any financial indebtedness is incurred to make or give loan, inter-corporate deposit, advances or investments: (a) Nature of Indebtedness (b) Cost of Fund; and (c) Tenure	Not Applicable
c)	Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security	Inter corporate deposits, loans; Lock-in period: on demand to pay basis. Tenure: Up to 12 months Interest rates 9% to 12.5 % linked to Company's short-term borrowing costs Repayment Schedule: Not Applicable Secured or Unsecured: Unsecured loans Investments: <ul style="list-style-type: none"> ● the pricing is based on valuation or as per the approval of the board of directors of the company ● Tenure: Not applicable ● Interest Rate: Not Applicable ● Repayment Schedule: Not Applicable
d)	The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT	To meet the working Capital/General Business Operations/ Capex requirements.

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 the resolution.

Except Mr. Ramesh Babu Potluri, Chairman & Managing Director, and 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

The Board, on the recommendations of the Audit Committee 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 2024-25.

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, 2025 as set out in the Notice.

The Board recommends the resolution for approval of the members.

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

The Board of Directors of the Company at its Meeting held on 05th August, 2024, pursuant to the recommendation of the Nomination and Remuneration Committee ("NRC") has approved the appointment of Mr. Trilok Potluri (DIN: 07634613) as an Additional Director (Non-Executive and Non-Independent) of the Company with effect from 12th August, 2024 to hold office up to the date of the next Annual General Meeting of the Company pursuant to section 161 of the Companies Act, 2013 ("the Act"), and thereafter, subject to the approval of the Members of the Company, as a Non-Executive and Non-Independent Director of the Company, liable to retire by rotation.

Brief Profile of Mr. Trilok Potluri is as follows:

He 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.

Other Details of Mr. Trilok Potluri, pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (ii) Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, are provided in the "Annexure" to the Notice.

The Company has received notice in writing from a Member under Section 160 of the Act, proposing his candidature for the office of Director of the Company.

Mr. Trilok Potluri is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as a Director. He 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.

The Board is of the view that Mr. Trilok Potluri knowledge and experience will be of immense benefit and value to the Company and pursuant to the recommendation of the NRC, recommends his appointment to the Members.

The Board recommends the resolution for approval of the members.

Except Mr. Trilok Potluri Non-Executive Director, Mr. Ramesh Babu Potluri Chairman & Managing Director and Mr. Vamsi Krishna Potluri Executive 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.

Item No. 7

The Board of Directors of the Company at its Meeting held on 05th August, 2024, pursuant to the recommendation of the Nomination and Remuneration Committee ("NRC") has approved the appointment of Dr. Sunkara Venkata Satya Shiva Prasad (DIN: 10404277) as an Additional Director (Non-Executive and Non-Independent) of the Company with effect from 12th August, 2024 to hold office up to the date of the next Annual General Meeting of the Company pursuant to section 161 of the Companies Act, 2013 ("the Act"), and thereafter, subject to the approval of the Members of the Company, as a Non-Executive and Non-Independent Director of the Company, liable to retire by rotation.

Brief Profile of Dr. Sunkara Venkata Satya Shiva Prasad:

He 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 has completed 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.

Other Details of Dr. Sunkara Venkata Satya Shiva Prasad, pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (ii) Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, are provided in the **"Annexure"** to the Notice.

The Company has received notice in writing from a Member under Section 160 of the Act, proposing his candidature for the office of Director of the Company.

Dr. Sunkara Venkata Satya Shiva Prasad is not disqualified from being appointed as Director in terms of section 164 of the Act and has given his consent to act as a Director. He 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.

The Board is of the view that Dr. Sunkara Venkata Satya Shiva Prasad's knowledge and experience will be of immense benefit and value to the Company and pursuant to the recommendation of the NRC, recommends his appointment to the Members.

The Board recommends the resolution for approval of the members.

Except Dr. Sunkara Venkata Satya Shiva Prasad and Mr. Vamsi Krishna Potluri, Executive 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.

Item No. 8

Dr. Suresh Kumar Gangavarapu, (DIN: 00183128), was appointed as an Additional Director (Non-Executive Independent Director) of the Company pursuant to Section 149 of the Companies Act, 2013 ("the Act"), read with applicable rules, by the Board of Directors of the Company, effective from 12th August, 2024, for a term of 5 years, subject to the approval of the Members of the Company. Dr. Suresh Kumar Gangavarapu fulfills the requirements of an Independent Director as laid down under Section 149(6) of the Act, and Regulation 16(1)(b) of the SEBI Listing Regulations.

In accordance with Section 161(1) of the Act, Dr. Suresh Kumar Gangavarapu shall hold office as an Additional Director up to the date of this Annual General Meeting and is eligible to be appointed as a Director. However, pursuant to Regulation 17(1C) of the SEBI Listing Regulations, approval of shareholders for appointment of a person on the Board of Directors is required to be taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013, from a Member signifying his intention to propose the candidature of Dr. Suresh Kumar Gangavarapu as an Independent Director of the Company.

Considering the knowledge, expertise and experience of Dr. Suresh Kumar Gangavarapu, the Nomination and

Remuneration Committee (NRC) has recommended to the Board his appointment as Independent Director of the Company for a term of 5 (five) years.

The Board of Directors of the Company at its Meeting held on 05th August, 2024, pursuant to the recommendation of the Nomination and Remuneration Committee ("NRC") has approved the appointment of Dr. Suresh Kumar Gangavarapu as an Independent Director, not liable to retire by rotation, for a term of 5 (five) years effective from 12th August, 2024, up to 11th August, 2029 (both days inclusive), subject to approval of the Members.

The Company has received required statutory disclosures/ declarations from Dr. Suresh Kumar Gangavarapu, including (a) Consent in writing to act as director in Form DIR-2, (b) Intimation in Form DIR-8 to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act, and (c) Declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act and SEBI Listing Regulations.

He has also confirmed that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to the registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs. He 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.

The terms and conditions of the appointment of Independent Directors is uploaded on the website of the Company at <https://smspharma.com/wp-content/uploads/2023/02/Terms-and-Conditions-of-Independent-Directors-new.pdf>

Brief Profile of Dr. Suresh Kumar Gangavarapu:

He 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. He also served and retired as an Independent Director of Divis Laboratories Limited.

Other Details of Dr. Suresh Kumar Gangavarapu, pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (ii) Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, are provided in the **"Annexure"** to the Notice.

In the opinion of the Board, Dr. Suresh Kumar Gangavarapu fulfills the conditions specified in the Act, and Rules made thereunder and SEBI Listing Regulations for his appointment as an Independent Director of the Company and he is independent of the Management of the Company.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulations 17(1C) and 25(2A) of the SEBI Listing Regulations, the Company is seeking the approval of its members for appointment of Dr. Suresh Kumar Gangavarapu, as an Independent Director on the Board of the Company for a term of five consecutive years effective from 12th August, 2024, up to 11th August, 2029 by way of a Special Resolution. He shall not be liable to retire by rotation. The Board is of the view that Dr. Suresh Kumar Gangavarapu's appointment as an Independent Director, will be in the interest of the Company, considering his rich experience, knowledge and expertise.

Dr. Suresh Kumar Gangavarapu (DIN: 00183128), who is proposed as an Independent Director of the Company, who shall attain the age of 75 years on 22nd January, 2026, during his term of 5 years as an Independent Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. Suresh Kumar Gangavarapu as an Independent Director

Accordingly, the Board recommends passing of the Special Resolution in relation to continuation of directorship of Dr. Suresh Kumar Gangavarapu as an Independent Director till the expiry of the term i.e. 11th August, 2029, for the approval by the shareholders of the Company.

None of the Directors or Key Managerial Personnel of the Company and/or their relatives except Dr. Suresh Kumar Gangavarapu, to whom the resolution relates, is in any way concerned or interested, financially or otherwise, in the resolution. The relatives of Dr. Suresh Kumar Gangavarapu may also be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

The Board recommends the resolutions set forth in Item No. 8 of this Notice for approval of the members by way of a Special Resolution.

Item No. 9

Mrs. Shanti Sree Bolleni (DIN: 07092258), was appointed as an Additional Director (Non-Executive Independent Director) of the Company pursuant to Section 149 of the Companies Act, 2013 ("the Act"), read with applicable rules, by the Board of Directors of the Company, effective from 12th August, 2024, for a term of 5 years, subject to the approval of the Members of the Company. Mrs. Shanti Sree Bolleni fulfills the requirements of an Independent Director as laid down under Section 149(6) of the Act, and Regulation 16(1)(b) of the SEBI Listing Regulations

In accordance with Section 161(1) of the Act, Mrs. Shanti Sree Bolleni shall hold office as an Additional Director up to the date of this Annual General Meeting and is eligible to be appointed as a Director. However, pursuant to Regulation 17(1C) of the SEBI Listing Regulations, approval of shareholders for appointment of a person on the Board of Directors is required to be taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013, from a Member signifying her intention to propose the candidature of Mrs. Shanti Sree Bolleni as an Independent Director of the Company.

Considering the knowledge, expertise and experience of Mrs. Shanti Sree Bolleni, the Nomination and Remuneration Committee (NRC) has recommended to the Board her appointment as Independent Director of the Company for a term of 5 (five) years.

The Board of Directors of the Company at its Meeting held on 05th August, 2024, pursuant to the recommendation of the Nomination and Remuneration Committee ("NRC") has approved the appointment of Mrs. Shanti Sree Bolleni as an Independent Director, not liable to retire by rotation, for a term of 5 (five) years effective from 12th August, 2024 up to 11th August, 2029 (both days inclusive), subject to approval of the Members.

The Company has received required statutory disclosures/ declarations from Mrs. Shanti Sree Bolleni, including (a) Consent in writing to act as director in Form DIR-2, (b) Intimation in Form DIR-8 to the effect that she is not disqualified under sub-section (2) of Section 164 of the Act, and (c) Declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act and SEBI Listing Regulations.

She has also confirmed that she is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to the registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs. She 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.

The terms and conditions of the appointment of Independent Directors uploaded on the website of the Company at <https://smspharma.com/wp-content/uploads/2023/02/Terms-and-Conditions-of-Independent-Directors-new.pdf>.

Brief profile of Mrs. Shanti Sree Bolleni:

She 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 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., till 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.

Other Details of Mrs. Shanti Sree Bolleni, pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (ii) Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, are provided in the "Annexure" to the Notice.

In the opinion of the Board, Mrs. Shanti Sree Bolleni fulfils the conditions specified in the Act, and Rules made thereunder and SEBI Listing Regulations for her appointment as an Independent Director of the Company and she is independent of the Management of the Company.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulations 17(1C) and 25(2A) of the SEBI Listing Regulations, the Company is seeking the approval of its members for appointment of Mrs. Shanti Sree Bolleni, as an Independent Director on the Board of the Company for a term of five consecutive years effective from 12th August, 2024, up to 11th August, 2029 by way of a Special Resolution. She shall not be liable to retire by rotation. The Board is of the view that Mrs. Shanti Sree Bolleni appointment, as an Independent Director, will be in the interest of the Company, considering her rich experience, knowledge and expertise.

None of the Directors or Key Managerial Personnel of the Company and/or their relatives except Mrs. Shanti Sree Bolleni, to whom the resolution relates, is in any way concerned or interested, financially or otherwise, in the resolution. The relatives of Mrs. Shanti Sree Bolleni may also be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

The Board recommends the resolutions set forth in Item No. 9 of this Notice for approval of the members by way of a Special Resolution.

Item No. 10

Mr. Srinivas Sarvepalli (DIN: 02292051) was appointed as a Non-Executive Independent Director of the Company, for a period of 5 (five) years, with effect from 12th August, 2019 to 11th August, 2024, in terms of the provisions of Section 149 of the Companies Act, 2013 ("the Act") and Regulation 25 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). Accordingly, the first term of five years of Mr. Srinivas Sarvepalli, as a Non-

Executive Independent Director of the Company will be expired on 11th August, 2024 and is eligible for re-appointment for a second term on the Board of the Company.

Considering the proven leadership experience in leading Public / Private Sector enterprises with decisive and forward thinking with a strong vision and strategic capability competence and expertise in understanding of global business dynamics and experience in guiding and leading with management teams, contribution in the Board and Committee meetings and based on the performance evaluation, the Board, on the recommendation of the Nomination and Remuneration Committee (NRC), has determined that the re-appointment of Mr. Srinivas Sarvepalli would be beneficial to the Company.

The Board of Directors of the Company at its Meeting held on 05th August, 2024, pursuant to the recommendation of the Nomination and Remuneration Committee ("NRC") has approved the re-appointment of Mr. Srinivas Sarvepalli as an Independent Director, not liable to retire by rotation, for a second term of 5 (five) years effective from 12th August, 2024, up to 11th August, 2029 (both days inclusive), subject to approval of the Members.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013, from a Member signifying his intention to propose the candidature of Mr. Srinivas Sarvepalli as an Independent Director of the Company.

The Company has received a declaration from him to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1) (b) of the SEBI Listing Regulations. In terms of Regulation 25(8) of SEBI Listing Regulations, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties. He has also confirmed that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to the registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

Mr. Srinivas Sarvepalli has also confirmed that he is not disqualified from being appointed as Director, in terms of the provisions of Section 164 (2) of the Act and is not debarred to hold the office of a Director by virtue of any order passed by SEBI or any other authority and has given his consent to act as a Director of the Company. There is no inter se relationship between him and any other member of the Board and other Key Managerial Personnel.

The terms and conditions of the appointment of Independent Directors is uploaded on the website of the Company at <https://smspharma.com/wp-content/uploads/2023/02/Terms-and-Conditions-of-Independent-Directors-new.pdf>.

Brief profile of Mr. Srinivas Sarvepalli is as follows:

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.

Mr. Sarvepalli Srinivas is presently the member of Stakeholders Relationship Committee and Corporate Social Responsibility Committee of the Company. Other Details pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (ii) Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, are provided in the **"Annexure"** to the Notice.

In the opinion of the Board, Mr. Srinivas Sarvepalli fulfils the conditions specified in the Act, and Rules made thereunder and

SEBI Listing Regulations for his re-appointment as an Independent Director of the Company and he is independent of the Management of the Company.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment of Mr. Srinivas Sarvepalli as a Non-Executive Independent Director is now being placed before the Members for their approval by way of a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company and/or their relatives except Mr. Sarvepalli Srinivas, to whom the resolution relates, is in any way concerned or interested, financially or otherwise, in the resolution. The relatives of Mr. Sarvepalli Srinivas may also be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

The Board recommends the resolutions set forth in Item No. 10 of this Notice for approval of the members by way of a Special 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
DIN	07634613
Date of Birth	27.12.1989
Age	34
Date of First appointment on the Board	12.08.2024
Qualifications	B.E. Computer Science from BITS Pilani- Dubai Diploma in Arts & Design and Game Design from Vancouver Film School.
Expertise in specific functional areas	IT sector, Business Management, financial planning.
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.
Brief Profile	<p>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.</p> <p>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.</p> <p>Professional Experience</p> <ul style="list-style-type: none"> • Zynga Games Inc. (2013-2016) –Game Designer • Pixelot Labs Private Limited (2016 onwards) - Founder, Director & CEO • Lucratech Solutions Private Limited (2019 onwards) - Co-Founder & Director
Directorships held in other companies	Nil
Listed Entities from which he has resigned as Director in past 3 years:	Nil
Memberships / Chairmanships of committees of other companies	Not Applicable
Details of Remuneration last drawn	Not Applicable
Details of Remuneration sought to be paid	Not Applicable
Terms & Conditions of Appointment/ Reappointment	Appointment as a Non-Executive Non-Independent Director of the Company.
Number of Board meetings attended during the year	Not Applicable
Inter-se relationship with other Directors and Key Managerial Personnel of the Company	<p>Mr. Trilok Potluri is son of Sri Ramesh Babu Potluri who is a Chairman and Managing Director of the Company</p> <p>and</p> <p>Mr. Trilok Potluri is brother of Mr. Vamsi Krishna Potluri who is Executive Director of the Company.</p>
Number of Equity Shares held in the Company	Equity Shares - 21,88,000
	Convertible Warrants - 25,00,000

Name	Dr. Sunkara Venkata Satya Shiva Prasad
DIN	10404277
Date of Birth	15.09.1961
Age	62
Date of First appointment on the Board	12.08.2024
Qualifications	Ph.D. (Doctorate in Agricultural sciences)
Expertise in specific functional areas	Accounting, Corporate finance, Industrial management and Industrial finance
Skills and capabilities required for the role and the manner in which the Directors meet the requirements	He has expertise skills 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.
Brief Profile	<p>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.</p> <p>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.</p>
Directorships held in other companies	Nil
Listed Entities from which he has resigned as Director in past 3 years:	Nil
Memberships / Chairmanships of committees of other companies	Not Applicable
Details of Remuneration last drawn	Not Applicable
Details of Remuneration sought to be paid	Not Applicable
Terms & Conditions of Appointment/ Reappointment	Appointment as a Non-Executive Non-Independent Director of the Company.
Number of Board meetings attended during the year	Not Applicable
Inter-se relationship with other Directors and Key Managerial Personnel 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.
Number of Equity Shares held in the Company	15,255

Name	Dr. Suresh Kumar Gangavarapu
DIN	00183128
Date of Birth	22.01.1951
Age	73
Date of First appointment on the Board	12 th August, 2024
Qualifications	MBBS degree and M.S. (General Surgery)
Expertise in specific functional areas	Consultant Surgeon
Skills and capabilities required for the role and the manner in which the Directors meet the requirements	He has rich experience in Corporate Business Strategies, formulating financial strategies, Strategic Planning, Corporate affairs, especially in pharmaceuticals business.
Brief Profile	Dr. Suresh Kumar Gangavarapu 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. He also served and retired as an Independent Director of Divis Laboratories Limited.
Directorships held in other companies	Nil
Listed Entities from which he has resigned as Director in past 3 years:	M/s. Divi's Laboratories Limited
Memberships / Chairmanships of committees of other companies	Nil
Details of Remuneration last drawn	Not Applicable
Details of Remuneration sought to be paid	Not Applicable
Terms & Conditions of Appointment/ Reappointment	Appointment as a Non-Executive Independent Director for a term of five years, with effect from 12 th August, 2024 to 11 th August, 2029, not liable to retire by rotation.
Number of Board meetings attended during the year	Not Applicable
Inter-se relationship with other Directors and Key Managerial Personnel of the Company	Nil
Number of Equity Shares held in the Company	20,120

Name	Mrs. Shanti Sree Bolleni
DIN	07092258
Date of Birth	17.05.1962
Age	62
Date of First appointment on the Board	12 th August, 2024
Qualifications	Chartered Accountant
Expertise in specific functional areas	39 years of experience in the field of Taxation, Accountancy and Auditing
Skills and capabilities required for the role and the manner in which the Directors meet the requirements	She is a Practicing Chartered Accountant and has more than three decades of experience in the field of Taxation, Accountancy and Auditing

Name	Mrs. Shanti Sree Bolleni		
Brief Profile	Mrs. Shanti Sree Bolleni 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 currently serving as an Independent Director in the following Companies:		
	<ul style="list-style-type: none"> • • • • • • • 	<ul style="list-style-type: none"> BN Rathi Securities Ltd Nava Limited Nava Bharat Energy India Limited Rain Industries Ltd Rain Cements Ltd Rain CII Corbon (Vizag) Limited Nava Bharat Projects Limited 	<ul style="list-style-type: none"> - Since February, 2015 - Since October, 2019 - Since October, 2022 - Since February, 2023 - Since February, 2023 - Since February, 2023 - Since May, 2024
	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 31 st March, 2017 i.e., till 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.		
Directorships held in other companies	<ul style="list-style-type: none"> • BN Rathi Securities Ltd • Nava Limited • Nava Bharat Energy India Limited • Rain Industries Ltd • Rain Cements Ltd • Rain CII Corbon (Vizag) • Nava Bharat Projects Limited 		
Listed Entities from which she has resigned as Director in past 3 years:	Nil		
Memberships / Chairmanships of committees of other companies	<p>Nava Limited</p> <p>Nava Bharat Energy India Limited</p> <p>Nava Bharat projects Limited</p> <p>B.N. Rathi Securities Limited</p> <p>Rain Industries Limited</p>	<ul style="list-style-type: none"> - Audit Committee - Corporate Social Responsibility Committee - Risk Management Committee - Audit Committee - Nomination & Remuneration Committee - Corporate Social Responsibility Committee - Audit Committee - Nomination & Remuneration Committee - Corporate Social Responsibility Committee - Audit Committee - Stakeholders' Relationship Committee - Nomination & Remuneration Committee - Audit Committee - Nomination & Remuneration Committee 	<ul style="list-style-type: none"> Member Member Member Member Member Member Member Chairperson Member Chairperson Chairperson Member Member Chairperson

Name	Mrs. Shanti Sree Bolleni
Details of Remuneration last drawn	Not Applicable
Details of Remuneration sought to be paid	Not Applicable
Terms & Conditions of Appointment/ Reappointment	Appointment as a Non-Executive Independent Director for a term of five years, with effect from 12 th August, 2024 to 11 th August, 2029, not liable to retire by rotation.
Number of Board meetings attended during the year	Not Applicable
Inter-se relationship with other Directors and Key Managerial Personnel of the Company	Nil
Number of Equity Shares held in the Company	20

Name	Mr. Srinivas Sarvepalli
DIN	02292051
Date of Birth	29.06.1962
Age	62 Years
Date of First appointment on the Board	12.08.2019
Qualifications	B.Com. Degree from the University of Delhi and Post-Graduation in Mass Communication from Indian Institute of Mass Communication.
Expertise in specific functional areas	Banker by Profession
Skills and capabilities required for the role and the manner in which the Directors meet the requirements	Problem-solving capability, exceptional blend of fiscal and management capabilities, financially astute, strategic thinking and highly analytical
Brief Profile	<p>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.</p> <p>Professional Experience: Over 35 years of experience in leading Public / Private Sectors. He served as</p> <ul style="list-style-type: none"> - National Handloom Development Corporation Ltd (NHDC) – Managing Director - National Textile Corporation Ltd (NTC) – Chairman & Managing Director. (between 2013 to 2018)
Directorships held in other companies	Nil
Listed Entities from which he has resigned as Director in past 3 years:	Nil
Memberships / Chairmanships of committees of other companies	<p>M/s. SMS Pharmaceuticals Limited –</p> <ul style="list-style-type: none"> a. Stakeholders Relationship Committee- Member b. Corporate Social Responsibility Committee- Member

Name	Mr. Srinivas Sarvepalli
Terms & Conditions of Appointment/ Reappointment	Re-appointment as a Non-Executive Independent Director for a second consecutive term of five years, with effect from 12 th August, 2024 to 11 th August, 2029, not liable to retire by rotation.
Details of Remuneration last drawn	During financial year 2022-23 Mr. Srinivas Sarvepalli was paid ₹ 2.45 lakhs as Sitting fees.
Details of Remuneration sought to be paid	Sitting fees for attending Board Meetings and Committee meetings, if any, where he is a member.
Number of Board meetings attended during the Financial year 2023-24	4 (Four)
Inter-se relationship with other Directors and Key Managerial Personnel of the Company	NIL
Number of Equity Shares held in the Company	NIL

Notes:

1. The Directorships, Committee memberships and Chairmanships do not include unlisted Companies and Private Companies, 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 2023-24 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: 05.08.2024





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